



House of Commons
Committee of Public Accounts

Staying the course: the retention of students on higher education courses

Tenth Report of Session 2007–08

Report, together with formal minutes, oral and written evidence

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The Committee of Public Accounts

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Chris Bryant MP (*Labour, Rhondda*), Mr John Healey MP (*Labour, Wentworth*),
Ian Lucas MP (*Labour, Wrexham*), Mr Iain Wright MP (*Labour, Hartlepool*) and
Derek Wyatt MP (*Labour, Sittingbourne and Sheppey*).

Powers

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Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

Committee staff

The current staff of the Committee is Mark Etherton (Clerk), Philip Jones (Committee Assistant), Emma Sawyer (Committee Assistant), Pam Morris (Committee Secretary) and Alex Paterson (Media Officer).

Contacts

All correspondence should be addressed to the Clerk, Committee of Public Accounts, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5708; the Committee’s email address is pubaccom@parliament.uk.

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Summary

Around 28,000 full-time and 87,000 part-time students who started first-degree courses in 2004–05 were no longer in higher education a year later. Among the full-time students, 91.6% entered a second year of study, and 78.1% were expected to complete. There has been little improvement in retention since 2001–02, though participation in higher education has increased from around 40% to nearly 43% of 18–30 year olds. To help improve retention and participation, over the last five years universities (for this report, ‘universities’ means all higher education institutions) have received around £800 million as part of their teaching funding to help retain students who are the most likely to withdraw early.

The Department for Innovation, Universities and Skills (the Department) has overall responsibility for public spending on higher education in England. The Higher Education Funding Council for England (the Funding Council) promotes and funds teaching and some research to help the higher education sector meet the diverse needs of students, the economy and society.

The Committee reported on widening participation and improving retention in higher education in 2002.¹ It concluded there was a need for improvement in several areas relating to student retention: reducing the wide variation in universities’ retention rates; funding to support students from low-income backgrounds; tackling skills gaps; supporting students with disabilities; and information for potential students. The National Audit Office has examined the progress in improving retention since 2002.

In 2004–05, the performance gap on retention rates between universities remained as wide as it was in 2002. Five universities achieved a continuation rate in excess of 97% for full-time, first-degree students, whereas 12 had continuation rates below 87%. Because of difficulties in interpreting data there are no indicators for part-time students, though there are increasing numbers of such students, only half of whom obtain a qualification within six years. Published performance indicators for universities can provide an incentive to perform well because they affect universities’ reputations and their ability to recruit students.

There is much that universities can do to improve retention. They need good quality management information including on the reasons for leaving. They can provide additional academic support for students, for example for those struggling with the mathematical elements of their course. Student access to tutors who can provide pastoral and academic support is important, especially as the numbers of students entering higher education institutions increases.

On the basis of the report by the Comptroller and Auditor General (C&AG),² the Committee took evidence from the Department and the Funding Council on their role in

1 Committee of Public Accounts, Fifty-eighth Report of Session 2001–02, *Improving Student Achievement and Widening Participation in Higher Education in England*, HC 588

2 C&AG’s Report, *Staying the Course: The retention of students in higher education*, HC (2006–07) 616

improving retention, progress by universities and at a national level, and variations in the retention of different groups of students.

Conclusions and recommendations

- 1. Since the Committee last reported in 2002 there has been no reduction in the percentage of students in England not completing their higher education course at their original institution: the figure remains at 22%.** The UK has a higher estimated national graduation rate than most other Organisation for Economic Cooperation and Development countries, but actions to improve retention have had little overall effect. Universities need to concentrate their efforts on actions most likely to be successful. The Funding Council should systematically evaluate the cost-effectiveness and impact of initiatives that it has directly funded. It should also provide guidance to universities on how best to assess the costs and outcomes of local initiatives.
- 2. Increasing and widening participation in higher education attracts more students from under-represented groups who are more likely to withdraw from courses early.** These students may need more support to complete their courses. Universities need to understand the needs of their changing student populations. They should use market research techniques such as customer segmentation to help them provide teaching and support services which appropriately reflect students' different cultural, social and economic backgrounds, for example through flexible timetabling of lectures. The Funding Council should disseminate the lessons from its proposed review of the differences between universities in the proportions of students receiving Disabled Students' Allowances.
- 3. There is wide variation in universities' performance in the continuation of students to a second year of study.** In 2004–05, five universities achieved a continuation rate in excess of 97% for full-time, first-degree students, whereas 12 had continuation rates below 87%. Russell Group universities tend to have higher rates of retention than other types of university. For those universities with consistently low retention rates the Funding Council's regional teams should agree specific improvement plans. The Funding Council should encourage universities with better retention to share good practice with those that are less successful.
- 4. Universities can lose funding if they retain fewer students than expected, but can avoid this sanction by recruiting more students.** Where a university with low retention seeks to maintain its student population through recruitment, the Funding Council should agree clear expectations for planned improvements in retention in the university's improvement plan, to be met irrespective of any changes in levels of recruitment.
- 5. Only around half of part-time students obtain a qualification within six years and there is no specific framework to encourage improvement.** The Funding Council should develop and publish indicators so that prospective part-time students can compare universities' retention of students who are unable to, or prefer not to, study full time.
- 6. The first-year continuation rate in Mathematical Science, Computing and Engineering subjects is three percentage points below the national average for all subjects.** Such subjects are of strategic importance to the nation's economic

development, so universities need to have well developed outreach programmes with schools. Programmes could include running summer schools for prospective students in these subjects and offering mentoring to help prepare students so that they are encouraged to apply and more likely to succeed.

7. **Some students feel that academic and pastoral support is limited and does not meet their needs.** Universities should give personal tutoring a sufficiently high priority, with training and support to help tutors to be fully effective in their role. Reward systems for academic staff should give sufficient recognition to performance in respect of personal tuition.
8. **Information on why students withdraw from their courses is not reliable.** Although some data is collected nationally it is often incomplete and inconsistent. Little is known, for example, as to the extent to which mental or physical illness or domestic circumstances contribute to withdrawal. The Funding Council together with the Higher Education Statistics Agency and universities should develop a common standard and principles which define the types of retention information which need to be collected and reported.
9. **There are substantial variations between universities in the proportions of students with disabilities that receive the Disabled Students' Allowances.** The Department and the Funding Council are responding to this issue by centralising the team that administers the Allowances. The Department should aim to make access straightforward and fair for all, and the Funding Council should follow up at university-level if its forthcoming research indicates that eligible students are missing out on their entitlement.

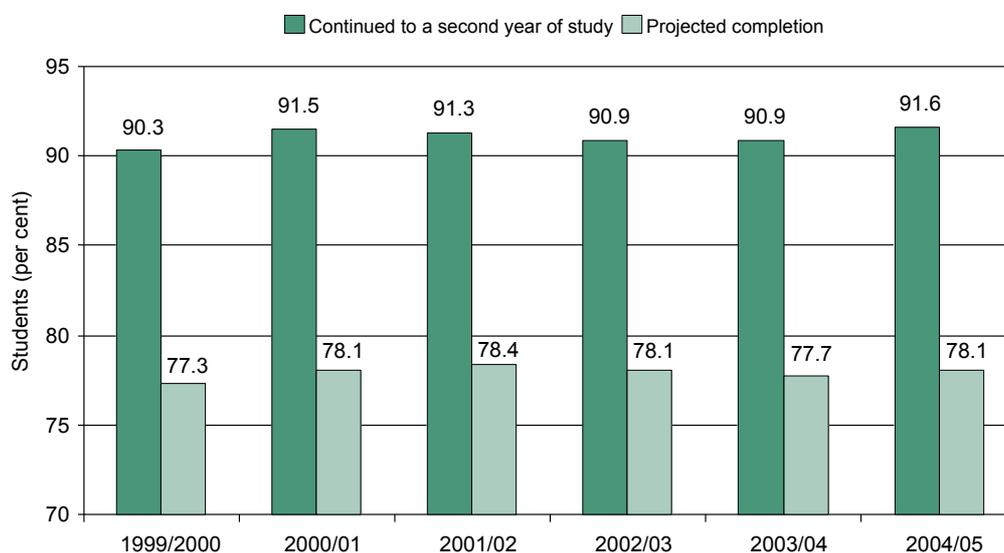
1 National progress in improving retention

1. Around 28,000 full-time and 87,000 part-time students starting first-degree courses in 2004–05 were no longer in higher education a year later. Among full-time students starting in 2004–05, 91.6% entered a second year of study, and 78.1% were expected to complete their courses.

2. In comparison with most other nations, students in the United Kingdom are more likely to complete their course in higher education. According to Organisation for Economic Co-operation and Development statistics, in 2004 the United Kingdom had the fifth highest estimated graduation rate. There are some simplifications in these estimations, however, and higher education systems vary between countries.³

3. Although by international standards student retention rates in England are relatively high, they have flat-lined in recent years with little improvement since the Committee last reported on this subject in 2002 (**Figure 1**).⁴ To help improve retention and participation, over the last five years universities have received around £800 million in funding for recruiting the types of students who are likely to need more support to complete their studies.⁵ Retention rates have not improved, though participation in higher education has been increased from around 40% of 18–30 year olds in 2001–02 to nearly 43% in 2005–06.⁶ Government priorities have required universities to maintain and increase retention while also increasing and widening participation.⁷

Figure 1: Continuation and expected completion rates (full-time, first-degree students), 1999–2000 to 2004–05



Source: Higher Education Statistics Agency's and Higher Education Funding Council for England's performance indicators

3 C&AG's Report, para 1.12; Figure 10

4 Qq 1, 86; C&AG's Report, para 1.10, Figure 8

5 Q 42; C&AG's Report, para 2.10

6 C&AG's Report, para 5; Figure 4

7 C&AG's Report, para 1.8

4. Continuation rates are higher in absolute terms for students in England (91.6%) than in Scotland (89.3%), Wales (89.7%) and Northern Ireland (89.7%).⁸ There are, however, differences in pre-entry qualifications, educational structures, finance and types of students. For example, students in Scotland tend to be younger and have different qualifications when they enter higher education and study courses that take longer.⁹

5. Higher tuition fees were introduced in England in 2006–07. In that year, most universities charged full-time undergraduates £3,000 a year. Funding is available to students through low interest loans, and those from low income families have access to maintenance grants and to their university's bursary scheme. It is too early to say whether higher tuition fees are having an effect on retention.¹⁰ An independent commission will be established in 2009 to examine the impact of the tuition fees regime, as part of the terms of reference set out in 2004. Its remit will include the impact on continuation to a second year of study as well as completion of studies.¹¹

6. Success in increasing and widening participation means reaching out to students from backgrounds without a family or school tradition of participation in higher education. These students are, on average, more likely to withdraw and, in recruiting them, the sector and individual universities run the risk of reducing overall retention rates.¹² The Department recognises the tension between widening participation and non-completion, and the Government's previous target required progress on both retention and participation.¹³ In recent years, retention has held up while participation has increased and the Funding Council sees no reason to think that the retention rates will fall as further progress is made towards 50% participation.¹⁴

8 C&AG's Report, Figure 9

9 Qq 31–32, 125–128; Ev 35, 37

10 Qq 127, 163; C&AG's Report, paras 5, 3.20

11 Q 164

12 Q 131; C&AG's Report, Figure 16; HM Treasury, www.hm-treasury.gov.uk/pbr_csr/psa/pbr_crs07_psagrowth.cfm

13 Q 16

14 Q 56

2 The Funding Council's role in improving retention

7. The Department for Innovation, Universities and Skills has overall responsibility for public spending in higher education in England. It delegates day-to-day responsibility for managing the sector to the Funding Council. The Funding Council promotes and funds teaching and some research to help the sector meet the diverse needs of students, the economy and society. It works with universities to encourage the sector to achieve the Government's strategic objectives, primarily through funding incentives. In 2006–07 the Funding Council granted £6.7 billion to universities, including £4.2 billion for the teaching of higher education courses, with most of the balance allocated for research and capital expenditure. Universities are autonomous bodies, legally independent of government.¹⁵

8. The Funding Council uses a 'light touch' approach at the behest of the Government and operates at arm's length from individual universities.¹⁶ The Funding Council has a number of instruments to influence universities' behaviour, the most important of which are a funding distribution that is based on expected student numbers, the publication of a range of performance data and the promotion of good practice.¹⁷

9. A light touch is appropriate providing there are no warning signs about universities' performance on retention as well as other issues. There is, however, room for improvement in the Funding Council's oversight of poorer performing universities.¹⁸ The Funding Council has a risk-based approach to the sector, only intervening when it believes there may be a problem.¹⁹ Between 2001–02 and 2004–05, around one in four universities suffered a decline in its retention of first-year, full-time students.²⁰

10. The Funding Council's way of allocating teaching funding to universities is based on the number of students a university aims to teach, rather than to retention performance directly.²¹ Each university agrees with the Funding Council the number of students that will complete the particular year of study. If a university falls sufficiently short of that number, either because of a shortfall in recruitment or a lower than expected rate of retention, some of its teaching funding will be held back. In 2003–04, the Funding Council held back funding from 12 universities because of issues with student numbers. In the following year only seven improved their retention performance.²²

11. In 2003–04, the Funding Council altered its allocation method for teaching funding. Part of the sector's teaching grant was redistributed between universities to reflect the

15 C&AG's Report, paras 2.2–2.3

16 Q 16

17 C&AG's Report, Part 2

18 Qq 17–18

19 Qq 30, 42

20 C&AG's Report, para 1.14

21 Qq 26–27

22 C&AG's Report, paras 2.5, 2.8

numbers of ‘non-traditional’ students they recruited. These students often require more support in order to complete their higher education. In 2006–07, the Funding Council allocated £240 million to universities in this way, part of £800 million over five years.²³ Universities have considerable freedom in how they distribute this funding and, to minimise the burden of regulation, audit and reporting on universities, the Funding Council does not require them to report on how they spend their retention allocation, though some universities do keep detailed records. The Funding Council is currently reviewing how it distributes its widening participation and retention allocations, and what reporting requirement should be made of universities on that expenditure.²⁴

12. The Funding Council has regional teams who provide advice and support to universities on a range of issues, including retention. Where a university’s performance gives rise to concern, the regional team will make contact with the university. A significant increase in withdrawal rates in an individual university should cause the regional team to target that university to swiftly identify the issues.²⁵

13. The Funding Council funds several organisations that conduct research into improving teaching and support practices, and share the results with the sector. The work of these bodies mainly covers teaching and learning issues, which can have implications for retention, but they also cover retention specifically. For example, in 2005–06 the Funding Council granted the Higher Education Academy around £17 million for a range of work to enhance pedagogy and raise the quality of teaching across the sector, though only a proportion of this money was spent directly on the issue of retention. There continues to be a wide range in the performance of universities on retention, so it is not clear whether these organisations are succeeding in spreading good practice and improving performance on retention.²⁶

14. The Higher Education Statistics Agency publishes annual performance indicators, including on retention, for individual universities. The indicators are intended to provide reliable and comparable information for a range of users, including prospective students, universities and the Funding Council. The publication of performance indicators provides an incentive for universities to perform well, and can affect universities’ reputations and numbers of student applications.²⁷ The indicators are based on the proportion of the previous year’s intake that re-enrolled for study in the subsequent year.²⁸

23 Q 42; C&AG’s Report, paras 2.9–2.10

24 Q 30; C&AG’s Report, paras 2.4, 2.12

25 Qq 118–120; C&AG’s Report, para 2.13

26 Qq 7–9, 98–103; C&AG’s Report, para 2.20

27 Q 16; C&AG’s Report, paras 2.13–2.14

28 Qq 122–124; C&AG’s Report, page 5

3 Universities' performance on improving retention

15. In its previous report in 2002, the Committee concluded that there was wide variation between universities in the proportion of students continuing to a second year of study, and that the Funding Council should continue to bear down on this variation.²⁹ But in 2004–05 there was no statistically significant difference to the variation in 2001–02. Continuation rates of full-time first-degree students in 2004–05 ranged widely. Five universities achieved a continuation rate of 97% or more for full-time, first-degree students, but 12 universities had rates of less than 87%.³⁰ The research-intensive universities that are members of The Russell Group tend to have higher rates of retention than other types of university.³¹ The Funding Council considers that there are valid explanations for the variations, in particular because different universities have different types of students with different prior educational involvement. Progress is uneven across the sector, however, as around one in four universities' continuation rates fell by at least one percentage point between 2001–02 and 2004–05.³²

16. To enable more meaningful comparisons between universities, the Higher Education Statistics Agency calculates a retention 'benchmark' for each university. A university's benchmark is the average continuation rate for the whole sector, adjusted for the university's own profile of subjects offered and entry qualifications of students recruited. The Funding Council considers that the benchmarks provide some universities with an appropriate target for them to improve their retention. Universities can also use these indicators together with other data, for example the student satisfaction information collected in the National Student Survey, to address areas where some of their students are dissatisfied.³³

17. Universities that are improving retention tend to collate and use management information on withdrawal rates, producing regular reports for decision makers and tracking the performance of students to highlight those that may need more support.³⁴ The quality of forecasts or records of non-completion in some universities could, however, be improved. Information collated can sometimes be localised to particular programmes or departments, and there is insufficient evaluation of the cost and effectiveness of retention initiatives in universities.³⁵

18. The Funding Council is working to ensure that the quality of management information in universities is enhanced through monitoring and auditing, and its leadership,

29 Committee of Public Accounts, Fifty-eighth Report of Session 2001–02, *Improving Student Achievement and Widening Participation in Higher Education in England*, HC 588

30 Ev 33–35

31 C&AG's Report, Figure 13

32 Q 2; C&AG's Report, para 1.14; Figure 14

33 Q 83; C&AG's Report, para 2.18

34 C&AG's Report, paras 3.2–3.3

35 Qq 88–90; C&AG's Report, para 3.5

governance and management committee. But the Funding Council still faces a challenge to get universities to improve their management information in order to inform the decisions which would improve retention. It considers that the time is now right for robust evaluation of recent initiatives.³⁶

19. Students withdraw from their courses for a wide range of reasons, including personal circumstances, dissatisfaction with their course or university and financial reasons. There is, however, no reliable national data on reasons for leaving, because universities do not always collect the information when students leave courses without discussing their reasons with tutors.³⁷ Additionally, the information collected by the Higher Education Statistics Agency includes just one reason for leaving though research has suggested that many students leave for a combination of reasons.³⁸ Some universities, such as Nottingham Trent University and Edge Hill University, have done in-depth research to better understand why their students leave courses.³⁹ The Funding Council considers that all universities should establish reasons for leaving, for example through exit interviews, and should have systems to identify and investigate trends in withdrawal, and act on their analysis.⁴⁰ Universities would also find it useful to have information on what keeps students on courses, as well as what causes them to leave.⁴¹

20. Some students withdraw for mental health reasons, which could stem from being in a stressful environment, with pressure from personal relationships and academic issues. There is a lack of data on the scale of this problem, both nationally and at individual universities. The Funding Council believes that individual universities should have this information, and that management at universities would generally be aware of the issue through reports from their student counselling services.⁴²

21. Both academic and pastoral support are important to the student experience. Universities provide pastoral support and counselling services for students in different ways.⁴³ Personal contact with the tutor is highly valued by students and the relationship between students and tutors is a fundamental part of the higher education system.⁴⁴ In the National Student Survey, levels of satisfaction with assessment and feedback, and with academic support were lower than for other areas of the student experience (**Figure 2**).⁴⁵ The introduction of variable fees may have increased students' expectations of what higher education should provide, especially in terms of contact between students and tutors.⁴⁶

36 Qq 85–90; C&AG's Report, Figure 18

37 C&AG's Report, *Improving student achievement in English higher education*, HC (2001–02) 486, para 2.8

38 Q 124; C&AG's Report, paras 1.26–1.27, 1.29

39 C&AG's Report, para 3.4

40 Qq 71–72

41 Q 85

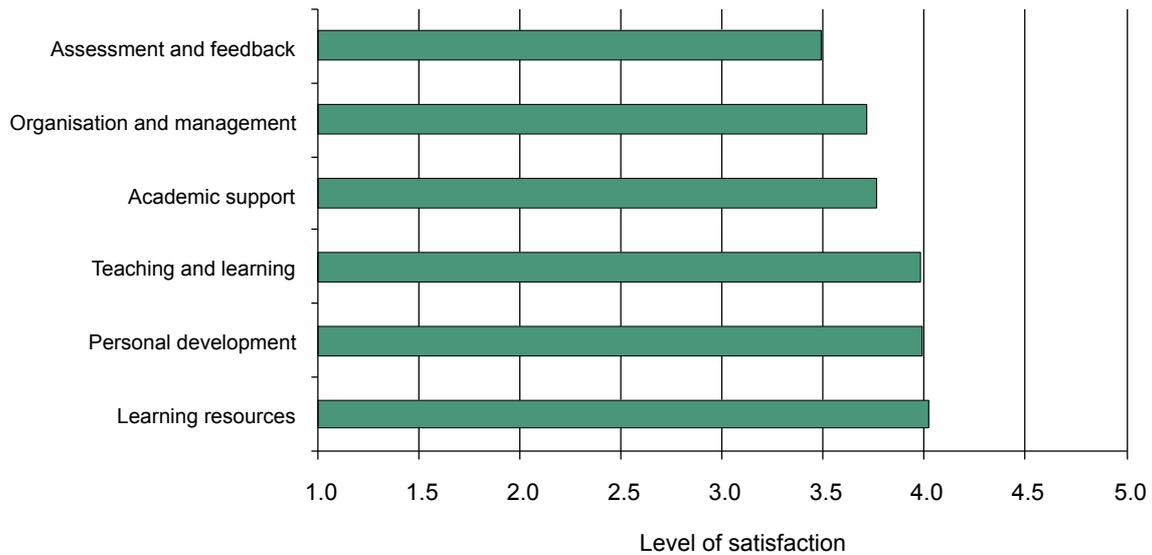
42 Qq 73–74

43 Qq 73–75

44 Qq 14–15; C&AG's Report, para 3.11

45 *The National Student Survey 2006*, Report to HEFCE by Paula Surridge, University of Bristol, July 2007

46 Q 69

Figure 2: Results of the National Student survey, 2006

Note: Students are given 21 positive statements, and asked to respond to each one in the range 1 (“definitely disagree”) to 5 (“definitely agree”). The statements and responses are grouped into six categories.

Source: National Audit Office / Higher Education Funding Council for England

22. Increasing student numbers could result in bigger, more impersonal university environments. Tutoring and pastoral support systems therefore require appropriate resourcing by universities, especially in terms of staff time.⁴⁷ The systems through which universities reward academic staff may not however always reflect the importance of personal tutoring.⁴⁸ Students may start a course and find that it is more difficult than they thought or that it is not quite what they had expected, so they need extra support. Personal tutors can advise and direct students in need of counselling or additional academic support to the appropriate services.⁴⁹

47 Qq 14, 56–57, 69

48 Qq 57–58

49 C&AG’s Report, para 3.12

4 Variations in the retention of different groups of students

23. Part-time students are much less likely than full-time students to complete their courses. Of the part-time first-degree students who started courses in 2001–02, only 46.9% had graduated after six years and 44.5% had left higher education without completing a qualification. By contrast, 76.8% of the full-time students starting in 2002–03 achieved a qualification and 15.2% left without a qualification. Around 8% of both full and part-time students were still studying. Typically, full-time students intend to complete their degree within three or four years.⁵⁰ Part-time students may embark on study programmes with different study intentions from those of full-time students. For part-time students, the Funding Council and universities try to provide flexibility in study patterns.⁵¹ The Funding Council is proposing to further increase funding to universities for part-time students.⁵²

24. The retention of part-time students is not covered by nationally published performance indicators. There are some difficulties in interpreting data on part-time students, for example where their study is intentionally intermittent. The Funding Council has been looking at ways of including part-time students in the indicators.⁵³ A part-time student indicator might look different from that for full-time students, because of differences in study intentions. Following the Report of the Leitch Review of Skills (2006), the Funding Council wants any indicator to capture the new flexible approaches to part-time learning in the workplace.⁵⁴

25. Some students register with a university for a higher education course that is taught in a local further education college under a franchise agreement. Analysis by the National Audit Office of the 2004–05 entrants found that students studying part-time under these arrangements have a higher chance of continuing than if they had studied in a university.⁵⁵ The Funding Council considers that it should, possibly in partnership with the Higher Education Academy, explore the reasons for the difference.⁵⁶

26. Some subject areas are affected by both low demand and poor retention. A range of science, technological, engineering and mathematical courses are strategically important but provision of courses is vulnerable because of low demand. Taken as a whole, retention in these subjects is worse than in other subjects, for both full-time and part-time students. For example, the first-year continuation rates for Mathematical and Computer Sciences and for Engineering are around three percentage points below average.⁵⁷ Many students in these subjects require additional academic support in mathematical skills. Universities are

50 C&AG's Report, Figure 7

51 Q 6

52 Q 52

53 C&AG's Report, paras 2.14–2.15

54 Q 35

55 C&AG's Report, para 1.23

56 Qq 91–92

57 C&AG's Report, para 1.24–1.25; Figures 15, 16, 34

responding by introducing innovative ways of teaching, for example project-based learning, and mathematics ‘drop-in’ skill centres are becoming more common.⁵⁸ The Funding Council is working with the Department for Children, Schools and Families on programmes that are intended to better prepare school pupils for science and mathematics subjects.⁵⁹ It is also working with mathematical societies to promote mathematics in schools and the progression to mathematics at university, spending £3.5 million over three years on this initiative.⁶⁰

27. Some students withdraw from higher education because they find that it was not right for them or they have chosen the wrong course, perhaps because of poor advice from their school or family pressure.⁶¹ However, there is no information on the extent of this problem.⁶² Often these issues are not within the control of universities, but in their marketing and promotion of courses to schools and students it is important that universities set out clearly their expectations of prospective students.

28. Students from ‘non-traditional’ backgrounds for higher education, such as those from socio-economic groups 4–7 (small employers and own account workers, lower supervisory and technical, routine, and semi-routine occupations) are less likely to continue into a second year of study than students from managerial, professional and ‘intermediate’ occupations. Research has shown that the non-traditional students can lack the confidence to change course or university if it is not right for them.⁶³

29. It is estimated that around 31% of students in 2005–06 were from socio-economic groups 4–7.⁶⁴ In the same period, people from these backgrounds made up around 46% of the wider working population, although the Department considers that this percentage is not directly comparable with the percentage of the student population.⁶⁵ The Department is pushing for more progress on the participation of people from such backgrounds, but the small increase in their participation could be linked to their decline as a proportion of the working population.⁶⁶

30. The number of UK students with disabilities entering higher education has increased by two-thirds in six years, with 45,000 starting a course in 2005–06. Disabled Students’ Allowances provide financial help, for example equipment and non-medical helpers for students with disabilities. In 2005–06, £73 million was distributed in 2005–06 through the Allowances, and analysis by the National Audit Office indicates that access to the Allowances is associated with better retention of these students. There are substantial variations however between universities in the proportions of students with disabilities that

58 C&AG’s Report, para 3.16

59 Qq 54, 110

60 Qq 105–106

61 C&AG’s Report, para 1.28

62 Qq 121, 124; C&AG’s Report, para 1.29

63 C&AG’s Report, Figure 35

64 C&AG’s Report, Figure 30

65 Ev 21

66 Qq 132–133

receive the Allowances.⁶⁷ The Department is phasing in from 2009–10 a dedicated central team to support students applying for an Allowance, and the Funding Council will commission research into how far the differences between universities reflect eligible students missing out on their entitlement.⁶⁸

67 C&AG's Report, paras 3.23–3.27

68 Ev 28

Formal Minutes

Monday 4 February 2008

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon

Angela Browning

Mr Ian Davidson

Mr Philip Dunne

Mr Nigel Griffiths

Mr Keith Hill

Mr Austin Mitchell

Dr John Pugh

Geraldine Smith

Mr Don Touhig

Mr Phil Wilson

Draft Report (*Staying the course: the retention of students on higher education courses*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 30 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Tenth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned until Wednesday 6 February 2008 at 3.30 pm.]

Witnesses

Monday 29 October 2007

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Ruth Thompson, Director-General, Higher Education, Department for Innovation, Universities and Skills, and **Professor David Eastwood**, Chief Executive, Higher Education Funding Council for England

Ev 1

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Oral evidence

Taken before the Committee of Public Accounts on Monday 29 October 2007

Members present:

Mr Edward Leigh (Chairman)

Mr Richard Bacon
Angela Browning
Mr Ian Davidson
Mr Philip Dunne

Mr Austin Mitchell
Dr John Pugh
Mr Don Touhig
Mr Alan Williams

Sir John Bourn KCB, Comptroller and Auditor General, **Mr Tim Burr**, Deputy Comptroller and Auditor General and **Angela Hands**, Director, National Audit Office, were in attendance and gave evidence. **Marius Gallaher**, Alternate Treasury Officer of Accounts, was in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

Staying the course: The retention of students in higher education (HC 616)

Witnesses: **Ruth Thompson**, Director-General, Higher Education, Department for Innovation, Universities and Skills, and **Professor David Eastwood**, Chief Executive, Higher Education Funding Council for England, gave evidence.

Chairman: Welcome to the Public Accounts Committee. As honourable Members know, Sir John Bourn, the Comptroller and Auditor General, has announced his retirement. There will be a chance for tributes to be made at a later stage, but I want to repeat what I said in the Chamber: this Committee owes Sir John a great deal of thanks for his unstinting work for nearly 20 years. It has resulted in this Committee being one of the most effective Committees—if not, the most effective—in the House of Commons. We are very well aware that, without him, that would not have been possible. We are grateful to him and to his staff.

History will show that under your leadership, Sir John, the National Audit Office has possibly become the most respected audit office throughout the world. There will be chances to pay tributes to you later, but I wanted to set our thoughts on the record as soon as possible after you had announced your forthcoming retirement.

Hon. Members: Hear, hear.

Sir John Bourn: I am very grateful to you, Chairman, and to Members of the Committee.

Chairman: Today's hearing is based on the Comptroller and Auditor General's Report entitled *Staying the course: The retention of students in higher education*. We welcome Professor David Eastwood from the Higher Education Funding Council for England, and Ruth Thompson from the Department for Innovation, Universities and Skills. This is the first appearance in Committee for you both, and you are very welcome. You will find it to be an enjoyable afternoon. Thank you for coming.

Ruth Thompson: Thank you.

Professor Eastwood: Thank you.

Q1 Chairman: I shall start with Professor David Eastwood from the Higher Education Funding Council. We have reported on the issue in the past, and frankly, since we last reported, I am afraid there has been very little improvement in retention, has there not? So, did our previous work do any good?

Professor Eastwood: Your previous work was certainly not in vain. There has been a small improvement since the last National Audit Office Report, and it was an improvement from what was, internationally, already a very strong performance in the sector.

Q2 Chairman: But, the fact remains that since our last Report, there are still enormous variations between the performances of universities. That is right, is it not?

Professor Eastwood: There is variation between university performance and the performance on particular programmes of study. As the Report makes clear, there are explanations for that, and in terms of institutional performance, it is one of the things that we try to capture in the benchmarks that we agree for institutions. Different institutions have a different student body and different prior educational involvement, which has an impact on the propensity of students to complete their studies.

Q3 Chairman: Figure 13 on page 19 shows that, perhaps not surprisingly, the Russell Group has the best record. Then it goes down to post-1992 universities—again with enormous variations. This must worry you, does it not?

Professor Eastwood: There is, as you say, considerable scatter in the performance of individual institutions.

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Q4 Chairman: I do not buy the argument, by the way, that, “Oh, we do better than other countries.” We know that, for instance, in France it is much easier to get into university and that there is a very high drop-out rate. But these young people have worked very hard, they get into universities and clearly in many universities there is a problem with retention. We will consider in a moment some of the subjects in which there appears to be a particular problem. For instance, this is dealt with in figure 17 on page 21. It is very easy to read. We can see that there is a great variation between subjects, too, is there not?

Professor Eastwood: Well—

Chairman: So, I do not think that it is good enough for you to say in answer to my question, “Why have you achieved virtually nothing since we last reported?”, “Oh, well, we do better than other countries.”

Professor Eastwood: I should like to contextualise the issue somewhat more broadly. If you look at other changes since the last Report, you will see that the sector has further broadened participation in higher education, and we have sustained that increase in participation while achieving a measurable, although I agree small, increase in retention and completion. When you contextualise the data not just against some—

Q5 Chairman: What does that mean, “When these things are contextualised”? That sounds like what my tutors used to tell me at University. I do not understand what it means.

Professor Eastwood: When you compare the performance of English higher education institutions not simply with those in relatively open-access systems, but with those in Australia, the US and so forth, the story is of a system that takes seriously its commitments to student progression and to ensuring that students are supported in their study programme. It is achieving what in international terms and in Organisation for Economic Co-operation and Development terms are quite creditable completion rates.

Q6 Chairman: Look at figure 7 on page 15. Look at the last column, “Part-time, first-degree students commencing”. In part-time, you have got retention at 44%.¹

Professor Eastwood: We would expect to see a significant difference—

Chairman: But that is terrible.

Professor Eastwood: —between part and full-time. What we must understand when we look at part-time students is that they embark on study programmes with different study intentions from those of full-time students. With a full-time student, we would expect them to intend to complete, and to complete within the usual three or four-year period. With part-time study, we and the sector are trying to provide flexible study, flexible study patterns and flexible study arrangements. Some learners who embark on part-time study will leave having not completed their original degree intention, but having fulfilled their

study intention and having achieved an experience of higher education which makes them more employable or better suited to the work that they are in.

Q7 Chairman: You fund a lot of programmes and organisations to help identify and disseminate your practice. How much do you spend on that?

Professor Eastwood: We fund a range of activities. What we have done since—

Q8 Chairman: I did not ask about that. I asked how much you spent on it.

Professor Eastwood: On the full range?

Q9 Chairman: You spend a lot of money through funding. This issue is dealt with in paragraphs 2.19 to 2.22 on page 28. You are funding a lot of programmes and organisations to identify and disseminate good practice. What do you spend on that?

Professor Eastwood: The reason why I hesitate in answering the question is that the four agencies mentioned in paragraph 2.20 do a range of things for us. For example, as part of its £17 million grant from us, the Higher Education Academy is engaged in a range of work in terms of enhancing pedagogy and raising the quality of teaching across the sector. Only a proportion of the £17 million that we spend on the Higher Education Academy relates directly to issues of retention and completion.

The investments that we make to promote quality through the Quality Assurance Agency for Higher Education and to promote the enhancement of learning and teaching through the Higher Education Academy all feed through to create a system and a sector that is more reflective of its practice, and which is highly effective in terms of the services that it provides to students.

Q10 Chairman: Does your organisation take this body seriously?

Professor Eastwood: Which body?

Chairman: Our body—the Committee that you are addressing.

Professor Eastwood: Indeed, we do.

Q11 Chairman: I refer you to paragraph 1.14: “In 2002, the Committee of Public Accounts concluded that there was a wide range in institutions’ performance and recommended that the Funding Council should address under-performance by institutions. Institutions’ continuation rates had a similar distribution in 2004–05 as in 2001–02: our tests showed no statistically significant difference in the distribution.” I ask again, do you take this Committee seriously?

Professor Eastwood: We take the Committee very seriously. Since the last Report, we have done a range of things across the sector.

¹ *Correction:* 44% refers to the percentage of students who left high education without qualifying.

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Q12 Chairman: It has not done much good, has it?

Professor Eastwood: As I say, it has ensured that a performance, which is acceptable in international terms, has been sustained. We have also identified the institutions that—

Q13 Chairman: So is that what you are teaching your students at university: “If you are doing quite well, that is good enough—rest on your laurels; if we do better than the Australians, that is good enough”?

Professor Eastwood: No, we are constantly seeking to enhance the performance of institutions and of the sector as a whole. To that end, we are working in partnership with a number of institutions that you might regard as outliers to identify the particular issues in those institutions and how they might be best addressed there and more widely across the sector.

Q14 Chairman: I have a couple of daughters at university. We all have personal experience of this issue. We can have as many Government programmes as we like, but we all know that what makes a difference in reality is the human touch. Students often start a course and find that it is more difficult than they thought and that it is not quite what they expected. What makes a difference is the human touch through personal contact with the tutor. Many students, particularly on arts courses, go through university with little or no personal contact with their tutors. All the tutor’s funding is based on what books they are writing, what research programmes they have and all the rest of it. Often the seminars are very large—maybe up to 15 people. Those things make a difference.

What I want to hear from you, Professor, is that you are using your clout—and you have an enormous amount of clout—to persuade universities to have this personal contact between tutors and students, so that they can talk things through and help them through difficult patches. Do you agree with that?

Professor Eastwood: I do agree with that. The Report draws attention to a number of initiatives taken in particular institutions to enhance the support available to students. There is abundant evidence across the sector that teaching is being taken still more seriously. We see that in the way that teaching is rewarded nationally, through the recently established national teaching fellowships, and at institutions in seeking to take account of teaching quality in their criteria for performance.

Q15 Chairman: You do not have to read out a load of bureaucratic stuff. Talk to me directly as a human being—as a professor talking to one of your students. Do you agree that what counts is the personal touch between the tutor and his students?

Professor Eastwood: There is no doubt that the relationship between students and tutors is a pivotal part of the higher education system.

Q16 Chairman: Thank you very much. My time is running out now, but, Ruth Thompson, do you believe that the funding council’s light-touch approach to this matter is the correct one?

Ruth Thompson: The Funding Council’s approach is a light one at the behest of the Government, who operate specifically at arm’s length from individual institutions in particular. That said, the Funding Council and the Government do a range of things that are helping to bear down on non-completion, and I have to work towards public service agreement targets. I am accountable within the ministry. It is important to bear in mind the annually published performance indicators against the benchmarks, which are produced by the Higher Education Statistics Agency. They have an impact on the behaviour and reputations of institutions, so certainly they are helping us to get a grip on this problem.

The other point that I would like to underline, and which Professor Eastwood has made already, is the impact of the small success that we have had in widening and increasing participation in higher education. For the very reason that there is tension between widening participation and the risk of non-completion, the Government have their target, which sets both those things operating together.

Q17 Chairman: Obviously, the Funding Council can deal with persistently poor performance on retention, can it not? It has the power to do so.

Ruth Thompson: Well, it has funding incentives and other—

Q18 Chairman: So do you think that it uses those powers adequately, or that you use your powers through it adequately, in order to improve retention in subjects where there is poor performance?

Ruth Thompson: There is always room for improvement in the way in which we use the instruments at our disposal.

Q19 Chairman: That is generally true in life. Have you finished?

Ruth Thompson: Yes.

Chairman: Thank you very much.

Q20 Mr Bacon: To start with, I declare that I interviewed Ruth Thompson 15 years ago, when she was a Treasury official and I was a financial markets journalist. I must say that she was very helpful at that time, and hopefully she will be as helpful this afternoon. Furthermore, I have met Professor Eastwood on a number of occasions, because he used to be the Vice-Chancellor of the University of East Anglia, which had its official residency in my constituency.

With that, may I ask the National Audit Office a question about figure 29 on page 40 of the Report? I see that the University of Chester and the University of Bolton had the lowest continuation rates in 2004–05. Angela Hands, which was the third lowest?

Angela Hands: Rather.

Q21 Mr Bacon: Right, I shall ask you a different question. St. George’s Hospital medical school and the University of Oxford are the two highest, but which was the third highest?

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Angela Hands: I am sorry, but I do not have that information to hand.

Q22 Mr Bacon: I am vexed to see that King's College London, which we like to call "Strand Poly", is slightly ahead of the London School of Economics—I am sure that Sir John is just as vexed as I am—and that the University of Nottingham is ahead of both of those. My point is that you cannot tell that just by glancing at the chart. I am sure that it would be just a question of a quick shuffle of the spreadsheet, but is it possible that we could have it sent to us ranked by continuation rates in 2004–05?

Angela Hands: So you want it as a league table target chart?²

Q23 Mr Bacon: You used the phrase "league table"; I did not. I said ranked by continuation rates in 2004–05, so that we can see the top and bottom of what you chose to call a league table. What is the methodology used for the benchmarks? That is discussed in paragraph 1.19, but I am reminded of the report that the NAO did on student achievement, which had a chart at the back that seemed to say: "If Pakistani, add minus two, if Bangladeshi, add 0.03 and divide by the number that you first thought of"—I am not kidding. It is plain that there will be a lot of different factors that contribute to continuation rates. You list them in paragraph 1.20 as: "recruit more students from neighbourhoods with higher rates of participation in higher education; . . . admit students with higher pre-entry qualifications; . . . have a smaller proportion of their intake aged 21 or over; . . . and offer particular subjects"—such as medicine and dentistry, which have high rates. I am suspicious of being able to reduce all of those things to one number that is always going to be meaningful. Will you briefly explain how you get to your benchmark number, which has the effect of making this chart nearly impossible to read?

Angela Hands: The benchmarks are indicators; they are not absolute, precise numbers. They are based on historical data and so will change from year to year as those data are updated. In this particular case, they are the Higher Education Funding Council benchmarks and not ours.

Q24 Mr Bacon: It would be very helpful if you could send us a note on it. Plainly, work has been done. It is similar to the value-added work.

Angela Hands: It is basically from a value-added perspective.³

Q25 Mr Bacon: Absolutely. I do not necessarily decry that value-added work. A lot of people have a lot of time for it. But it is helpful to see the raw data because they give you actual facts about which is the highest continuation rate institution and which is the lowest. If you could send us this reshuffled, and if HEFCE could perhaps send us a note, that would be marvellous.

Professor Eastwood, could I ask you about paragraphs 2.7 and 2.10? Paragraph 2.7 states, "an institution's under-performance against its continuation benchmark may be indicative of a lower than expected rate of students completing their year of study, which may itself lead to a funding adjustment . . . The Funding Council withheld some funding from five of these institutions on at least one occasion during the period 2003-04 to 2005-06." When I read that, I thought "terrific". You go through the figures and if they are not doing what you think they should do, you adjust their funding.

Yet over the page, there is funding going in the other direction, namely the £345 million which was reallocated on the basis of the widening participation element to compensate for their difficulties—for whatever reason they have difficulties. Which is it? Are you punishing institutions when they fail to achieve the expected rates, or are you helping them because you know that they are institutions in difficulties?

Professor Eastwood: What we are doing in the procedure outlined in paragraph 2.7 is that, in cases in which an institution has poor continuation or completion rates and it undershoots its target numbers, then we will, under certain circumstances, claw that back. That is why there is a strong incentive on institutions to promote a progression and completion within our funding model.

What we are trying to do with the widening participation and continuation funding identified in paragraph 2.10 is to provide institutions that have more challenging students cohorts in terms of retention with the kind of resource that they need to invest in some of the things that the Chairman referred to.

Q26 Mr Bacon: So what paragraph 2.7 says is that, notwithstanding whatever cohort they have, their benchmark continuation rate would lead you to suppose that they could have done better than they have done, and therefore you snaffle some money off them.

Professor Eastwood: The consequence of progression and continuation rates has been such that they have undershot their agreed numbers target.

Q27 Mr Bacon: Presumably, the agreed numbers target is all to do with this benchmark and the calculation and the methodology used?

Professor Eastwood: No, it is to do with what we call the funded numbers that the institution has.

Mr Bacon: Oh, okay.

Professor Eastwood: In other words, it is part of its contract.

Q28 Mr Bacon: Part of its contract, did you say?

Professor Eastwood: Part of its numbers contract with the Funding Council.

Q29 Mr Bacon: In paragraph 2.12 it says: "The Funding Council does not require institutions to keep records on the use or impact of their widening participation grant because it is part of the teaching

² Ev 33–35

³ Ev 30–32

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grant.” If I were to ask you, “Why do you not require institutions to keep records on the use or impact of their widening participation grant,” please do not answer, “because it is part of the teaching grant.” I do not understand why you do not require them to, especially when it is quite obvious from figure 19 that Aston University is more than able to do it to a quite high level of detail.

Professor Eastwood: Can I respond in two parts?

Q30 Mr Bacon: All right, I will ask my supplementary now, at the same time. If you do not monitor the impact of it, how on earth do you know whether it is working or not?

Professor Eastwood: The reason that we do not require reporting for the £345 million is because we are working under an injunction to reduce the burden of regulation, audit and reporting on the sector. We have made substantial progress in doing that. We operate a risk-based approach. When we think that there is a risk or a high priority, we require reporting; when we think that aggregate data will enable us to see whether or not money is being appropriately spent, we do not. That was the first comment that I was going to make.

Secondly, at the moment we are reviewing the way in which we use our widening participation premium, and, in that context, how it will be invested and what kind of reporting on that investment we might require are live issues as we speak.

Q31 Mr Bacon: Why does Scotland appear to be noticeably worse than the other home nations? The table on page 16 shows the percentage of students in the home nations continuing to a second year of study, and the percentage expected to complete their courses. In the second column, which shows those who are expected to complete, England is in the lead and there is little difference between England at 78.1%, Northern Ireland at 77.9% and Wales at 77.1%. However, Scotland is five percentage points below the others. Why?

Professor Eastwood: I think that it is beyond my remit for me to comment on issues in Scotland.

Q32 Mr Bacon: But it is a significant difference, is it not?

Professor Eastwood: I would make two points. First, participation rates in Scotland over the past few years have been higher than those in England, and that might have an impact. Secondly, the mix of institutions in Scotland is somewhat different from the mix of institutions in England. Formally, the answer to that question should come from my counterpart in Scotland.

Q33 Mr Bacon: Right. I want to ask you about the economic benefits of a degree. The Report says in note 2—I forget which page it was on—that a still unpublished PricewaterhouseCoopers study said that the economic benefit was £100,000. Is that correct? I remember the Government vociferously repeating a number of £400,000 at the time of the student funding debate. That was the standard

number that was used to justify the move towards more charging for student courses, because they were £400,000 better off over a lifetime—I remember thinking that that meant that they pay £160,000 more tax over a lifetime. What is the difference? Perhaps the NAO should answer: why is the only information apparently an unpublished study that shows such a big drop?

Angela Hands: I am not aware of the figure of £400,000.

Q34 Chairman: You do not remember it at all from that time? Do you remember it, Professor Eastwood?

Professor Eastwood: I do. There have been a number of attempts to calculate a lifetime’s earning benefit to a graduate. The figure given at the time of the Higher Education Bill was a gross figure rather than a net figure. The figure that I gave when I was last asked by a Select Committee about the lifetime’s earning premium was £160,000. That, broadly, is where we in the Funding Council think that it is safe to place the estimate at the moment. The Department has commissioned some work of its own.

Ruth Thompson: May I add to that? The £400,000, as Professor Eastwood says, was a gross figure. It was also not discounted to present values. The subsequent work that we have done to compare graduate earnings with those of somebody with the entry qualifications to go into higher education—somebody with A-level equivalent qualifications—has led us to refine and improve that figure, to take out the gross and to do the discounting. We have come up what we tend to say is a premium of “comfortably above” £100,000 over a lifetime.

Q35 Mr Bacon: I will ask one more question. It is about paragraph 1.5. Professor Eastwood, you mentioned the difference for part-time students, and that their reasons for study were often very different from those of full-time students. The paragraph says that an indicator to measure part-time students: “would be developed from this work if appropriate.” That is in light of the particular difficulties with such data. I have personal experience of this, because I was a student at the free University of Berlin, but to say that I ever had any intention of matriculating there would be to put it rather strongly. Most of the authorities had no idea that I was there; you could just drift in and out. I got what I wanted from it, but I would not have helped any statistics. Do you think that it is likely that you will be able to develop a useful indicator for part-time students?

Professor Eastwood: If we are, it would be different from the full-time student benchmark, for the reasons that you give. Following Sandy Leitch’s Report, we are also trying to develop more flexible approaches to part-time learning in the workplace. Therefore, any benchmark that we develop would have to capture that range of study as well as that range of study intentions. However, I do not want the Committee to conclude that, because we do not currently have a benchmark for part-time study, we are indifferent to

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either the progression of part-time students or to the value for money associated with public investment in them. We are alive to those issues.

Q36 Mr Touhig: Retention is around 91%, which is not bad by any measure. However, it has been like that for the past five years and has not improved. Why is that?

Professor Eastwood: As paragraph 1.14 of the Report shows, some institutions have shown significant improvements above the benchmark, some have drifted away and the majority are about where they were. That is the challenge that we now face.

Q37 Mr Touhig: But you have been challenged for the past five years and the situation has not improved. How much money have you spent on universities in the past five years to help them retain their students?

Professor Eastwood: Because the bulk of our teaching investment is made in the form of block grants, the specific investments that we have made are those identified in the Report, such as the continuation premium as part of the widening participation premium.

Q38 Mr Touhig: Give me a ballpark figure. What have you spent in the past five years that has directly helped universities to retain their students?

Professor Eastwood: Over the past five years, if one were to aggregate everything, we have probably spent something in the order of £600 million.

Q39 Mr Touhig: That is £600 million for no improvement. Paragraph 2.1 of the Report states: "From 2003–04, the Funding Council substantially increased this recurrent funding by introducing another element with the aim of improving retention, particularly among the types of students who are more difficult to retain. This new element was financed by a reduction in the rest of the teaching grant." You robbed Peter to pay Paul.

Professor Eastwood: It is perfectly true that we made an adjustment in the teaching grant.

Q40 Mr Touhig: You have taken funding from teaching in order to put it into retention.

Professor Eastwood: We have moved some resources around within the teaching grant between the institutions.

Q41 Mr Touhig: You are reducing moneys intended for teaching in order to bribe universities to try to keep people longer.

Professor Eastwood: We are trying to target some of our investment towards the particular challenges faced by the universities that are reaching out—

Q42 Mr Touhig: You have spent £600 million in the past five years and, by your admission, there has been no improvement, and you have cut teaching budgets.

Professor Eastwood: I should say that the aggregate figure may probably be closer to £800 million. Through that, we have achieved a new commitment in the sector to completion. As the Report

demonstrates, we have achieved target interventions to drive up completion in a number of institutions. We are working with the institutions that we have identified as having particularly challenging agendas on an institution-by-institution basis in order to take that forward.

Q43 Mr Touhig: I accept that that is how you are working it, but you have spent £800 million in the past five years for no real improvement in retention, and you have taken that money from the teaching budget.

According to a 2003 Report by the Department for Education and Skills, *Higher education funding—international comparisons*, funding on higher education is far behind that of our partners. A table on page 7 of that Report shows that we spend less than the United States, Sweden, Germany, Canada, Australia, Denmark, the Netherlands and Ireland. Why is the level of funding so poor?

Professor Eastwood: You might also like to address that question to the Department.

Q44 Mr Touhig: I do not mind who answers.

Professor Eastwood: From our point of view, over the past five years we have seen a commitment to maintaining the investment in teaching, enhancing the resources available—

Q45 Mr Touhig: But you have admitted that you have cut money for teaching to give to universities to try to retain students. The Report, *Higher education funding—international comparisons* shows that only Italy spends less on further education than we do. You are cutting teaching budgets. Do you want the Department to answer that question?

Professor Eastwood: No, with the widening participation premium we are making an adjustment to how we calculate the block grant for teaching. The resource going into teaching in real terms has increased marginally, but it has increased over the funding period.

Q46 Mr Touhig: But even in real terms, Professor Eastwood, we are well below all the countries that I have just mentioned. I think that only Spain and Italy are spending less than we are, in real terms.

Professor Eastwood: From my point of view, that demonstrates that we have in England a sector that is well managed, efficient and able to perform at these kinds of levels on the basis of the sorts of investments that are currently made.

Q47 Mr Touhig: Ms Thompson, do you want to add anything from the Department's point of view, or are you going to let your colleague take all the flak?

Ruth Thompson: I am very happy to add something. I think that Professor Eastwood has correctly identified that the priority has been for the Government to maintain the funding for teaching in real terms, because previously there was a considerable erosion of the amount of funding per student. So the amount of money per student for teaching has been stabilised in real terms.

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Q48 Mr Touhig: I am sorry—I am misreading the Report, then, because it says at 2.1, on the funding for retention: “This new element was financed by a reduction in the rest of the teaching grant.” You have cut money for teaching to fund retention.

Ruth Thompson: I am wondering if I can improve on the explanation that Professor Eastwood gave, which is that the teaching block grant comprises an amount that is set aside—known as the widening participation allocation—that goes into the institutions as part of their teaching funding.

Q49 Mr Touhig: Yes. You are saying that in real terms we have increased, but the Report says that we are actually taking money from teaching and putting it to other uses.

Professor Eastwood: Perhaps I could just gloss that.

Q50 Mr Touhig: And you have spent £800 million on retention in the past five years, for no improvement, and you have cut the budgets going into teaching.

Professor Eastwood: As Ms Thompson says, we calculate the block grant for institutions through a formula. The widening participation premium is a part of that formula. The resource arrives at an institution as block grant and it is for autonomous institutions themselves to determine how that is most appropriately invested. Over the past four years, as a result of the widening participation premium, we have seen institutions being able to invest further in student-support-related activities, learning support and various kinds of assistance, and in additional support for learners who are experiencing difficulties, and so forth.

Q51 Mr Touhig: Thank you for that. I do not think that we are going to take this argument much further, but we will see how we come through with our Report.

Part-time students account for 45% of entrants into higher education, but you have no measures in place to retain them. Have you run out of money for bribes or have you got no other initiatives?

Professor Eastwood: As I said earlier, we are committed to ensuring that there is appropriate support for part-time students.

Q52 Mr Touhig: You have a plan. When will it be ready?

Professor Eastwood: We pay a premium to institutions for part-time students and we are proposing, in a current consultation, to increase further that premium for part-time students. We recognise that there are particular priorities around part-time learners. The challenge that we face is whether we can put in place a benchmark for part-time completion that mirrors the benchmark for full-time students. As the Report makes clear, there are some formidable issues there, because of the learning intentions of part-time students.

Q53 Mr Touhig: But you are working up some plans for this, according to the Report.

Professor Eastwood: We are indeed considering this and we are looking at what other countries do, as well.

Q54 Mr Touhig: I am running out of time. I appreciate the brevity of your answers. In my view, if we are to sustain our economic position or even grow it, we have to invest in engineers, scientists, technicians and language experts. What do you think we are doing to ensure that maths and science students stay on their courses, because the retention rates are about 3% less than the average? That is in figure 34 on page 45.

Professor Eastwood: There is that issue. The priority over the past four years has been to increase the number of entrants into the universities in the so-called stem subjects, including mathematics, and we have made some substantial progress in the last two years on that front. But we also think that working with our colleagues in the Department for Children, Schools and Families on science and mathematics in schools will mean that, increasingly, students who come into those programmes will be better prepared for them and will therefore progress still more satisfactorily.

Q55 Mr Touhig: Have you done any research to discover why, in maths and science, the retention rate is about 3% less than the average?

Professor Eastwood: We have not at this juncture done any specific research on that issue.

Mr Touhig: Well, you have got the idea from here, and I won't charge you a fee.

Q56 Mr Mitchell: It is hardly surprising, is it? We have bigger, more impersonal universities and more people going there. Kingsley Amis said that more means worse. A lot more pressure is exercised in universities, so there is bound to be a problem with people leaving before completing their courses, and it is going to get worse, is it not, as we get 50% going to University? Do you anticipate that it will get worse?

Professor Eastwood: I do not think that there is any evidence to suggest that the participation rates will fall as we make further progress towards the 50% target. In the past few years, completion rates have held up or improved marginally as participation has gone up. That is one of the more remarkable achievements of the sector.

Q57 Mr Mitchell: But generally speaking, students are getting a worse deal now than in my time. The pressure is far greater and staff have less time for them, as the Chairman said. Staff get extra pay and promotions through publication, not by running a student counselling service or being friendly to the students. In fact, the students are a waste of time as far as promotion is concerned.

Professor Eastwood: There was a time when that was absolutely correct.

Q58 Mr Mitchell: When was that time? Just a few years ago, or now?

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Professor Eastwood: One consequence of the change in the funding environment and the advent of fees has been a renewed emphasis in institutions on the importance of teaching and being seen to esteem and reward it. The situation is changing and, in a modern learning environment, although the Chairman was absolutely right to emphasise the importance of the relationship between students and tutors and lecturers, there are other important things such as new learning technologies and so on. In considering whether there is a well founded student environment, we need to consider a range of student support and facilities as well as the contact time available to students.

Q59 Mr Mitchell: These figures are for British students of whatever ethnic origin, are they not? What is the retention rate among foreign students? After all, universities could not be kept going without foreign students paying much higher fees than everybody else. One sometimes gets the feeling that the necessary qualifications are being lowered to attract the foreign students who pay those higher fees.

Professor Eastwood: The retention rate data that we have here are for home students, as you say. I do not have the completion data for international students to hand, but my estimate is that they would be comparable. We will get you an answer on that.⁴

Q60 Mr Mitchell: It is important to know that, isn't it? Otherwise, you are offering the parents or people who are paying foreign students' fees an inadequate deal. If they are losing more en route, they are wasting their money.

Professor Eastwood: As you rightly say, international students are full-fee-paying students and do not attract public funding from us on behalf of the Government. The incentive is on institutions themselves to ensure a high-quality experience for international students and high levels of student satisfaction and completion. If you were to talk to leaders across the sector, you would find them well aware that they must provide the service that you are implying in the highly competitive market for international students.

Q61 Mr Mitchell: Do they provide them with more support, such as language teaching or special custodial arrangements? I remember that, in New Zealand, there was a threat to the virginity of Chinese girl students, who were therefore almost chaperoned around campuses. Do international students have special support?

Professor Eastwood: Yes. All universities with a significant number of international students have an international students support office of some kind, and almost all enrol them on appropriate pre-session programmes about language, culture and other issues.

Q62 Mr Mitchell: Okay. Do you have any statistics on the possible correlations that spring to mind? Is there a correlation between the bigger, more impersonal scale of a university and retention rates? Do the bigger ones lose more students?

Professor Eastwood: There is no direct correlation to size of institution.

Q63 Mr Mitchell: Is there any indication whether living at home leads to a higher or lower retention rate?

Professor Eastwood: The institutions that have higher proportions of students living at home tend to have lower completion rates, but if you look at the benchmarks, you will see that those institutions have a student body for which there is a lower propensity to complete. In other words, the residential universities tend to be the older Russell Group or 1994 group types.

Q64 Mr Mitchell: In other words, the elite ones?

Professor Eastwood: I said "older".

Q65 Mr Mitchell: Do you have an explanation for the wide variations that emerge when we look at table 29 of the Report? Harper Adams University College has the highest change and continuation rates. I have never heard of it, nor do I know where it is, but its rate is astronomical. What do they put in the water? What are they doing to achieve such a rate?

Professor Eastwood: Harper Adams University College focuses on land based studies and has been remarkably successful in the recent past, so I am not surprised at those data.

Q66 Mr Mitchell: Do you have an explanation for the depressing fall in retention rates at the University of London—they are down an astronomical 13.4%? I was intrigued by Rose Bruford College—its rate is down 5.8%. What is Rose Bruford College and what is it doing to put its students off?

Professor Eastwood: On the University of London, the figure relates to some 60 students who are registered through the central University, and not to the main colleges of the University. You would expect high volatility in such a small number of students. Rose Bruford College focuses on the dramatic arts.

Q67 Mr Mitchell: And what is up with it?

Professor Eastwood: The College has undergone relocation and partial restructuring, which might be part of the explanation.

Q68 Mr Mitchell: Table 33 shows that the most depressing retention rates are in business studies, combined subjects, engineering, non-European languages and related—whatever that means—and mathematical and computer science. The rates for all those subjects are down. There seems to be a pattern, namely, that institutions make those courses easier for kids to get on to, because we need to attract students to those studies. Is the decline in the rate a consequence of the lowering of standards for admission to study those courses?

⁴ Ev 32

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Professor Eastwood: Table 33 measures application trends rather than completion rates. Nationally, there has been a substantial fall in applications to study computer science, which is related to the increasing technical literacy of young people. The Committee should not think that the fall in applications for mathematics is on anything like the scale shown in the table, so the aggregation of mathematical and computer science in the table is unhelpful.

We have seen some notable falls in applications by subject. The fall in applications to engineering courses has been of concern, and the council has successfully invested heavily to reverse the trend—applications to engineering have stabilised. We sent the Committee the most recent Universities and Colleges Admissions Service data, which were published last Wednesday, and which therefore supersede the data in table 33.⁵

Q69 Mr Mitchell: In terms of retention, do you circulate best practice? If there is a problem, what do you do to support students? I would have thought, just from a common-sense point of view, that that would involve human factors such as contact with tutors, help in courses and a personal touch, which University staff tend not to have enough slack or spare time for. Do you circulate best practice, and how do you finance the kind of human contact that leads to higher retention rates?

Professor Eastwood: On the first point, we have through the Higher Education Academy a network of subject centres for all the major disciplines. Subject centres are charged, among other things, with looking at those issues and promoting best practice in exactly the way that you described. One of the things that we will do in consequence of the Report is, where there are particular subject issues, to go back to the subject centres and ask them to do precisely the work to which you alluded.

As far as funding is concerned, additional funds are flowing into universities as a result of the move towards variable fees. That is giving institutions an additional resource to invest at their discretion, but it is quite clear from students' responses to us that they would like to see a significant portion of that additional fee income invested in enhancing contact between students and tutors.

Q70 Mr Mitchell: But you do not earmark it for that?

Professor Eastwood: The additional fee income is not earmarked.

Q71 Dr Pugh: When I read the Report, I was curiously unenlightened. Obviously, it is a serious subject—we want to find out why students give up at University. When I came to paragraph 17, I came across these words: “Students leave their courses

early for a range of reasons . . . there is rarely one single reason why a student gives up their course (Appendix 3).” When I turned with some excitement to appendix 3, I found that every conceivable reason known to man short of abduction by aliens had been given. I still was not enlightened. Then I thought, “Whose fault is it ultimately?” I formed the impression that maybe the universities themselves do not really know very much about why their students fail to continue their courses, or do not record enough. Do you think that universities record enough the reasons why students give up the courses on which they set out?

Professor Eastwood: That is an interesting comment. I think that universities routinely seek an exit interview with a student who is not continuing. That is not always possible, for some of the reasons set down in table 35, but where possible they will do it, often on the kind of intimate, one-to-one basis that we just talked about. Usually, they tick a number of boxes, and there is very often no single explanation, but we would expect that atypical trends in a particular department, programme or University would be logged, identified, analysed and responded to.

Q72 Dr Pugh: But the information is not as full as we would wish in terms of analysing the problem.

Professor Eastwood: We would see the individual higher education institute as the appropriate place to address those issues. It is therefore important that HEIs have the right Reporting procedures and the right sorts of feedback routes. What we are seeing—some of it is picked up in the Report—is that best practice does indeed log that information, analyse it and act on it where appropriate.

Q73 Dr Pugh: I wrote to a large number of UK universities quite recently. I was primarily interested in the issue of mental health and what part it plays in student withdrawal from a course. I asked most of the universities how many students withdraw for reasons of mental health. What sort of answer do you think I got?

Professor Eastwood: I think you would have got a varied response.

Q74 Dr Pugh: The fact of the matter is that most universities do not know whether students withdraw for mental health reasons, because it is not recorded separately. I thought that, prima facie, students are in a stressful environment, they are changing relationships and are under academic pressure, and therefore that would be quite a trait. However, I was a little distressed to find, when the answers came back to me, that not only did the Government Department, the Department for Innovation, Universities and Skills, not have that information—presumably you do not have it either—but the universities themselves do not seem to have it. Is that not a matter of concern?

Professor Eastwood: I think that that would be of concern. However, I think that universities work closely with their counselling services and quite often,

⁵ *Note by witness:* The most recent UCAS data referred to by Professor Eastwood was not sent to the Committee before the hearing following further advice received. A particular concern was that the latest UCAS figures are provisional and include overseas students so they are not directly comparable with those included in Table 33 in the Report.

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where it is appropriate, with the general practitioners who service the universities. So there is information on issues such as mental health; it might not be Reported in the form that you were referring to, but nevertheless it is something that universities take seriously. Certainly when I was a Vice-Chancellor, I would have had an annual report from my University's counselling service on precisely that issue.

Q75 Dr Pugh: To be fair, one cannot extrapolate from one's own experience because universities vary. One thing that my research showed me is that the pastoral systems and counselling systems in universities varied quite appreciably, in terms of what they offered for individual students. I think that what the Chairman was trying to get at earlier—I do not think that we did get clear about it—is whether you know if there is any correlation between good, effective pastoral systems and counselling systems and pupils continuing, or failing to continue, with their courses.

Professor Eastwood: I think that all the evidence that we have, obtained directly and through our regional teams, which work with institutions, shows that the better that the student support systems in an institution are, the more likely the institution is to have strong performance in terms of progression.

Q76 Dr Pugh: My worry is that there is no systematic collection of the information and that, within departments and within universities, the information may vary in all sorts of ways. Those who have been to good universities, which have good pastoral systems, will have an opinion of what they think that the rest of the University world is like, but it may not be like that. We simply do not know, do we?

Professor Eastwood: We do not. You are quite right that we do not require universities to report against those criteria. What we seek to do is to ensure that universities invest appropriately in student support. In a competitive environment, where universities are competing for students and funding—

Q77 Dr Pugh: I would like to pick up on that point. You say that you try to ensure that universities invest in proper student support. I think that London South Bank University some time ago cashiered its counselling section, and basically referred students to the local NHS. I do not think that I am maligning the University there; I think that that happened. Did you do something then?

Professor Eastwood: I could not comment on that particular instance.

Q78 Dr Pugh: Right. Can I change tack a little? Looking at the University courses and the drop-out rates, the diagram—not table 33, but the earlier diagram on page 21—shows something that is quite surprising, indeed almost counter-intuitive. You would suppose, looking at medicine and dentistry as the most well supported subjects, or those with the lowest drop-out rates, that the more vocational a subject—the more, therefore, that the student would

have a good reason, including probably a good financial reason, to study—the greater the impetus for the student to stay the course. However, you do not find that, do you? There is no strict relationship between the course being vocational, or purely academic, and students staying on.

Professor Eastwood: I think that that is right. The pattern here is a complicated one; you are right to infer that.

Q79 Dr Pugh: For example, I notice that history and philosophical studies comes after medicine and dentistry. Could you explain that? Is it that students are particularly well taught, or are they very philosophical about what they are getting?

Professor Eastwood: If you look at the data in figure 15, on page 21, there is a danger of us over-interpreting quite small differences. That is to say that, if you go from, say, education through to historical and philosophical subjects, you are talking about a 4% difference. So, whilst the differences are discernible, I do not think that we should erect too strong an explanatory framework on the basis of those small differences. What I think that we can say, in a number of subject areas, is that we see students who are well motivated and who have been well prepared.

Q80 Dr Pugh: But that is common sense, is it not?

Professor Eastwood: It is.

Q81 Dr Pugh: What I am trying to tease out is this: what does figure 15 show us, if anything? What does it tell you?

Professor Eastwood: What it tells me is that there are significant differences in the student body as between medicine and dentistry and combined subjects. In areas such as business and administrative studies, universities have extended their programmes and that rapid expansion may have had some implications.

Q82 Dr Pugh: But we are not a great deal wiser from having that chart in front of us without further research?

Professor Eastwood: That is precisely why, as a next stage, we need to ask the subject centres of the Higher Education Academy to look at these data and to advise us further.

Chairman: We have to break now for a Division.

On resuming—

Q83 Angela Browning: Professor Eastwood, bearing in mind that I have limited time, could you begin by succinctly explaining to the Committee your understanding of benchmarking, and how it affects the document?

Professor Eastwood: The benchmarks are established to try to set an appropriate target for institutions that recognises the diversity of their programmes, their location, their approach to widening participation and their student body. As with all benchmarks, some

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institutions will exceed them and some will underperform. We expect the benchmarks to be appropriate and moderately structured.

Q84 Angela Browning: Beyond the actual setting of benchmarks, what activity is carried out to enable that rather diverse group of institutions to achieve their benchmarks?

Professor Eastwood: Fundamentally, because higher education institutions are autonomous bodies, the responsibility rests ultimately with them. We in the funding council try to ensure that they are appropriately funded, and that throughout the sector, bodies and organisations can disseminate good practice and make appropriate interventions.

Q85 Angela Browning: Thank you. We have heard the term “good practice” used quite a lot this afternoon. I should like you to look at paragraph 3.2 on page 29, which is the beginning of part 3 of the NAO Report, under the heading, “Using management information to understand retention”. Basically, that paragraph tells us that you need to know what works and what does not work. In other words, as much as understanding why students do not stay, you need to understand why they do stay, then you can start to use to good effect some of the information that people are gathering, and presumably start to meet those benchmarks. I put it to you that you are flatlining.

Professor Eastwood: Broadly, that is right, yes.

Q86 Angela Browning: You are putting more money in, but still you are flatlining.

Professor Eastwood: We are putting resource in, as Ms Thompson said, in a context where we are still widening participation, so holding the position represents something of an achievement. But, in response to this Report, we are saying that other interventions might be made. Some might be the critical reflection to which you refer, and others are interventions around particular institutions and particular programmes, which we will have in hand.

Q87 Angela Browning: Could you turn the page and let us look in a little more detail at paragraph 3.5? This shows us exactly what is going on here, does it not? It says: “In its institutional reviews, the Quality Assurance Agency stresses the importance of collating robust management information”. There is that term again, “management information”. My interpretation of that would be: using information gathered to make management decisions to change things—from flatlining to improvement. I should hope you agree. The paragraph continues: “Around half of the institutions covered by the Funding Council’s sample audits of 2005–06 student data were found to have inaccurate forecasts or records of non-completion, with potential funding consequences such as claw back.” That does not sound to me as if the people collating the information have any idea of the purpose for which they are collating it.

Professor Eastwood: Through interventions such as assurance, audit and our leadership governance and management programme, we are working quite strenuously to ensure that the quality of management information in the institutions is enhanced.

Q88 Angela Browning: But the paragraph goes on: “We found that information collated tends to be localised to particular programmes or departments,” which is something that during the course of the afternoon, you have said needs more attention for various reasons. The paragraph continues: “There is also insufficient evaluation of the cost and effectiveness of retention initiatives in institutions,” and on it goes right to the end of the paragraph. Does that paragraph encapsulate a real problem that must be addressed quite urgently?

Professor Eastwood: It points to a challenge, and to a challenge that must be taken up. Several interventions to which the NAO Report draws attention are from the past three or four years, and you do need some trend data to evaluate the effectiveness of an intervention. There is such a thing as premature evaluation. But I think that what I have been—

Q89 Angela Browning: I am sorry, but could you just explain that?

Professor Eastwood: Yes. If you put in place a programme to enhance retention and you evaluate it the following year, you might not have enough trend data to be able to evaluate the intervention robustly.

Q90 Angela Browning: So, are you telling us that this is too early, it was an unfair criticism and it was done far too early in the day to get any accurate—

Professor Eastwood: No. On the contrary, I am saying that the moment is now opportune for precisely that kind of evaluation.

Q91 Angela Browning: Right. Could I just ask you about the part-time figures? They are particularly worrying. It is interesting to see from page 22, figure 16 that a higher proportion of part-time students stay on at colleges than at higher education universities. Although there may be variables, are there not lessons to be learnt when you see two sets of stats like that?

Professor Eastwood: There may be. We do not have a complete picture of the position in further education colleges where they are delivering higher education, because what you have here are numbers that are funded through higher education institutions and licensed to those further education institutions. There is undoubtedly a piece of work to be done to see whether or not there are those sorts of lessons to be learned, and the National Audit Office has flagged that.

Q92 Angela Browning: Who will actually take ownership of this sort of information and do something with the information that the NAO has produced?

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Professor Eastwood: Where one is looking at a piece of work of that kind we would expect to work in partnership with the Higher Education Academy.

Q93 Angela Browning: Right. It seems rather strange that it requires an NAO Report to trigger the sort of activity that you are now saying you are going to undertake, when in fact in terms of showing how well you are doing in retaining full-time and part-time students all the stats must surely have been apparent to you for some time.

Professor Eastwood: I said a moment ago that I thought that the time was opportune, because the sorts of interventions that we have been talking about and that are instanced in this Report are interventions in the past three or four years, so now is precisely the time to take stock.

Q94 Angela Browning: It is funny, but every time we have people sitting in this Committee, it does not matter what subject we are talking about, it is amazing how common it is for people to say, "Well, now we have got this Report, now is the time for us to do something about this." I do not doubt your sincerity in doing it, but with all due respect to the NAO, which has produced a very sound and good Report, if you have a management structure that is into benchmarking and using management information, should not that have been picked up internally? That is why I ask the question: who actually has ownership of this?

Professor Eastwood: If you look across a range of issues we are already reviewing the widening participation premium. For example, we are working with institutions on the quality of management information, for a range of reasons. We already have those sorts of issues in train. It would not be accurate to say that action is only being taken in response to the Report. No doubt it will focus and galvanise some parts of this activity.

Q95 Angela Browning: I do hope that it will, Professor Eastwood, because it seems to me that some of the things we are reading here, in order to resolve your problem of flatlining, are pretty fundamental. To me, the feel is of drift; people collecting information without having a true understanding of the purpose of management information.

Professor Eastwood: I think that as far as individual institutions are concerned, they collect a range of management data in order to meet a range of priorities. We are trying in the way we work with institutions to ensure that their management information is fit for purpose, that the established, key performance indicators are appropriate both for internal management and for governance of the institution. It is a piece of work we have had in train for some 18 months and we are seeing some of its fruits.

Q96 Angela Browning: My time is running out, but am I not right in thinking that the whole benchmarking process is not just about setting targets

but about meeting those targets by sharing information? There are bodies that could easily share information with you now to help you improve that performance.

Professor Eastwood: Indeed, and the bodies that we have established across the sector in the past four years are bodies that are also sharing that information across the sector.

Angela Browning: Thank you.

Q97 Mr Dunne: Professor Eastwood, how many institutions does your council fund in total?

Professor Eastwood: In round numbers, 275; 135 higher education institutions and the rest are further education institutions.

Q98 Mr Dunne: How many advisory bodies do you fund to help you in that task?

Professor Eastwood: In the task of funding?

Q99 Mr Dunne: In your total task. Funding first and advice and quality second.

Professor Eastwood: We directly fund a small number of bodies that discharge parts of our functions and most of those are identified: the Quality Assurance Agency, the Higher Education Academy, the Leadership Foundation, Foundation Degree Forward and Action on Access.

Q100 Mr Dunne: In addition, there is the Equality Challenge Unit and Action on Access, which is separate from the Office for Fair Access.

Professor Eastwood: It is separate from the Office for Fair Access.

Q101 Mr Dunne: You also have some advisory units, advising the board.

Professor Eastwood: By advisory units, do you mean—

Q102 Mr Dunne: I mean the widening participation advisory committee and the quality learning and teaching advisory committee.

Professor Eastwood: Yes, we have five sub-committees of our main board taking responsibility in particular areas, that is correct.

Q103 Mr Dunne: Reading the Report, it comes across that there is a multiplicity of advisory units and boards trying to help you achieve increasing participation, and the other responsibilities that you have. At least as far as participation is concerned, they have not done a very good job, have they?

Professor Eastwood: I still want to say that the performance of the sector in terms of progression and completion in international terms is very strong. When I attend international conferences and meet my opposite numbers, and people with responsibility for other systems, they are struck by the success that we have had, and a number of the cross-sector bodies that we have established are now being mimicked elsewhere. I think that the approach that we have taken, in so far as emulation might be an indication of esteem, is esteemed in other parts of the world.

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Q104 Mr Dunne: The Government target, as we have seen set out on page 7, paragraph 4, is to get 50% of the eligible age into higher education, and that has increased from 39% in 1999–2000, to 43% in 2005–06. Can you comment on what prospect you think there is of increasing towards the Government target, and what specifically you are intending to do to achieve that target?

Professor Eastwood: Ms Thompson may want to comment on the target. The current target is to continue to make progress towards 50%. I believe that as a result of the comprehensive spending review announcement, we will be able to continue to do that. Our ability to continue to increase participation in higher education is a consequence of the Government's decision and willingness to invest in additional student numbers, because the demographic cohort is continuing to increase. I am confident that we will be able to continue to make progress towards 50%, that there is unmet demand in the higher education system, and that we will be able to continue to broaden and deepen participation while sustaining the kinds of progression and completion rates that the Report draws attention to.

Ruth Thompson: Would it be helpful—

Mr Dunne: That is fine; I have limited time. In that case—

Chairman: Professor, you can let Ruth Thompson come in a bit more? She has had quite an easy afternoon, and I am sure that she would like to answer some more questions as the representative of the responsible Department.

Q105 Mr Dunne: Before Ms Thompson comes in on a question, I have one specifically for Professor Eastwood. If you look at page 44, table 3 shows that maths and computer science enrolments have fallen by 25% over the four-year period, and yet the retention rate for that subject is top. What do you, as the funding council, actually do when you are confronted by such dramatic reductions in one of the best-performing subject areas?

Professor Eastwood: Specifically in mathematics, we have established a scheme in partnership with the mathematical societies in order to promote mathematics in schools, and to encourage progression from school mathematics into university mathematics.

Q106 Mr Dunne: But in funding terms, what do you do? Are you putting more money into it, or does less money go into maths because it follows the undergraduate?

Professor Eastwood: In terms of mathematics, we have put something of the order of £3.5 million into the initiative to increase participation in mathematics.

Q107 Mr Dunne: How much maths funding will fall across the university spectrum, with the decline in numbers?

Professor Eastwood: That would depend on the way in which a university would re-allocate its places—

Q108 Mr Dunne: But would not it be substantially more than the £3.5 million for a specific initiative?

Professor Eastwood: If you look at mathematics, as distinct from computer science, the position is that there is not now a fall in mathematics enrolments. In fact, they were up 11% last year.

Q109 Mr Dunne: Can we concentrate on where it has fallen and on what the council and the Department—perhaps Ms Thompson will come in on this—is doing to arrest the significant and dramatic decline in such an important subject?

Ruth Thompson: Would you like me to discuss the generality of the initiatives and efforts being made by the Department for Innovation, Universities and Skills and by the Department for Children, Schools and Families to raise demand for higher education in stem subjects? That might be helpful.

Q110 Mr Dunne: Yes, but I would like you to focus on the financial aspects, because we are here to talk about public value for money, rather than the initiatives.

Ruth Thompson: Quite so. It would be useful to explain that a range of initiatives are being taken in the school and college sector—the pre-higher education sector—which are the responsibility of the Department for Children, Schools and Families, and which are designed to improve the teaching of science, technology, engineering and mathematics subjects. For example, the Teacher Development Agency works to improve the standards of teaching in secondary schools and colleges, so that specialist teachers in those subjects are available more widely. The budgets for those are not the responsibility of my ministry, but are Government funds going into, for example, continuous professional development and the preparation of initial teacher training in order to improve teaching standards.

Q111 Mr Dunne: Can you quantify those sums?

Ruth Thompson: I could send you a note.

Q112 Mr Dunne: Thank you. Returning to the subject of the NAO Report, page 5, table 3 refers to year 1 drop-out rates. If I have read the Report correct—perhaps the NAO could comment on this—in year 1 there was an overall drop-out rate of 8.4%, but the Report suggests a 13.5% further drop-out rate in years 2 and 3 for those who do not complete the course. Is that the correct interpretation?

Ruth Thompson: Yes, but that is the predicted completion rate.

Q113 Mr Dunne: So, actually, the drop-outs would take place largely in year 2. Is that a fair assumption, or are they spread across years 2 and 3?

Professor Eastwood: What you are broadly seeing is a fairly flat line between years 1 and 2.

Q114 Mr Dunne: Sorry, are you suggesting a straight line?

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Professor Eastwood: That is what the data suggest, more or less, and I think that that is what you were implying.

Q115 Mr Dunne: So all the focus of the Report has been on year one drop-outs, but if the drop-out rates for years 2 and 3 are as bad, which you have just confirmed, what is the funding council doing to try and arrest the continuing poor drop-out rates?

Professor Eastwood: The necessary interventions are not necessarily specific to the stage of the programme. Those interventions, which would relate to student support, appropriate counselling, face-to-face teaching and the learning environment, are as important in year 2 as they are in year 1. There are particular issues in year 1 concerning the transition between a student's experience prior to higher education and their experiences in higher education, which is why there is a legitimate focus on year 1. In the main, a student who is well-grounded and well-launched in year 1 is likely to proceed through that programme successfully, so there is good reason for focusing on year 1.

Q116 Mr Dunne: But the drop-out rates are just as bad in years 2 and 3.

Professor Eastwood: As I said, the sort of generic interventions that we are talking about will impact across the board.

Q117 Mr Dunne: I put it to you that you do not know the answers to these questions. The Report focused very much on year 1. That might be appropriate, but your answers do not suggest that there is much focus within your group, or within the Department, on continuing drop-out rates in second and subsequent years.

Professor Eastwood: I am seeking to make the point that there are particular issues in year 1 relating to the transition to higher education, but that then a range of issues applies throughout the student's programme. As we make successful interventions, they will work across the piece.⁶

Q118 Mr Dunne: Finally, what happens if you see a particularly stark increase in drop-out rates in an individual institution? What does your council do? Does it have the power to direct the University to change its approach either to a subject or throughout the University?

Professor Eastwood: We would immediately work with that institution through our regional consultant—the person leading on the relationship between us and that institution—as happens now.

Q119 Mr Dunne: So you would appoint consultants to have a look at it.

Professor Eastwood: No, our regional consultants are our own people. They are not consultants; they are the people who lead our regional teams. We would seek swiftly to identify what the issues are and whether the institution—

Q120 Mr Dunne: What powers do you have to try to change things within a University?

Professor Eastwood: We have the power to work with the institution and the power to make certain kinds of investment. As the Report makes clear, if, as a result of low progression rates, an institution does not meet its contract numbers, funding will be withdrawn pro rata.

Q121 Mr Davidson: In all of this, we seem to have assumed that retention is a good thing, *per se*, and that if anybody drops out that is an indication of failure. Do we have any indication of how many people have decided to leave university as a positive choice, perhaps because they were badly advised in the first place and were under a misapprehension about what it would be about and decided, afterwards, that it was not for them? It is a question of the level of careers advice that kids get at schools and schools wanting to boost their figures, in respect of the numbers going to university, for their own internal purposes. Therefore, in respect of some of the people leaving university, that is an indication of the failure of advice, rather than a failure either of the university system or the individual. Do you have a feel for that at all, either of you?

Ruth Thompson: I think that you are on to an important point. The Report makes it clear that there are more reasons than failure for people leaving university or college and higher education before they have achieved a qualification. We do not have any comprehensive research into those people. I am aware of research studies. For example, a project undertaken by the Joseph Rowntree Foundation, which is referenced in the Report, looked at a particular group of students and suggested that many of those who left before time had been poorly advised, but others left before time for a multiplicity of reasons, as set out in the Report. However, one in five of those who “dropped out” returned to higher education at a subsequent stage.

Q122 Mr Davidson: So drop-outs and returners are considered as drop-outs in the statistics that we are considering.

Ruth Thompson: It will depend on the duration of the absence.

Q123 Mr Davidson: The gap—right. So if there were a drop-out due to pregnancy, which led to a return subsequently, it would all depend on how long the person was away?

Ruth Thompson: Yes.

Q124 Mr Davidson: I see. So that could distort it. We have no information about the extent to which poor careers advice or schools or family pressuring have put people into this situation, after which they then make a positive choice to leave. We do not have any feel for that at all, except for the fact that it happens. Is that so?

Ruth Thompson: I think that there is nothing systematic that we can point to.

⁶ Ev 33

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Q125 Mr Davidson: Okay.

The second area I want to touch on is dealt with in table 9 on page 16, where we see that the Scottish figures are far worse than everybody else's. Can I just clarify whether we are comparing like with like there? I am not sure who would help me with that. Is this a genuine comparison?

Angela Hands: We endeavoured to make sure that it was like for like. They are all from one body.

Q126 Mr Davidson: So the percentage of working class entrants and people from non-traditional backgrounds, for example, is allowed for in these statistics.

Angela Hands: No. The figures in that table are absolute figures, so they do not allow for that.

Q127 Mr Davidson: In that case, could I ask, Chairman, that we get some figures that do allow for these sorts of things? Looking at the table, I am not clear whether the English system is doing much better than the Scottish system or not. It would be helpful to know.

I have never heard the phrase, "premature evaluation" before—I shall have to make sure I pronounce that properly—but is it too early to consider issues relating to student finance and the changes that have happened in Scotland in terms of retention and so on? I can see how, potentially, they could have attracted more people in and then led to a higher failure rate, because there were those who were more marginal. Is it premature to look at that?

Angela Hands: It is probably a bit early.⁷

Q128 Mr Davidson: When you are looking at this—I refer to the same table—is any account taken of the fact that, traditionally, Scotland has a four-year degree and England has a three-year degree? There is more time in Scotland to drop out, and students attend from a younger age. I went at 17, but that would not be the normal pattern in England and Wales. Do the figures allow for that?

Angela Hands: These figures do not.

Q129 Mr Davidson: Could you incorporate that as well, and, once we have the figures, could you could tell us whether there is anything that you think is identifiable as good practice, whether there are discrepancies, and whether the English model is successful in particular areas but not in others? Similarly, if you could do that for Scotland, Wales and Northern Ireland, it would be helpful.

Sir John Bourn: We will do that.

Q130 Mr Davidson: Thank you very much.

The next question is about table 11, "Change in institutions' continuation rates". I see that the continuation rates for some institutions have worsened. Am I right in thinking that that could actually be a sign of success, inasmuch as they have expanded their intake to include more working class and non-traditional students who have a

disproportionate likelihood of dropping out, and that therefore the figure could be masking quite an expansion? Is it reasonable to refer to a tension between retention and the expansion into other areas that have not really had a fair crack of the whip until now? How do you manage that tension?

Professor Eastwood: As far as the graph is concerned—and the table that sits behind it—some institutions on the left side are notably widening participation, so they fall into the category that you outline, but some similar institutions would be elsewhere on the spectrum. We identify institutions that are having a significant detrimental shift in their continuation rate and work with them. The institutions that are the major outliers identified in the graph and in the table that sits behind it are institutions that we are working with around precisely those issues.

Q131 Mr Davidson: Would I be right to assume that if an institution were expanding the number of working class students and students from non-traditional areas, it is likely that it would have a higher degree of drop-out because those groups are statistically most likely to drop out?

Professor Eastwood: That is indubitably correct. If you reach out to students from backgrounds that do not have a long family or school tradition of participation in higher education, there is a higher likelihood of drop-out, but we try to capture that in the benchmark, so we try to normalise for that.

Q132 Mr Davidson: I wanted to touch on the question of working class intake. If I remember correctly, on page 43, in chart 30, "Personal characteristics of entrants to full-time, first-degree courses", working class participation has gone up from 29.5% to 30.7% in four years. That is only 1.2%. Surely that is a failure by the Department and the universities.

Ruth Thompson: We are ever pushing for more progress on this measure—

Q133 Mr Davidson: Is that a yes, then?

Ruth Thompson: We are for ever pushing for more progress on this measure, but the end of my sentence is important. You also need to bear in mind that socioeconomic groups 4 to 7, which are the ones measured in the chart, are actually declining as an absolute proportion of the whole population, as I am sure you know. You would have to run very fast to stand still on this measure.

Q134 Mr Davidson: Okay, that is interesting. Tell me, then, how much you think the working class has declined over that four-year period.

Ruth Thompson: I do not have the figure.⁸

Q135 Mr Davidson: In percentage terms—do you have any idea? If the absolute figure has gone up by 1.2% and the social class has gone down by 10 or 20%, that would be quite a good result. However, if it has

⁷ Ev 35–38

⁸ Ev 21

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gone down by 1% and over four years the absolute figure has only gone up by 1.2%, that is obfuscation, is it not?

Ruth Thompson: I understand your point. I do not have the precise figure, but it is not as high as 10% or as low as 1%.

Q136 Mr Davidson: Perhaps we could have that figure, if possible. The point had not occurred to me, and it is not indicated in the statistics. You did not draw it to the attention of the NAO when you were commenting on the Report, did you?

Ruth Thompson: I am sure that it would have cropped up in discussion, but I think the Report is accurate because it gives the data.

Q137 Mr Davidson: It is not inaccurate because of the point that you have made, which might have been better made in the Report. What about the question of low participation neighbourhoods? Have they similarly declined and therefore is it unfair to judge you?

Ruth Thompson: No, my understanding is that that remains constant.

Q138 Mr Davidson: Right. So you have only had a 1.5% increase over four years and this has been one of the main thrusts of the Government policy, as I understand it. That is a pretty poor result, is it not?

Ruth Thompson: As I said earlier, we are constantly pushing to do better.

Q139 Mr Davidson: I know that. That was not what I asked you. It is a pretty poor result, is it not?

Ruth Thompson: I think we are making progress.

Q140 Mr Davidson: But it is a pretty poor result, is it not? When is it not a poor result? You would have said the same thing if it had been 0.1. The point has been made.

Could I ask about the percentage from public schools, which does not appear in these figures? What is the percentage of the population from public schools and how many of them go to full-time first degree courses during the same period?

Ruth Thompson: I am not sure that I can remember that figure accurately.⁹

Q141 Mr Davidson: But it is not a minority that is under-represented, unless I am mistaken?

Ruth Thompson: No.

Q142 Mr Davidson: Okay. Well maybe we can have the same figures for that as well. If the Government policy were working it would be normal to expect that the percentage of people at University from working class backgrounds would overtake the percentage from public schools, would it not, given the disproportionate numbers in the population, notwithstanding the fact that one is declining? The minutes do not record that you nodded.

Ruth Thompson: I am sorry.

Chairman: Grimaces, smiles and nods are not much good to us.

Ruth Thompson: What is going through my mind as we speak is that the NAO is on the point of embarking on work with us on widening participation and is hoping to Report in June or July next year. This will come before the Committee in due course.

Q143 Chairman: You are doing a note for us on that public school question. You must have those figures.

Ruth Thompson: Yes. Well, we have state school figures.

Q144 Mr Williams: What evidence is there to show that 50% is the correct proportion to have going to University?

Professor Eastwood: If you look at the latest OECD statistics, participation varies a lot. It can be as high as 85%. We are working with the Government. We are certainly demonstrating that there is unmet demand for higher education. As the sector has grown—

Q145 Mr Williams: I am sorry, but you are not answering my question. My question is what evidence is there that 50% is correct? It seems a coincidental figure. It is too smooth, is it not?

Professor Eastwood: The two countries that I would point to, which I visited recently, are Australia and Japan. They are not dissimilar countries and they are at 50% participation. Their evidence is that that is the point at which you achieve a kind of equilibrium.

Q146 Mr Williams: But they are different economies from us. What is right for them is not necessarily right for us. You cannot say that because Australia has 50%, Britain should have it too. Why Australia? It just happens to fit, does it?

Professor Eastwood: No, there are some structural similarities in the way that their higher education system and ours work and in the relationship between higher and further education in our system and in their system. I was construing your question as being whether it is sensible to have a target—

Q147 Mr Williams: I asked what evidence there is. Is it empirically based, or is it just aspirational?

Professor Eastwood: There is a target to continue to grow the sector.

Q148 Mr Williams: It is aspirational? It has no scientific base?

Chairman: Yes or no?

Professor Eastwood: It is an aspiration to continue to grow the sector, yes.

Q149 Mr Williams: Okay, so it has no statistical validity. It is just an aspiration. That is fine, as long as we understand that.

Ruth Thompson: May I elaborate on this, because the most recent announcement of the comprehensive spending review puts forward a proposal on the new schema for public service agreements under which there will be two targets for higher education. The

⁹ Ev 21–22

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first is the existing target of moving towards 50% for the 18 to 30-year-old cohort. Secondly, there is a target for the proportion of the working-age adult population with qualifications of level 4 or higher. In response to Lord Leitch's Report on skills for 2020, the figure is for 36% of the work force to be qualified to level 4 or higher by 2014. That is a sub-degree level, such as a higher national diploma or a foundation degree. It is certainly a higher education level.

Q150 Mr Williams: So it is a target figure that has largely been plucked out of the air. That is the reality, is it not?

Ruth Thompson: The reason I mention the work done by Lord Leitch about the needs of our economy in the context of the global economy between now and 2020 is that it does analyse the demand for higher level skills in some detail. In response to that, we decided to run these two indicators concurrently. They do not conflict with one another. In order to get to the 36% target by 2014, we will need to be making progress towards the 50% target.

Q151 Mr Williams: We are not getting very far on this line of questioning, so let us move to another one. Why has the lifetime benefit of having a degree fallen from £120,000 to £100,000 in the PricewaterhouseCoopers Report?

Ruth Thompson: The PricewaterhouseCoopers Report, I believe, has the figure of £160,000.

Q152 Mr Williams: That is not what it says in this Report. Paragraph 1 states that, "over their working life graduates earn . . . over £100,000 more (in today's terms) than similar non-graduates with A-levels." The footnote attributes that to PricewaterhouseCoopers in 2007. You have signed up to the Report, so I assume that you accept the figures.

Ruth Thompson: Indeed, but the figure that you quote is the Department's estimate.

Q153 Mr Williams: The Department's estimate was £120,000 a couple of years ago, was it not?

Ruth Thompson: The Department's estimate that we now use is comfortably over £100,000 net and discounted to present values.

Q154 Mr Williams: Comfortable is a relative term, is it not? It is as relative as your 50% figure. What is "comfortably over £100,000"?

Ruth Thompson: I am unable to give a precise figure because it moves about.

Q155 Mr Williams: Ministers could do so a couple of years ago when I put a parliamentary question as a Bill was going through. I got the simple answer that there was a £120,000 lifetime benefit over people with two A-levels. There was no doubt in the Department's mind at that time. Now it has fallen to £100,000 and no one seems quite sure of how that figure was arrived at.

Mr Bacon: It used to be £400,000.

Mr Williams: Let us take it a stage further. I will use the figure of £120,000 as an example, but we can always scale it down because I recognise that everything will be lower than what was originally claimed. The parliamentary answer said that the Government would reclaim £30,000 of that over the lifetime in extra taxation. Does that include National Insurance?

Ruth Thompson: As I do not have the estimates before me, I do not want to mislead you, but I think that that is possible.

Q156 Mr Williams: On the old figure, the graduates had to pay to go through university and then would pay an extra £30,000 in tax because they have graduated. That is according to the Department's own figures in a parliamentary answer. That means that, on the Department's own figures, the graduate's net benefit is £90,000. If the working life is from 22 to 65, or 43 years, the net benefit is £1,600 a year. That is not a lot, is it?

Ruth Thompson: By comparison with other OECD countries, it is a very good return.

Q157 Mr Williams: Once you pay back the fees that you owe and any other debt that you have built up at university, it is even lower, is it not? A graduate still has to make up the pension that he did not pay while he was a student. He has lost three years of pension contributions. The financial benefits of a degree are substantially overestimated. I am in favour of getting degrees—I was in favour of doing one myself—but I am trying to point out the presumption. I did not like the idea of the £3,000 fee. It seems to me as if the state is getting a benefit in extra taxation from people who are paying for their education anyhow, retrospectively.

Professor Eastwood: Let me make two comments. First, you are quite right that there has been variation in the estimate of the lifetime graduate premium. That is because different surveys have used different methodologies. It is perfectly fair to ask whether we could have an agreed methodology to try to determine that.

My second point picks up on the point that you have just made about learners at different stages in their lifetime and how they might most appropriately study for higher education. That is why we are seeking both to promote flexibility in the way in which people can learn and, as Ms Thompson was saying, to consider ways in which we can deliver higher education more effectively through the workplace and so on in response to Sandy Leitch's Report.

Q158 Mr Williams: Let us take the PricewaterhouseCoopers figure of £100,000. Having deducted the extra tax that the Government will get out of that £100,000 over the remainder of a lifetime's work and the repayment of loans and so on, what is your estimate of the net lifetime gain of getting a degree?

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Professor Eastwood: My recollection of the PricewaterhouseCoopers Report was that that was a net figure, and that it was net of other costs. That is the premium.

Q159 Mr Williams: It goes on to say that: “The Exchequer receives associated tax from higher salaries of graduates, amounting to 11% over and above the cost of higher education”, whatever that means. It is not net. It is gross.

Professor Eastwood: We should probably get you a note on this. My understanding was that that was a separate calculation of the benefits that flow back to the Exchequer over and above the public investment in that higher education. It is therefore outwith the individual’s return on her or his higher education.¹⁰

Ruth Thompson: It is exactly that. It is a separate calculation relating to the state’s expenditure rather than to the individual’s returns.

Q160 Mr Williams: It is not fair to bounce it on you in this way. If you do us a note on the £100,000 and one explaining the drift from the £120,000 that the Department was using to the £100,000 that PricewaterhouseCoopers concluded, that will give us some idea, just as a matter of interest, and will mean that someone going into University life has an idea of whether they might find it better to do other things.

Q161 Mr Bacon: I wonder whether you can send us a note, Ms Thompson, to follow up from Mr Davidson’s question about public schools. There has been some publicity in the newspapers about the increased percentage of applicants to do French at university who come from public schools, for the simple reason that in many state schools they have stopped teaching French A-level. I would be interested if you could send us two notes, one for public schools and one for state schools, that set out—

Chairman: Independent schools, you mean?

Mr Bacon: I mean for independent schools and for state schools, to set out the highest percentage of applicants in any given subject. It might read, for the sake of argument, French, followed by dentistry, followed by mathematics, with the highest percentage at the top and then going downwards. I would like that for independent schools and the same thing, with whichever subjects apply, for state schools. In so doing, could you split them up so that instead of saying modern languages, it says French,

and instead of saying mathematics and computing science, it says maths, so that it is as clear as possible which subject you are talking about where the applicants are highest from state schools and from independent schools?

Ruth Thompson: Yes, we can undertake to provide you with a note. I am slightly nervous about whether we can do the disaggregation that you are asking for, but we will do our very best.¹¹

Q162 Mr Bacon: We read “European languages, Literature and related subjects”, or “Languages and Literature”, which cover a multitude of different things, including studying hermeneutics at the polytechnic of North London, or whatever they call it at the moment, or studying French at Cambridge. I want the disaggregation so that we can understand what is going on.

Ruth Thompson: Yes. Understood.

Q163 Chairman: Thank you. It is getting late, but I should like a couple of notes. We see in paragraphs 3.26 and 3.27 that students with disabilities are having problems getting the disabled students’ allowances, and I would like a note on that and what you are doing to sort it out, please. We were briefed by the NAO before the meeting that apparently you were not aware of that.¹²

I should also like a note on how you expect the increase in tuition fees to affect retention, please.

Ruth Thompson: That would be a prospective note. It would have to be a speculative note at this stage, as it is much too early to say.¹³

Q164 Chairman: I just want to put it on the record in case we wish to refer to it in our Report.

Mr Bacon: A premature note.

Ruth Thompson: Yes. The one thing that I can say is that the independent commission that is to be established in 2009 to examine the impact of the variable fees regime of 2006, as part of the terms of reference set out in 2004, will have the remit to consider its impact on continuation and completion.

Q165 Mr Williams: As we are in note-writing mode, may I also ask for an explanation of the basis for the 50% figure? That will give you a chance to consider it in more detail. Thank you.¹⁴

Chairman: Professor, Ms Thompson, thank you very much.

¹¹ Ev 23–28

¹² Ev 28

¹³ Ev 28

¹⁴ Ev 29–30

¹⁰ Ev 22–23

Supplementary memorandum submitted by the Department for Innovation, Universities and Skills

Questions 110 (Mr Philip Dunne): *School/ College Expenditure on Science, Technology, Engineering and Mathematics (STEM) subjects*

The Government's headline objectives for schools' science and mathematics are to increase enjoyment of, and attainment in, these subjects during secondary education so that more young people continue to study them post-16 through to first degree level and beyond. Challenging public targets have been set for recruiting and retaining subject specialist teachers and for improvements in attainment levels at Key Stage 3 and GCSEs and the number of young people taking science and mathematics A-levels.

Colleagues from the Department for Children, Schools and Families (DCSF), with whom DIUS works closely on these issues, have advised that, in order to meet these targets, they are undertaking a wide range of programme activity: recruitment and retention of specialist teachers; improving quality of teaching through Continuing Professional Development (CPD); boosting post-16 take up through communications and careers guidance; improving the learning experience through engagement and enrichment; qualification and curriculum reform; co-ordinating STEM support to make access easier for schools; and aligning and targeting public, private and third sector investment in support for schools and colleges. Spending plans reflect key priorities in each of these work strands and the amounts for each element are set out in the table below:

School/College expenditure on STEM subjects

<i>Interventions</i>	<i>2006–07 (£000s)</i>	<i>2007–08 (£000s)</i>
<i>CPD—Schools</i>		
Secondary National Strategies	75,200	81,460
Science Learning Centres	2,900	2,900
Training and Development Agency for Schools accredited enhanced subject knowledge in physics, mathematics, chemistry	50	740
National Centre for Excellence in the Teaching of Mathematics	4,700	4,700
Other smaller initiatives eg Triple Science Support Programme; Girls into Physics	2,100	3,500
<i>CPD—Further Education</i>		
Teaching and Learning Change Programme and Maths4Life	9,000	10,000
<i>Widening Participation</i>		
Aim Higher and supporting strategically important subjects programmes eg Stimulating Physics	6,240	5,100
<i>Enhancement and Enrichment</i>		
STEMNET	4,800	5,300
After-schools Science and Engineering Clubs	2,500	2,500
Further Mathematics Network	2,100	1,900
Other smaller initiatives eg Bowland initiative; Computer Clubs for Girls etc	3,600	4,000
SUB-TOTAL	113,190	122,100
<i>School Workforce</i>		
Mainstream Initial Teacher Training (ITT)	34,000	36,400
Employment based ITT eg Graduate Teacher Programme; Teach First etc	15,400	16,000
Golden Hellos and Training Bursaries	54,800	58,800
Pre-ITT subject enhancement; Specialist maths and science Higher Level Teaching Assistant programme; Secondary Shortage subject Scheme	10,500	13,400
Student Associate Scheme	7,925	5,588
TOTAL	122,625	130,188

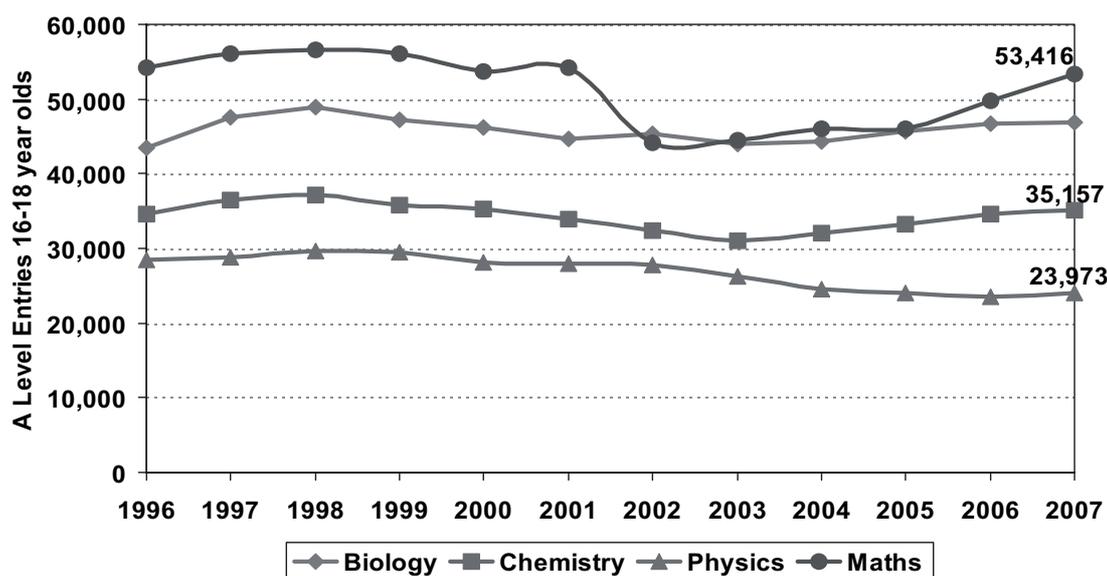
RETURN FOR INVESTMENT

The schools National Strategies are continuing to spread effective teaching and learning in both mathematics and science through subject leader training and teaching materials. This year-on-year focus on improving standards in every classroom is reflected by the test results—in 2007, 73% of pupils achieved at least the expected level of attainment at key stage 3 in science and 41% achieve better—this is the highest ever level of achievement. In mathematics 76% of pupils are achieving at or above the expected level of attainment—up 16 percentage points from 1997.

At GCSE, DCSF are seeing improvements in attainment with 55% of students achieving A*–C in mathematics (a rise of 12 percentage points since 1997) and 51% of students in science (a rise of seven percentage points since 1997).

Entries at AS level in mathematics and further mathematics saw a significant increase this year. In mathematics there were 5,209 more entries in 2007 than in 2006, bringing the number of young people taking the subject this year to 62,856. There were 4,874 entries for further mathematics, a rise of 796 since 2006. In addition entries for biology, chemistry and physics all rose.

In 2007, for the first time in 10 years, there was an increase in the number of entries to A-Level physics. Entries in mathematics continued to rise significantly after a significant drop in 2002 and a levelling off over the next three years. DCSF have created a network of further mathematics centres to increase the number of young people taking further mathematics A level. The signs are encouraging with 7,241 taking the a level in 2007 compared with 5,192 in 2005.



According to data from the Universities and Colleges Admissions Service (UCAS), there has also been an increase in undergraduates accepted to begin study in STEM subjects in 2007:

- Physics up 10.3%
- Chemistry up 8.8%
- Biology up 3.3%
- Mathematics up 9.2%

SCHOOL WORKFORCE

Increased incentives for mathematics and science Postgraduate certificate in education (PGCE) students have also reaped rewards. Mathematics and science PGCE students have received a £9,000 training bursary since September 2006. In addition, a Golden Hello of £5,000 is available to new mathematics and science teachers on completion of their induction in schools and starting a permanent teaching job.

Mathematics recruitment statistics (both conventional and employment-based routes) from 1997–98 to 2006–07 show a 56% increase in mathematics recruitment over the period. Figures released on 12 November show that the number of trainee science teachers recruited has reached more than 3,000 for the first time with increases in the number choosing physics, chemistry and biology initial teacher training courses for 2007–08.

PLANS TO ENSURE FUTURE RETURN FOR THE INVESTMENT

To ensure value for money and a return for this investment DCSF will be implementing the actions from the STEM Programme Report (published by the Department for Education and Science (DfES) and the Department of Trade and Industry (DTI) in October 2006). This work is overseen by a High Level Strategy group chaired jointly by Ruth Thompson (Director General, Higher Education at DIUS) and Ralph Tabberer (Director General, Schools, in DCSF). The aim is to maximise the impact of investment by Government, private organisations and third sector organisations, by agreeing priorities and aligning funding streams with partners, helping them to target activities better at schools, colleges and universities that will benefit most. DCSF are planning to co-ordinate CPD and enhancement and enrichment activities, sign-posting where schools can go to get the support they need. DCSF are agreeing an evaluation framework so that everything will be measured.

Success in the longer term will be defined in terms of students' attainment and engagement in STEM subjects. In the shorter term, success will be measured in terms of the range of schools, colleges and students engaged in STEM support, and the commitment of funders and other stakeholders to working within the proposed STEM framework. It is proposed that an evaluation should be carried out of the overall STEM package.

Question 134 (Mr Ian Davidson): *Decline of the relative proportion—from 2002–03 to 2005–06—of socio-economic groups 4 to 7 as a proportion of the whole population*

The table below shows that the percentage of the working population who are in employment from lower socio-economic groups has decreased from 48.4% in 2001 to 45.6% in 2006.

Percentage of the working population from lower socio-economic groups¹

ENGLAND

Year	2001	2002	2003	2004	2005	2006
	48.4	47.7	47.3	46.8	46.5	45.6

Source: Labour Force Survey.

¹ The percentage is the number of people in the working population from National Statistics Socio-Economic Classification (NS-SEC) Classes 4–7 expressed as a percentage of the number from NS-SEC Classes 1–7; People classed as unemployed/never worked are not considered.

The percentage decreased by 2.8 percentage points over the period 2001–06.

Table 30 in the NAO report contains the percentages of the relevant student population (of UK domiciled entrants of all ages to full-time first degree courses) from NS-SEC 4–7 ie the number of students from NS-SEC 4–7 expressed as a percentage of students from NS-SEC 1–7.

The percentages of the working population and the student population are not directly comparable and for the student population, the percentages are often limited to young (aged under 21) entrants to full-time first degree courses from NS-SEC 4–7.

The percentages are limited in this way for several reasons, including the following:

- Almost all of the young entrants to full-time first degree courses applied through UCAS, where information on parental occupation is recorded and subsequently used for NS-SEC, so coverage of these students is reasonably good.
- Many mature students do not apply through UCAS, and even if they do the applicants are not asked about parental occupation.
- NS-SEC for students under 21 is based on their parental occupation, while NS-SEC for mature students is based on their own occupation.

Because of the mixture of definitions used, the figures in Table 30 are not easily interpreted. DfES Research Report 806 provides estimates of both student entrants, and the populations they come from by NS-SEC, with definitions that restrict entrants and populations to those young people for whom parental occupation is known.

Question 140 (Mr Ian Davidson): *Percentage of university entrants from public schools and state schools*

The available information on state school entrants to higher education comes from the Performance Indicators in Higher Education, published by the Higher Education Statistics Agency (HESA). This shows the proportion of UK-domiciled young (under 21) full-time first degree entrants who are from state schools. (Independent school proportions are not published, but can be taken as the remaining proportion of this student population.)

The information is shown in the table below for UK institutions and for English institutions.

Percentage of UK-domiciled young entrants to full-time first degree courses who are from state schools

	1998–99	1999–2000	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
UK	85.0	84.9	85.7	86.0	87.2	86.8	86.7	87.4
England	84.4	84.1	85.0	85.2	86.4	86.1	85.9	86.9

School type is taken from previous institution attended. All schools or colleges that are not denoted “independent” are assumed to be state schools. This means that students from sixth-form or further education colleges, for example, are included as being from state schools—*Source*: “Performance Indicators in Higher Education”, published by HESA.

The proportion of the 18 year old population attending different types of school is shown in the table below. Because each of these figures represent a single cohort of students, they are not directly comparable to the state school performance indicator above, which covers entrants whose ages range up to 20 years.

18 year old population who attended school, split by school type

Age 18 as at January	Entering HE in	State secondary	Independent	CTC	All	% independent
1999	1999–2000	129,120	34,565	1,395	165,080	20.9
2000	2000–01	129,990	33,385	1,640	165,015	20.2
2001	2001–02	134,395	33,550	1,670	169,615	19.8
2002	2002–03	133,805	33,655	1,420	168,880	19.9
2003	2003–04	137,765	34,870	1,795	174,435	20.0
2004	2004–05	140,970	35,320	1,940	178,230	19.8

CTC: City Technology College.

Figures cover England only.

Numbers are rounded to the nearest 5.

Source: “Statistics of Education, Schools in England”, published by DfES.

Question 160 (Mr Alan Williams): *Graduate Premium*

The graduate earnings premium reflects the relative earnings position of graduates compared to other workers in the economy, and is a measure of the financial reward of a degree. Currently calculations of the graduate premium tend to show the extra earnings that a graduate gets over their working life as compared with what they would have earned had they not gone into higher education and stopped their education at A-levels. It can be presented net of tax, or gross. It is usually discounted to be in today’s valuation, which is the normal practice for investment decisions which will yield a return in the future; this is done by using a HM Treasury discount factor of 3.5%, which gives a present value in today’s terms. The main data source used for calculations of the graduate premium is the Labour Force Survey.

Some initial calculations (around 2001) gave the lifetime earnings benefits of doing a degree for graduates as around £400,000. However, this compared the earnings of graduates with the population as a whole (which included graduates as well as those with lower level or no qualifications) and it was not discounted. Whilst the methodology underpinning the £400,000 figure was valid and robust on its own terms, it was felt a better comparison would be to look at the earnings of graduates compared with those who stop their education at A-levels—ie those at the next “level” down who could have probably gone on to higher education but do not. This is normally taken as those with two or more A-levels (ie NQF Level 3) which is the general entrance requirement for higher education.

On this basis the former DfES did some further analysis (around 2002) which led to an estimate of the graduate premium of £120,000. The analysis underpinning the £120,000 figure was more advanced than the £400,000 estimate as it used econometric analysis to control for a range of background factors that affect earnings, independently of the qualification itself. This £120,000 figure remained the most up-to-date estimate at the time Mr Williams asked the PQ referred to in the discussion (PQ 140797, *Official Report*, 8 December 2003, column 285W).

In 2005, the *Class of 99* report indicated that increases in graduate salaries may have been slowing slightly—this was comparing their findings for a cohort of 1999 graduates with those from a similar exercise a few years earlier for a cohort of 1995 graduates. Whilst this research did not entail a calculation of the graduate premium (it just looked at the increase in graduate earnings) it raised the possibility (albeit only tentatively) that the premium may have fallen slightly.

At the same time, there were other calculations of the graduate premium in use which used different datasets and/or slightly different methods. For example, in July 2005 O’Leary and Sloane—in a study entitled: *The return to a university education in Great Britain*—found the lifetime earnings premium (net of taxes) was £141,539 for males and £157,928 for females.

Having a range of sources all coming to similar conclusions was helpful, but meant that citing a single figure was not the best approach and could give a spurious impression of accuracy—eg the estimate could vary slightly simply by using different time periods for the data. The Department remains confident that there is a significant graduate premium, but felt it would be more appropriate to express it in the form of a range or as being above a certain value. This led the Department to change its standard line on the graduate premium, which explains the move from “£120,000” to “comfortably over £100,000”.

Most recent research has confirmed the persistence and the scale of the graduate premium, so DIUS have maintained the current line. The latest external report published on the subject was by PricewaterhouseCoopers (PwC) in early 2007, in a report for Universities UK: *The economic benefits of a degree*. This gave the graduate premium as being around £160,000 gross. Other work by PwC has noted that this equates to around £110,000 after tax.

None of the figures in play have netted off National Insurance contributions.

DIUS is currently doing some analysis to up-date the estimate of the graduate premium using some more recent Labour Force Survey data, and making some refinements to the methodology to reflect current academic practice and thinking.

Question 161 (Mr Richard Bacon): *Applications by individual subjects (independent and state school entrants)*

The following tables show applications for higher education places, sorted by the applications from independent schools and by the applications from maintained schools.

UCAS applications from UK domiciled students by subject (2006 entry)

LISTED BY PERCENTAGE OF APPLICATIONS FROM INDEPENDENT SCHOOLS

Subject	Previous school type				Percentage of known applications from:		
	Independent	Maintained	Total known	Unknown	Total	Independent	Maintained
Q6—Latin studies	25	18	43	1	44	58.1	41.2
Q8—Classical studies	2,895	2,256	5,151	163	5,314	56.2	43.8
Q7—Classical Greek studies	2	2	4	4	4	50.0	50.0
R0—European Languages Literature and related: any area	713	942	1,655	42	1,697	43.1	56.9
V3—History by Topic	2,173	2,927	5,100	304	5,404	42.6	57.4
T1—Chinese studies	267	365	632	55	687	42.2	57.8
Q4—Ancient Language studies	16	28	44	3	47	36.4	63.6
T9—Others in non-European Languages and related	1,094	1,997	3,091	71	3,162	35.4	64.6
R7—Russian and East European studies	78	158	236	58	294	33.0	67.0
R4—Spanish studies	559	1,230	1,789	86	1,875	31.2	68.8
R3—Italian studies	85	201	286	22	308	29.7	70.3
L0—Social Studies: any area of study	657	1,589	2,246	116	2,362	29.2	70.8
J2—Metallurgy	8	20	28	1	29	28.6	71.4
L7—Human and Social Geography	3,902	10,225	13,927	336	14,263	28.0	72.0
RR—Combinations within European Languages, Literature and related	2,649	7,155	9,804	328	10,132	27.0	73.0
L6—Anthropology	795	2,206	3,001	188	3,189	26.5	73.5
V5—Philosophy	2,074	5,844	7,918	448	8,366	26.2	73.8
L1—Economics	6,027	17,044	23,071	1,113	24,184	26.1	73.9
A1—Pre-clinical Medicine	12,680	36,510	49,190	11,043	60,233	25.8	74.2
V6—Theology and Religious studies	1,321	3,993	5,314	435	5,749	24.9	75.1
Q9—Others in Linguistics, Classics and related	67	205	272	52	324	24.6	75.4
Y—Combinations of languages	1,675	5,487	7,162	407	7,569	23.4	76.6
A2—Pre-clinical Dentistry	1,897	6,239	8,136	1,072	9,208	23.3	76.7
TT—Combinations within non-European Languages and related	36	119	155	20	175	23.2	76.8
G0—Mathematical & Computer Science: any area	76	253	329	9	338	23.1	76.9
D1—Pre-clinical Veterinary Medicine	888	3,075	3,963	477	4,440	22.4	77.6
D9—Others in Veterinary Science, Agriculture and related subjects	25	87	112	4	116	22.3	77.7
T6—Modern Middle-Eastern studies	95	346	441	107	548	21.5	78.5
N0—Business and Administrative studies: any area	50	183	233	10	243	21.5	78.5
J1—Minerals Technology	14	52	66	1	67	21.2	78.8
LL—Combinations within Social Studies	2,376	8,927	11,303	824	12,127	21.0	79.0
L2—Politics	3,770	14,358	18,128	1,273	19,401	20.8	79.2
V1—History by Period	8,809	33,683	42,492	1,657	44,149	20.7	79.3
T2—Japanese studies	128	490	618	74	692	20.7	79.3
Y—Combinations of social studies/business/law with languages	2,387	9,274	11,661	768	12,429	20.5	79.5
H5—Naval Architecture	46	184	230	23	253	20.0	80.0
D7—Agricultural Sciences	24	98	122	8	130	19.7	80.3
R1—French studies	740	3,063	3,803	158	3,961	19.5	80.5
R9—Others in European Languages, Literature and related	464	1,983	2,447	189	2,636	19.0	81.0
Z—Combinations of 3 subjects, or other general courses	2,623	11,298	13,921	1,299	15,220	18.8	81.2
Y—Combinations of engineering/technology/building studies	93	405	498	34	532	18.7	81.3
VV—Combinations within History and Philosophical studies	1,259	5,535	6,794	311	7,105	18.5	81.5
K4—Planning (Urban, Rural and Regional)	615	2,809	3,424	242	3,666	18.0	82.0
H7—Production and Manufacturing Engineering	628	2,883	3,511	160	3,671	17.9	82.1

Subject	Previous school type				Percentage of known applications from:		
	Independent	Maintained	Total known	Unknown	Total	Independent	Maintained
V0—History and Philosophical studies: any area	92	426	518	40	558	17.8	82.2
J6—Maritime Technology	67	311	378	33	411	17.7	82.3
H8—Chemical, Process and Energy Engineering	753	3,526	4,279	200	4,479	17.6	82.4
R2—German studies	217	1,027	1,244	43	1,287	17.4	82.6
T5—African studies	16	78	94	12	106	17.0	83.0
J5—Materials Technology not otherwise spec	80	397	477	42	519	16.8	83.2
D6—Food and Beverage studies	217	1,078	1,295	103	1,398	16.8	83.2
Y—Combinations of engineering/technology	105	524	629	37	666	16.7	83.3
D2—Clinical Veterinary Medicine and Dentistry	7	35	42	6	48	16.7	83.3
J0—Technologies: any area of study	1	5	6		6	16.7	83.3
K1—Architecture	2,905	14,578	17,483	1,166	18,649	16.6	83.4
H1—General Engineering	1,292	6,623	7,915	612	8,527	16.3	83.7
F8—Physical and Terrestrial Geography, and Environmental Science	2,899	15,001	17,900	673	18,573	16.2	83.8
N2—Management studies	8,111	42,806	50,917	3,739	54,656	15.9	84.1
H3—Mechanical Engineering	2,797	14,790	17,587	982	18,569	15.9	84.1
C7—Molecular Biology, Biophysics and Biochemistry	1,538	8,148	9,686	446	10,132	15.9	84.1
V9—Others in History and Philosophical studies	41	224	265	27	292	15.5	84.5
F2—Materials Science	2	11	13	1	14	15.4	84.6
F6—Geology	859	4,783	5,642	222	5,864	15.2	84.8
Y—Combinations of social studies/business/law with arts/humanities	5,416	30,963	36,379	2,624	39,003	14.9	85.1
Q3—English studies	7,465	42,718	50,183	2,517	52,700	14.9	85.1
T7—American studies	390	2,254	2,644	120	2,764	14.7	85.3
Y—Combinations of social studies/law with business	1,977	11,524	13,501	903	14,404	14.6	85.4
C1—Biology	3,064	17,866	20,930	948	21,878	14.6	85.4
F1—Chemistry	2,522	15,166	17,688	531	18,219	14.3	85.7
C3—Zoology	762	4,603	5,365	282	5,647	14.2	85.8
J7—Industrial Biotechnology	28	170	198	18	216	14.1	85.9
B5—Ophthalmics	603	3,756	4,359	384	4,743	13.8	86.2
F3—Physics	2,142	13,345	15,487	384	15,871	13.8	86.2
H2—Civil Engineering	1,797	11,319	13,116	886	14,002	13.7	86.3
QQ—Combinations within Linguistics, Classics and related	395	2,522	2,917	169	3,086	13.5	86.5
Y—Combinations of languages with arts/humanities	4,723	30,933	35,656	2,138	37,794	13.2	86.8
V4—Archaeology	339	2,306	2,645	198	2,843	12.8	87.2
C4—Genetics	243	1,679	1,922	113	2,035	12.6	87.4
FF—Combinations within Physical Sciences	306	2,145	2,451	95	2,546	12.5	87.5
G3—Statistics	56	397	453	36	489	12.4	87.6
D4—Agriculture	399	2,849	3,248	452	3,700	12.3	87.7
R6—Scandinavian studies	5	36	41	4	45	12.2	87.8
A9—Others in Medicine and Dentistry	4	29	33	5	38	12.1	87.9
H0—Engineering: any area of study	25	182	207	39	246	12.1	87.9
H9—Others in Engineering	2	15	17	3	20	11.8	88.2
H4—Aerospace Engineering	890	6,792	7,682	671	8,353	11.6	88.4
G1—Mathematics	3,069	23,525	26,594	868	27,462	11.5	88.5
F7—Ocean Sciences	83	640	723	53	776	11.5	88.5
K3—Landscape Design	64	495	559	67	626	11.4	88.6
W3—Music	2,411	18,654	21,065	1,853	22,918	11.4	88.6
B2—Pharmacology, Toxicology and Pharmacy	2,109	16,618	18,727	2,113	20,840	11.3	88.7
HH—Combinations within Engineering	217	1,750	1,967	149	2,116	11.0	89.0
N3—Finance	340	2,795	3,135	351	3,486	10.8	89.2
B1—Anatomy, Physiology and Pathology	2,844	23,385	26,229	2,764	28,993	10.8	89.2
M1—Law by Area	7,248	61,724	68,972	4,286	73,258	10.5	89.5
NN—Combinations within Business and Administrative Studies	3,089	26,879	29,968	2,338	32,306	10.3	89.7
D0—Veterinary Science, Agriculture and related: any area of study	1	9	10		10	10.0	90.0
Y—Combinations of medical/biological/agricultural sciences	1,075	9,844	10,919	738	11,657	9.8	90.2
P1—Information Services	34	313	347	29	376	9.8	90.2
Y—Combinations of physics/mathematical sciences	262	2,572	2,834	106	2,940	9.2	90.8
Y—Combinations of physics/mathematical science with social studies/business/law	1,312	12,927	14,239	916	15,155	9.2	90.8
N1—Business studies	4,106	40,697	44,803	3,205	48,008	9.2	90.8
F9—Others in Physical Sciences	276	2,765	3,041	223	3,264	9.1	90.9
N5—Marketing	1,261	12,707	13,968	1,055	15,023	9.0	91.0
DD—Combinations within Veterinary Science, Agriculture and related subjects	9	91	100	12	112	9.0	91.0
KK—Combinations within Architecture, Building and Planning	62	633	695	61	756	8.9	91.1
CC—Combinations within Biological Sciences	231	2,371	2,602	133	2,735	8.9	91.1
Q1—Linguistics	233	2,407	2,640	164	2,804	8.8	91.2
K2—Building	1,069	11,137	12,206	1,360	13,566	8.8	91.2
Q2—Comparative Literary studies	52	550	602	54	656	8.6	91.4
C8—Psychology	5,922	63,427	69,349	4,153	73,502	8.5	91.5
X9—Others in Education	26	285	311	77	388	8.4	91.6
Y—Combs of science/engineering with social studies/business/law	2,197	24,087	26,284	2,017	28,301	8.4	91.6
Y—Combs of sciences with engineering/technology	423	4,693	5,116	417	5,533	8.3	91.7
C9—Others in Biological Sciences	143	1,597	1,740	142	1,882	8.2	91.8
F5—Astronomy	55	621	676	40	716	8.1	91.9
L3—Sociology	1,535	17,607	19,142	1,578	20,720	8.0	92.0
B9—Others in Subjects allied to Medicine	2,166	25,023	27,189	3,504	30,693	8.0	92.0
C5—Microbiology	115	1,331	1,446	102	1,548	7.9	92.1
W4—Drama	3,014	35,828	38,842	4,180	43,022	7.8	92.2
JJ—Combinations within Technology	1	12	13	1	14	7.7	92.3
B6—Aural and Oral Sciences	453	5,444	5,897	810	6,707	7.7	92.3
Y—Combinations of medical/biological/agricultural sciences with physics/mathematical sciences	394	5,168	5,562	416	5,978	7.1	92.9

Subject	Previous school type				Percentage of known applications from:		
	Independent	Maintained	Total known	Unknown	Total	Independent	Maintained
Y—Combinations of social studies/law	653	8,581	9,234	666	9,900	7.1	92.9
V2—History by Area	29	386	415	35	450	7.0	93.0
H6—Electronic and Electrical Engineering	948	12,814	13,762	1,318	15,080	6.9	93.1
Y—Combinations of science/engineering with arts/humanities/languages	1,858	25,813	27,671	1,976	29,647	6.7	93.3
N9—Others in Business and Administrative Studies	110	1,546	1,656	154	1,810	6.6	93.4
Y—Combinations of physics/mathematical science with arts/humanities/languages	701	9,929	10,630	826	11,456	6.6	93.4
D3—Animal Science	303	4,315	4,618	452	5,070	6.6	93.4
T3—South Asian studies	4	58	62	13	75	6.4	93.6
G7—Artificial Intelligence	23	335	358	29	387	6.4	93.6
P4—Publishing	25	372	397	37	434	6.3	93.7
K9—Others in Architecture, Building and Planning	8	121	129	12	141	6.2	93.8
C6—Sports Science	2,621	41,060	43,681	2,300	45,981	6.0	94.0
P9—Others in Mass Communications and Documentation	193	3,025	3,218	241	3,459	6.0	94.0
G9—Others in Mathematical and Computer Sciences	18	283	301	17	318	6.0	94.0
N7—Office Skills	2	32	34	7	41	5.9	94.1
B4—Nutrition	243	3,893	4,136	578	4,714	5.9	94.1
BB—Combinations within Subjects allied to Medicine	58	931	989	109	1,098	5.9	94.1
G2—Operational Research	6	97	103	9	112	5.8	94.2
L9—Others in Social Studies	57	930	987	146	1,133	5.8	94.2
GG—Combinations within Mathematical and Computer Science	332	5,482	5,814	350	6,164	5.7	94.3
WW—Combinations within Creative Arts and Design	686	11,354	12,040	1,120	13,160	5.7	94.3
D5—Forestry	12	200	212	55	267	5.7	94.3
N4—Accounting	1,311	22,013	23,324	1,622	24,946	5.6	94.4
MM—Combinations within Law	103	1,819	1,922	104	2,026	5.4	94.6
N6—Human Resource Management	140	2,611	2,751	255	3,006	5.1	94.9
T4—Other Asian studies	1	19	20	3	23	5.0	95.0
W1—Fine Art	764	14,884	15,648	1,315	16,963	4.9	95.1
N8—Tourism, Transport and Travel	565	11,055	11,620	1,137	12,757	4.9	95.1
J9—Others in Technology	249	4,947	5,196	543	5,739	4.8	95.2
J4—Polymers and Textiles	70	1,391	1,461	135	1,596	4.8	95.2
C0—Biological Sciences: any area of study	1	20	21	0	21	4.8	95.2
Y—Combinations of arts/humanities	757	15,889	16,646	1,352	17,998	4.5	95.5
P2—Publicity studies	86	1,887	1,973	155	2,128	4.4	95.6
F4—Forensic and Archaeological Science	330	7,372	7,702	442	8,144	4.3	95.7
L4—Social Policy	148	3,359	3,507	432	3,939	4.2	95.8
F0—Physical Sciences: any area of study	18	431	449	64	513	4.0	96.0
M9—Others in Law	356	8,784	9,140	587	9,727	3.9	96.1
B3—Complementary Medicine	55	1,381	1,436	438	1,874	3.8	96.2
P3—Media studies	817	20,546	21,363	1,468	22,831	3.8	96.2
PP—Combinations within Mass Communications and Documentation	196	4,934	5,130	427	5,557	3.8	96.2
G4—Computer Science	1,651	42,630	44,281	3,170	47,451	3.7	96.3
W6—Cinematics and Photography	873	22,888	23,761	2,199	25,960	3.7	96.3
G5—Information Systems	470	12,506	12,976	1,091	14,067	3.6	96.4
W2—Design studies	1,984	53,947	55,931	4,391	60,322	3.5	96.5
P5—Journalism	332	9,102	9,434	606	10,040	3.5	96.5
X1—Training Teachers	1,534	42,815	44,349	3,887	48,236	3.5	96.5
M2—Law by Topic	173	4,848	5,021	410	5,431	3.4	96.6
W9—Others in Creative Arts and Design	37	1,038	1,075	123	1,198	3.4	96.6
X3—Academic studies in Education	584	17,067	17,651	1,975	19,626	3.3	96.7
W8—Imaginative Writing	48	1,645	1,693	209	1,902	2.8	97.2
B7—Nursing	1,282	47,065	48,347	8,647	56,994	2.6	97.4
B8—Medical Technology	229	8,697	8,926	1,619	10,545	2.6	97.4
G6—Software Engineering	127	5,086	5,213	341	5,554	2.4	97.5
W0—Creative Arts and Design: any area	9	371	380	32	412	2.4	97.6
Q5—Celtic studies	16	686	702	59	761	2.3	97.7
W5—Dance	127	5,578	5,705	431	6,136	2.2	97.8
C2—Botany	2	107	109	4	113	1.8	98.2
W7—Crafts	23	1,694	1,717	197	1,914	1.3	98.7
L5—Social Work	507	37,805	38,312	13,646	51,958	1.3	98.7
XX—Combinations within Education	10	793	803	77	880	1.2	98.8
J3—Ceramics and Glass	0	3	3	3	6	0	100.0
K0—Architecture, Building and Planning: any area	0	21	21	2	23	0	100.0
R5—Portuguese studies	0	12	12	8	20	0	100.0
Z—Other courses not elsewhere classified	0	1	1	0	1	0	100.0
X2—Research and Study Skills in Education	0	0	0	4	4	0	0
GRAND TOTAL	195,133	1,555,401	1,750,534	150,291	1,900,825	11.15	88.85

Each applicant can submit up to six applications to UCAS.

“Maintained schools” include comprehensive, grammar, sixth form centres, other maintained schools, sixth form colleges and FE/HE colleges.

UCAS applications from UK domiciled students by subject (2006 entry)

LISTED BY PERCENTAGE OF APPLICATIONS FROM MAINTAINED SCHOOLS

Subject	Previous school type				Percentage of known applications from:		
	Independent	Maintained	Total known	Unknown	Total	Independent	Maintained
K0—Architecture, Building and Planning: any area	0	21	21	2	23	0	100.0
R5—Portuguese studies	0	12	12	8	20	0	100.0
J3—Ceramics and Glass	0	3	3	3	6	0	100.0
Z—Other courses not elsewhere classified	0	1	1	0	1	0	100.0
XX—Combinations within Education	10	793	803	77	880	1.2	98.8
L5—Social Work	507	37,805	38,312	13,646	51,958	1.3	98.7
W7—Crafts	23	1,694	17,17	197	1,914	1.3	98.7
C2—Botany	2	107	109	4	113	1.8	98.2
W5—Dance	127	5,578	5,705	431	6,136	2.2	97.8
Q5—Celtic studies	16	686	702	59	761	2.3	97.7
W0—Creative Arts and Design: any area	9	371	380	32	412	2.4	97.6
G6—Software Engineering	127	5,086	5,213	341	5,554	2.4	97.6
B8—Medical Technology	229	8,697	8,926	1,619	10,545	2.6	97.4
B7—Nursing	1,282	47,065	48,347	8,647	56,994	2.6	97.4
W8—Imaginative Writing	48	1,645	1,693	209	1,902	2.8	97.2
X3—Academic studies in Education	584	17,067	17,651	1,975	19,626	3.3	96.7
W9—Others in Creative Arts and Design	37	1,038	1,075	123	1,198	3.4	96.6
M2—Law by Topic	173	4,848	5,021	410	5,431	3.4	96.6
X1—Training Teachers	1,534	42,815	44,349	3,887	48,236	3.5	96.4
P5—Journalism	332	9,102	9,434	606	10,040	3.5	96.5
W2—Design studies	1,984	53,947	55,931	4,391	60,322	3.5	96.5
G5—Information Systems	470	12,506	12,976	1,091	14,067	3.6	96.4
W6—Cinematics and Photography	873	22,888	23,761	2,199	25,960	3.7	96.3
G4—Computer Science	1,651	42,630	44,281	3,170	47,451	3.7	96.3
PP—Combinations within Mass Communications and Documentation	196	4,934	5,130	427	5,557	3.8	96.2
P3—Media studies	817	20,546	21,363	1,468	22,831	3.8	96.2
B3—Complementary Medicine	55	1,381	1,436	438	1,874	3.8	96.2
M9—Others in Law	356	8,784	9,140	587	9,727	3.9	96.1
F0—Physical Sciences: any area of study	18	431	449	64	513	4.0	96.0
L4—Social Policy	148	3,359	3,507	432	3,939	4.2	95.8
F4—Forensic and Archaeological Science	330	7,372	7,702	442	8,144	4.3	95.7
P2—Publicity studies	86	1,887	1,973	155	2,128	4.4	95.6
Y—Combinations of arts/humanities	757	15,889	16,646	1,352	17,998	4.5	95.5
C0—Biological Sciences: any area of study	1	20	21	0	21	4.8	95.2
J4—Polymers and Textiles	70	1,391	1,461	135	1,596	4.8	95.2
J9—Others in Technology	249	4,947	5,196	543	5,739	4.8	95.2
N8—Tourism, Transport and Travel	565	11,055	11,620	1,137	12,757	4.9	95.1
W1—Fine Art	764	14,884	15,648	1,315	16,963	4.9	95.1
T4—Other Asian studies	1	19	20	3	23	5.0	95.0
N6—Human Resource Management	140	2,611	2,751	255	3,006	5.1	94.9
MM—Combinations within Law	103	1,819	1,922	104	2,026	5.4	94.6
N4—Accounting	1,311	22,013	23,324	1,622	24,946	5.6	94.4
D5—Forestry	12	200	212	55	267	5.7	94.3
WW—Combinations within Creative Arts and Design	686	11,354	12,040	1,120	13,160	5.7	94.3
GG—Combinations within Mathematical and Computer Science	332	5,482	5,814	350	6,164	5.7	94.3
L9—Others in Social Studies	57	930	987	146	1,133	5.8	94.2
G2—Operational Research	6	97	103	9	112	5.8	94.2
BB—Combinations within Subjects allied to Medicine	58	931	989	109	1,098	5.9	94.1
B4—Nutrition	243	3,893	4,136	578	4,714	5.9	94.1
N7—Office Skills	2	32	34	7	41	5.9	94.1
G9—Others in Mathematical and Computer Science	18	283	301	17	318	6.0	94.0
P9—Others in Mass Communications and Documentation	193	3,025	3,218	241	3,459	6.0	94.0
C6—Sports Science	2,621	41,060	43,681	2,300	45,981	6.0	94.0
K9—Others in Architecture, Building and Planning	8	121	129	12	141	6.2	93.8
P4—Publishing	25	372	397	37	434	6.3	93.7
G7—Artificial Intelligence	23	335	358	29	387	6.4	93.6
T3—South Asian studies	4	58	62	13	75	6.4	93.6
D3—Animal Science	303	4,315	4,618	452	5,070	6.6	93.4
Y—Combinations of physics /mathematical science with arts/humanities/languages	701	9,929	10,630	826	11,456	6.6	93.4
N9—Others in Business and Administrative Studies	110	1,546	1,656	154	1,810	6.6	93.4
Y—Combinations of science/engineering with arts/humanities/languages	1,858	25,813	27,671	1,976	29,647	6.7	93.3
H6—Electronic and Electrical Engineering	948	12,814	13,762	1,318	15,080	6.9	93.1
V2—History by Area	29	386	415	35	450	7.0	93.0
Y—Combinations of social studies/law	653	8,581	9,234	666	9,900	7.1	92.9
Y—Combinations of medical/biological/agricultural sciences with physics/mathematical sciences	394	5,168	5,562	416	5,978	7.1	92.9
B6—Aural and Oral Sciences	453	5,444	5,897	810	6,707	7.7	92.3
JJ—Combinations within Technology	1	12	13	1	14	7.7	92.3
W4—Drama	30,14	35,828	38,842	4,180	43,022	7.8	92.2
C5—Microbiology	115	1,331	1,446	102	1,548	7.9	92.1
B9—Others in Subjects allied to Medicine	2,166	25,023	27,189	3,504	30,693	8.0	92.0
L3—Sociology	1,535	17,607	19,142	1,578	20,720	8.0	92.0
F5—Astronomy	55	621	676	40	716	8.1	91.9
C9—Others in Biological Sciences	143	1,597	1,740	142	1,882	8.2	91.8
Y—Combinations of sciences with engineering/technology	423	4,693	5,116	417	5,533	8.3	91.7
Y—Combinations of science/engineering with social studies/business/law	2,197	24,087	26,284	2,017	28,301	8.4	91.6
X9—Others in Education	26	285	311	77	388	8.4	91.6
C8—Psychology	5,922	63,427	69,349	4,153	73,502	8.5	91.5

Subject	Previous school type				Percentage of known applications from:		
	Independent	Maintained	Total known	Unknown	Total	Independent	Maintained
Q2—Comparative Literary studies	52	550	602	54	656	8.6	91.4
K2—Building	1,069	11,137	12,206	1,360	13,566	8.8	91.2
Q1—Linguistics	233	2,407	2,640	164	2,804	8.8	91.2
CC—Combinations within Biological Sciences	231	2,371	2,602	133	2,735	8.9	91.1
KK—Combinations within Architecture, Building and Planning	62	633	695	61	756	8.9	91.1
DD—Combinations within Veterinary Science, Agricultural and related subjects	9	91	100	12	112	9.0	91.0
N5—Marketing	1,261	12,707	13,968	1,055	15,023	9.0	91.0
F9—Others in Physical Sciences	276	2,765	3,041	223	3,264	9.1	90.9
N1—Business studies	4,106	40,697	44,803	3,205	48,008	9.2	90.8
Y—Combinations of physics/mathematical science with social studies/business/law	1,312	12,927	14,239	916	15,155	9.2	90.8
Y—Combinations of physics/mathematical sciences	262	2,572	2,834	106	2,940	9.2	90.8
P1—Information Services	34	313	347	29	376	9.8	90.2
Y—Combinations of medical/biological/agricultural sciences	1,075	9,844	10,919	738	11,657	9.8	90.2
D0—Veterinary Sciences, Agriculture and related: any area of study	1	9	10		10	10.0	90.0
NN—Combinations within Business and Administrative Studies	3,089	26,879	29,968	2,338	32,306	10.3	89.7
M1—Law by Area	7,248	61,724	68,972	4,286	73,258	10.5	89.5
B1—Anatomy, Physiology and Pathology	2,844	23,385	26,229	2,764	28,993	10.8	89.2
N3—Finance	340	2,795	3,135	351	3,486	10.8	89.2
HH—Combinations within Engineering	217	1,750	1,967	149	2,116	11.0	89.0
B2—Pharmacology, Toxicology and Pharmacy	2,109	166,18	18,727	2,113	20,840	11.3	88.7
W3—Music	2,411	18,654	21,065	1,853	22,918	11.4	88.6
K3—Landscape Design	64	495	559	67	626	11.4	88.6
F7—Ocean Sciences	83	640	723	53	776	11.5	88.5
G1—Mathematics	3,069	23,525	26,594	868	27,462	11.5	88.5
H4—Aerospace Engineering	890	6,792	7,682	671	8,353	11.6	88.4
H9—Others in Engineering	2	15	17	3	20	11.8	88.2
H0—Engineering: any area of study	25	182	207	39	246	12.1	87.9
A9—Others in Medicine and Dentistry	4	29	33	5	38	12.1	87.9
R6—Scandinavian studies	5	36	41	4	45	12.2	87.8
D4—Agriculture	399	2,849	3,248	452	3,700	12.3	87.7
G3—Statistics	56	397	453	36	489	12.4	87.6
FF—Combinations within Physical Sciences	306	2145	2451	95	2546	12.5	87.5
C4—Genetics	243	1,679	1,922	113	2,035	12.6	87.4
V4—Archaeology	339	2,306	2,645	198	2,843	12.8	87.2
Y—Combinations of languages with arts/humanities	4,723	30,933	35,656	2,138	37,794	13.2	86.8
QQ—Combinations within Linguistics, Classics and related	395	2,522	2,917	169	3,086	13.5	86.5
H2—Civil Engineering	1,797	11,319	13,116	886	14,002	13.7	86.3
F3—Physics	2,142	13,345	15,487	384	15,871	13.8	86.2
B5—Ophthalmics	603	3,756	4,359	384	4,743	13.8	86.2
J7—Industrial Biotechnology	28	170	198	18	216	14.1	85.9
C3—Zoology	762	4,603	5,365	282	5,647	14.2	85.8
F1—Chemistry	2,522	15,166	17,688	531	18,219	14.3	85.7
C1—Biology	3,064	17,866	20,930	948	21,878	14.6	85.4
Y—Combinations of social studies/law with business	1,977	11,524	13,501	903	14,404	14.6	85.4
T7—American studies	390	2,254	2,644	120	2,764	14.7	85.3
Q3—English studies	7,465	42,718	50,183	2,517	52,700	14.9	85.1
Y—Combinations of social studies/business/law with arts/humanities	5,416	30,963	36,379	2,624	39,003	14.9	85.1
F6—Geology	859	4,783	5,642	222	5,864	15.2	84.8
F2—Materials Science	2	11	13	1	14	15.4	84.6
V9—Others in History and Philosophical studies	41	224	265	27	292	15.5	84.5
C7—Molecular Biology, Biophysics and Biochemistry	15,38	8,148	9,686	446	10132	15.9	84.1
H3—Mechanical Engineering	2,797	14,790	17,587	982	18,569	15.9	84.1
N2—Management studies	8,111	42,806	50,917	3,739	54,656	15.9	84.1
F8—Physical and Terrestrial Geography, and Environmental Sciences	2,899	15,001	17,900	673	18,573	16.2	83.8
H1—General Engineering	1,292	6,623	7,915	612	85,27	16.3	83.7
K1—Architecture	2,905	14,578	17,483	1,166	18,649	16.6	83.4
D2—Clinical Veterinary Medicine and Dentistry	7	35	42	6	48	16.7	83.3
J0—Technologies: any area of study	1	5	6		6	16.7	83.3
Y—Combinations of engineering/technology	105	524	629	37	666	16.7	83.3
D6—Food and Beverage studies	217	1,078	1,295	103	1,398	16.8	83.2
J5—Materials Technology not otherwise specified	80	397	477	42	519	16.8	83.2
T5—African studies	16	78	94	12	106	17.0	83.0
R2—German studies	217	1,027	1,244	43	1,287	17.4	82.6
H8—Chemical, Process and Energy Engineering	753	3,526	4,279	200	4,479	17.6	82.4
J6—Maritime Technology	67	311	378	33	411	17.7	82.3
V0—History & Philosophical studies: any area	92	426	518	40	558	17.8	82.2
H7—Production and Manufacturing Engineering	628	2,883	3,511	160	3,671	17.9	82.1
K4—Planning (Urban, Rural and Regional)	615	2,809	3,424	242	3,666	18.0	82.0
VV—Combinations within History and Philosophical studies	1,259	5,535	6,794	311	7,105	18.5	81.5
Y—Combinations of engineering/technology/building studies	93	405	498	34	532	18.7	81.3
Z—Combinations of 3 subjects, or other general courses	2,623	11,298	13,921	1,299	15,220	18.8	81.2
R9—Others in European Languages, Literature and related	464	1,983	2,447	189	2,636	19.0	81.0
R1—French studies	740	3,063	3,803	158	3,961	19.5	80.5
D7—Agricultural Sciences	24	98	122	8	130	19.7	80.3
H5—Naval Architecture	46	184	230	23	253	20.0	80.0
Y—Combinations of social studies/business/law with languages	2,387	9,274	11,661	768	12,429	20.5	79.5
T2—Japanese studies	128	490	618	74	692	20.7	79.3

Subject	Previous school type				Percentage of known applications from:		
	Independent	Maintained	Total known	Unknown	Total	Independent	Maintained
V1—History by Period	8,809	33,683	42,492	1,657	44,149	20.7	79.3
L2—Politics	3,770	14,358	18,128	1,273	19,401	20.8	79.2
LL—Combinations within Social Studies	2,376	8,927	11,303	824	12,127	21.0	79.0
J1—Minerals Technology	14	52	66	1	67	21.2	78.8
N0—Business and Administrative studies: any area	50	183	233	10	243	21.5	78.5
T6—Modern Middle-Eastern studies	95	346	441	107	548	21.5	78.5
D9—Others in Veterinary Science, Agriculture and related subjects	25	87	112	4	116	22.3	77.7
D1—Pre-clinical Veterinary Medicine	888	3,075	3,963	477	4,440	22.4	77.6
G0—Mathematical and Computer Science: any area	76	253	329	9	338	23.1	76.9
TT—Combinations within non-European Languages and related	36	119	155	20	175	23.2	76.8
A2—Pre-clinical Dentistry	1,897	6,239	8,136	1,072	9,208	23.3	76.7
Y—Combinations of languages	1,675	5,487	7,162	407	7,569	23.4	76.6
Q9—Others in Linguistics, Classics and related	67	205	272	52	324	24.6	75.4
V6—Theology and Religious studies	1,321	3,993	5,314	435	5,749	24.9	75.1
A1—Pre-clinical Medicine	12,680	36,510	49,190	11,043	60,233	25.8	74.2
L1—Economics	6,027	17,044	23,071	1,113	24,184	26.1	73.9
V5—Philosophy	2,074	5,844	7,918	448	8,366	26.2	73.8
L6—Anthropology	795	2,206	3,001	188	3,189	26.5	73.5
RR—Combinations within European Languages, Literature and related	2,649	7,155	9,804	328	10,132	27.0	73.0
L7—Human and Social Geography	3,902	10,025	13,927	336	14,263	28.0	72.0
J2—Metallurgy	8	20	28	1	29	28.6	71.4
L0—Social Studies: any area of study	657	1,589	2,246	116	2,362	29.2	70.8
R3—Italian studies	85	201	286	22	308	29.7	70.3
R4—Spanish studies	559	1,230	1,789	86	1,875	31.2	68.8
R7—Russian and East European studies	78	158	236	58	294	33.0	67.0
T9—Others in non-European Languages and related	1,094	1,997	3,091	71	3,162	35.4	64.6
Q4—Ancient Language studies	16	28	44	3	47	36.4	63.6
T1—Chinese studies	267	365	632	55	687	42.2	57.8
V3—History by Topic	2,173	2,927	5,100	304	5,404	42.6	57.4
R0—European Languages, Literature and related: any area	713	942	1,655	42	1,697	43.1	56.9
Q7—Classical Greek studies	2	2	4	0	4	50.0	50.0
Q8—Classical studies	2,895	2,256	5,151	163	5,314	56.2	43.8
Q6—Latin studies	25	18	43	1	44	58.1	41.2
X2—Research and Study Skills in Education	0	0	0	4	4	0	0
GRAND TOTAL	195,133	1,555,401	1,750,534	150,291	1,900,825	11.15	88.85

Each applicant can submit up to six applications to UCAS.

“Maintained schools” include comprehensive, grammar, sixth form centres, other maintained schools, sixth form colleges and FE/HE colleges.

Q163 (Chairman): Problem for students with disabilities accessing the Disabled Students’ Allowances (DSAs)

The DSAs are widely publicised in all DIUS student finance literature (forms, guides and websites, etc) and disabled students are encouraged to apply. But DSAs are not quota based: they are awarded according to the student’s individual needs for the particular course they are taking, following a specialist assessment. It would be unlikely that in individual higher education institutions there would be the same proportion of students receiving DSAs or that the proportion of full-time students receiving DSAs would be the same as the proportion of part-time students receiving them.

Following the Review of Higher Education Student Finance Delivery in England (January 2006), Ministers took the decision to centralise and transform the Student Finance Service, including the administration of DSAs. The new centralised service, which will be rolled out to new students entering higher education in the 2009–10 academic year, will include a dedicated team to support students applying for targeted support and will deliver an improved and consistent customer experience for all students. Local Authorities will continue to administer the service for returning students until 2011–12 when all students move to the new system.

However, anything that can be done to ensure DSAs are taken up by all eligible students is to be welcomed. HEFCE has said it will commission research into how far the apparent differences between institutions in students’ receipt of DSAs reflect eligible students missing out on their entitlement. DIUS will give careful consideration to any recommendations that the Funding Council makes as a result of this research.

Q163 (Chairman): How the tuition fees are expected to affect retention

There are no figures currently available for student retention in 2006–07, the first academic year in which the fees regime created under the Education Act 2004 applied to new full-time undergraduate students.

The new system of variable fees is designed to ease financial pressures on full-time students by removing the requirement for up-front payment of fees, and replacing this by repayments of an interest-free fee loan from salary after graduation; introducing a means tested maintenance grant; and requiring institutions to provide bursaries for students if they propose to charge more than the basic fee. It is therefore possible that

the impact of the new fees regime on retention rates will be positive, although DIUS would not expect to see strong effects because financial pressures are identified as only one of a range of the most commonly cited reasons for withdrawal.

The published terms of reference for the independent Commission that will evaluate the impact of the first three years of the new fees regime include the consideration of their impact on retention rates.

Q165 (Chairman)—*The reason for setting the target that 50% of 18 to 30 year olds should have participated in higher education*

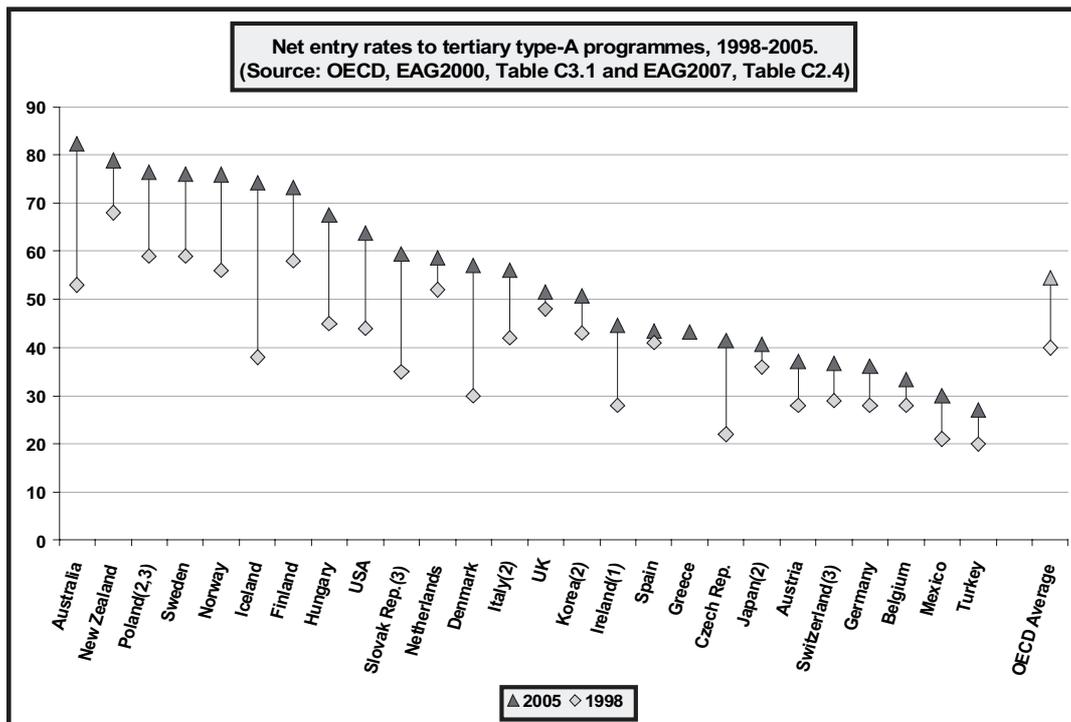
The long-term aim that half of all young people should enter higher education was proposed in the Government's general election manifesto in 2001, and was enshrined in a Public Service Agreement (PSA) target from 2002. The adoption of such a rounded figure was indeed "aspirational", and also motivational. In saying that half of 18–30 year olds should enter higher education,¹ the Government has been seeking to send a clear signal to educators, employers, parents and young people themselves that higher education can no longer be the preserve of a relatively small minority of the population.

A 50% participation rate is not notably high by international standards. International comparisons are complex because of different measurements used in different national systems. However, the Organisation for Economic Co-operation and Development (OECD) has presented comparisons based on their own measure of participation (sum of net entry rate for each year of age) showing data for 1998 and 2005.

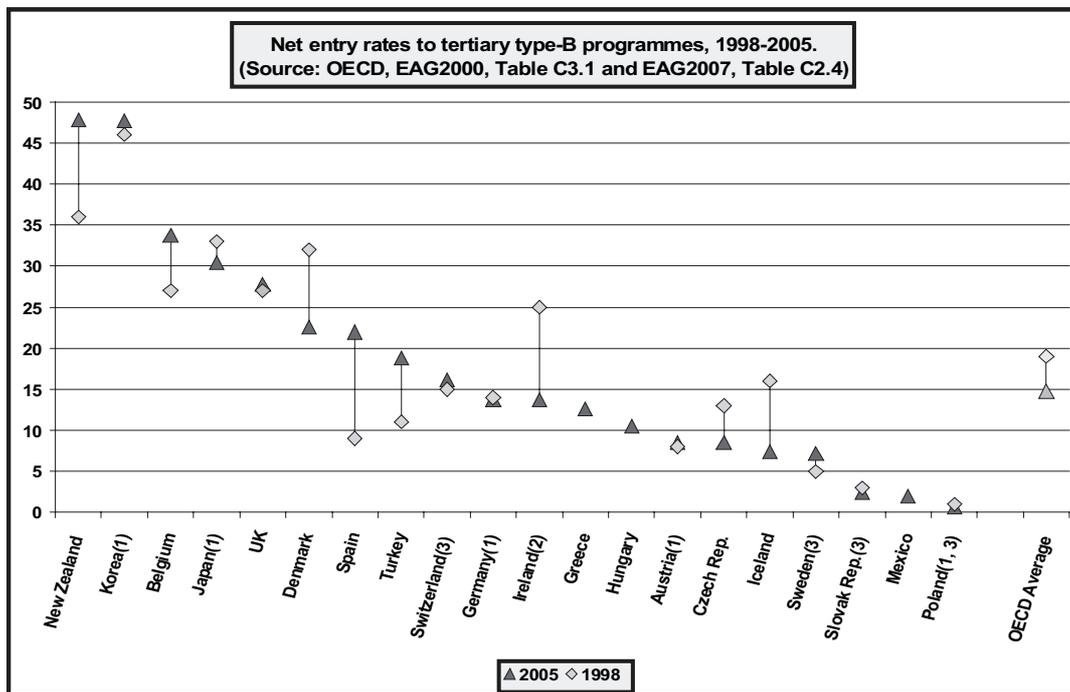
This OECD analysis breaks Higher education (HE) participation into two categories. It shows that the proportion of UK young people entering "academic" tertiary education is "mid-table" for full-length HE degree courses ("Type A" in the international classification). For "vocational" tertiary education ("Type B" in the international classification) the UK was in fifth place among the 17 countries in 2005. It is significant that a number of other OECD countries have grown HE participation over the period.

In addition the 50% target supports the Leitch ambition that over 40% of the population aged 19 to state pension age should be qualified to Level 4 or above by 2020. The Leitch Report made a powerful case for the national need to raise the skill levels in our population. There are an increasing number of jobs and opportunities that need higher level skills: labour market projections suggest that 18 million jobs will become vacant between 2004 and 2020, and that half of them will be in the occupations most likely to employ graduates.

At present only 30% are qualified to Level 4 or above. To reach the Leitch ambition requires an increase of over four million people with higher level qualifications between now and 2020. To achieve that growth we will have to increase participation in HE by those already in the workforce and that is why the 50% indicator sits alongside the new indicator under the Skills PSA that the proportion of working age adults qualified to level 4 and above should reach 34% by 2011 and 36% by 2014.



¹ The Higher Education Initial Participation Rate (HEIPR) is the sum of the HE initial participation rates for individual ages between 17 and 30 inclusive. It roughly equates to the probability that a 17 year old will participate in higher education by age 30 given the age specific participation rates.



NOTE: Because of the OECD's calculation method for these data, it is not appropriate to add the rates for type A and type B together to derive an overall estimate for tertiary education.

Ruth Thompson

Department for Innovation, Universities and Skills

November 2006

Supplementary memorandum submitted by the Higher Education Funding Council for England

BENCHMARKS

Question 24 (Mr Richard Bacon): *Benchmarks*

1. When the Performance Indicators Steering Group (PISG) was set up in 1998, its brief was to take forward the recommendations made in the Dearing Report for developing performance indicators for the higher education sector. One of those recommendations was to develop both indicators and benchmarks in various areas. PISG discussed this requirement, and the resulting adjusted sector benchmarks have been published alongside the indicators since their inception. The First Report of the Performance Indicators Steering Group (HEFCE publication 99/11) provides more details of the reason for these benchmarks.

2. The simplest comparison an institution could make would be between the continuation rate for the institution and the average continuation rate for the whole sector. This would be rather crude, because it would not take account of any of the factors known to be strongly associated with continuation rates. An alternative would be to take a specific group of students, say young students with two As and a B at A-level studying chemistry, and just make a comparison between these students at the institution with the average for the sector for students with the same characteristics. The problem with this is that we would need hundreds of measures for each institution. The idea of the "adjusted sector benchmark" is to summarise all rates specific to particular students to give a single comparative figure.

3. There are many factors that affect non-continuation, but three are of particular importance and are included in the benchmarks. They are students' entry qualifications, their subjects of study, and their age on entry to HE. The categories used, and the indicator values in each category, are provided in supplementary tables to the performance indicators, for example the non-continuation rates for young entrants to full-time first degree courses for the benchmark categories can be found in table SN1 at <http://www.hesa.ac.uk/index.php/content/view/588/141/>.

4. Because the adjusted sector benchmark is an average value, some institutions will be above their benchmark and others will be below it. In addition, as an average it is liable to change slightly year on year. In general, therefore, the benchmarks should not be viewed as targets, though a particular institution that had higher non-continuation rates than its benchmark might elect to make that value a target.

5. More details of the calculations of the benchmarks, and how they should be used, can be found on the HESA web site at <http://www.hesa.ac.uk/index.php/content/view/587/141/>.

Example:

6. The following simple example of the calculations involved, and the interpretation of the results, was given in the First Report. (See annex C, paragraph 5, at http://www.hefce.ac.uk/pubs/hefce/1999/99_11.htm)

7. The University of X and the University of Y constitute a sector of two institutions. We classify the qualifications of students on entry to higher education into just two categories: high and low. There are just two subjects of study: A and B, so giving four groups of students in all (those with high entry qualifications and studying subject A; those with high entry qualifications and subject B; low entry qualifications and subject A; low entry qualifications and subject B).

8. Table 1 below shows the number of young entrants (aged under 21 on entry to the institution) to full-time first degree courses and the numbers not continuing into their second year for universities X and Y, and the sector as a whole.

Table 1

NON-CONTINUATION OF YOUNG FULL-TIME DEGREE ENTRANTS						
<i>Subject— entry qualifications</i>	<i>University of X</i>		<i>University of Y</i>		<i>Whole sector</i>	
	<i>Number of entrants</i>	<i>Number not continuing</i>	<i>Number of entrants</i>	<i>Number not continuing</i>	<i>Number of entrants</i>	<i>Number not continuing</i>
A—high	490	9	0	0	490	9
A—low	10	2	450	93	460	95
B—high	490	10	100	13	590	23
B—low	10	2	450	93	460	95
Total	1,000	23	1,000	199	2,000	222

9. The indicator for university X, for example, is the number of entrants not continuing as a percentage of the total number of entrants, ie $23/1000 = 2.3\%$. Similarly for university Y the indicator is $199/1000 = 19.9\%$.

10. For the sector as a whole, the percentage of entrants not continuing can be calculated for each of the entry qualification/subject groups as in table 2.

Table 2

SECTOR RATES OF NON-CONTINUATION			
<i>Subject— entry qualifications</i>	<i>Number of entrants</i>	<i>Number not continuing</i>	<i>Percent not continuing</i>
A—high	490	9	$9/490 = 1.8\%$
A—low	460	95	$95/460 = 20.7\%$
B—high	590	23	$23/590 = 3.9\%$
B—low	460	95	$95/460 = 20.7\%$
Total	2,000	222	$222/2,000 = 11.1\%$

11. The calculation for the benchmark needs these sector group values, and also the proportion of the institution's students in each of the four groups (the weight). For institution X, for example, the weights are $490/1000 = 0.49$; $10/1000 = 0.01$; $490/1000 = 0.49$; $10/1000 = 0.01$. Note that the weights for the four groups add up to 1. The benchmark is then calculated by multiplying the sector group value by the institutional weight, and adding the four results together. The calculations are set out in table 3.

Table 3

CALCULATION OF ADJUSTED SECTOR RATE FOR UNIVERSITY OF X					
	<i>Sector rate for group</i>	<i>Weight for X</i>	<i>Weight x Sector rate</i>	<i>Weight for Y</i>	<i>Weight x Sector rate</i>
A—high	1.8%	0.49	0.9%	0.00	0.0%
A—low	20.7%	0.01	0.2%	0.45	9.3%
B—high	3.9%	0.49	1.9%	0.10	0.4%
B—low	20.7%	0.01	0.2%	0.45	9.3%
Total	11.1%	1.00	3.2%	1.00	19.0%

12. The adjusted sector benchmarks are therefore 3.2% for University X and 19.0% for University Y, compared with their actual values of 2.3% and 19.9% respectively. So both institutions are close to their benchmarks, in spite of the large difference between their indicators. University X mainly takes in people with high entry qualifications and has a low non-continuation rate as would be expected; while University Y mainly admits students with low entry qualifications and shows a level of non-continuation just slightly higher than expected.

Question 59 (Mr Austin Mitchell): *Overseas non-continuation rates*

1. The non-continuation rates from first year for EU and overseas students were slightly higher than those for home students, for entrants in 2004–05. Part of the reason for the difference was due to the age profile—the proportion of entrants under 21, who have lower non-continuation rates, is greater for home students than for EU or overseas students. However, for later years there appear to be similar rates for all groups, so that the percentage projected to obtain a degree eventually is very similar for home and overseas students.

2. Table 1 following shows the non-continuation rates for overseas students entering full-time first degree courses at English institutions in 2004–05, split by age.

3. One of the reasons non-continuation rates for overseas students are not published is because of the difficulties in distinguishing sufficiently well between the learning intentions of those students coming to study for their whole course in this country (“diploma mobility”) and those coming to study for a shorter period (“credit mobility”). The figures in the table below exclude students on formal exchange programmes, but it is possible that some of those not continuing in this country may have returned home to continue their studies there.

Table 1

NON-CONTINUATION RATES FOR STUDENTS ENTERING FULL-TIME FIRST DEGREE COURSES AT ENGLISH INSTITUTIONS IN 2004–05, BY AGE AND DOMICILE

	<i>Home</i>		<i>EU</i>		<i>Overseas</i>	
	<i>Number of entrants</i>	<i>Non-continuation rate</i>	<i>Number of entrants</i>	<i>Non-continuation rate</i>	<i>Number of entrants</i>	<i>Non-continuation rate</i>
Young entrants	198,180	6.8	7,690	8.5	16,300	9.4
Mature entrants	57,590	14.0	6,350	11.8	11,390	15.4
All entrants	255,810	8.4	14,040	10.0	27,720	11.9

4. Note that it is not possible to produce benchmarks for overseas students, as the information available about their entry qualifications is not as complete as that for home students.

5. We have also looked at the projected completion rates for overseas students, and these are given in Table 2. This is based on sector projected outcomes, currently unpublished, which differ from the figures given in the report in that students transferring to another institution are assumed to continue there until they qualify or leave. This increases both the percentage projected to qualify and the percentage projected to leave with no qualification. Although these figures are not published, similar figures for home students were produced until 2003, and the intention is to include the home student figure in future publications.

Table 2

PROJECTED OUTCOMES FOR HOME AND OVERSEAS STUDENTS

	<i>Number of starters</i>	<i>Qualify with degree (%)</i>	<i>Leave without qualification (%)</i>
Home students	303,511	82.0	15.3
EU students	17,710	83.3	14.6
Overseas students	31,055	81.1	17.0

Question 112–117 (Mr Philip Dunne): *Non-continuation in subsequent years*

1. The question that arises here is what are the non-continuation rates year on year after the first year for full-time students starting first degree courses in 2004–05.

2. Although these are not published, rates similar to the first year non-continuation rates are produced in order to calculate the projected outcome figures given in Table T5. A summary of these is published as supplementary table SN4 (transition matrix) at http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=588&Itemid=141.

3. These rates are slightly different from the first year non-continuation rates. They relate to the whole of the UK, and to students of all ages. From the transition matrix, two sets of figures are useful. The first is the proportion who do not continue in an HEI in the year immediately following their first year, second year and third year; the second is the proportion who do not continue in an HEI for two years following their first year, second year, third year. The first figure, in the second column in the table below, is taken directly from the published transition matrix, the second column is computed from an expanded version of the matrix which is used in the actual calculations.

<i>Moving from:</i>	<i>Not in HE in the following year</i>	<i>Not in HE for the two following years</i>
Year 1	9.5%	7.4%
Year 2	6.6%	3.6%
Year 3	5.1%	2.5%

4. The figure of an extra 13.5%, quoted at the PAC hearing, comes from the published table T5.

Table T5

PROJECTED LEARNING OUTCOMES: FULL-TIME STUDENTS STARTING FIRST DEGREE COURSES 2004–05

	<i>Number of starters</i>	<i>Projected Degree</i>	<i>Projected no award or transfer</i>	<i>Projected other award</i>	<i>Projected transfer</i>	<i>Projected other</i>
Total UK	319,105	77.6	14.2	2.3	5.8	0.2

5. The figure of 77.6%, which was quoted in the NAO report, is the percentage projected to obtain a degree qualification. The remaining 22.4% are not all projected to leave HE, as the figures above show. 8.3% are projected to either obtain a qualification below degree level or to transfer to another institution. Only 14.2% are projected to leave.

Supplementary memorandum submitted by the National Audit Office

Q22 (Mr Richard Bacon): *Institutions' continuation rates and benchmarks (Figure 29) ranked by continuation rate in 2004–05*

<i>Institution</i>	<i>Continuation rate 2004–05 (%)</i>	<i>Benchmark 2004–05 (%)</i>	<i>Change in continuation rate (2001–02 to 2004–05) (% points)</i>
St George's Hospital Medical School	98.8	95.0	1.3
University of Oxford	98.6	97.3	–0.1
Royal Veterinary College	98.5	97.0	–0.2
University of Warwick	97.8	96.3	1.0
University of Bristol	97.3	96.5	0.3
University of Durham	96.9	96.4	–1.1
University of Nottingham	96.8	96.1	–1.3
University of Sheffield	96.7	95.3	–0.3
University of York	96.7	96.0	1.0
University of Bath	96.6	95.7	–1.1
University of Exeter	96.6	94.2	–0.7
University of Newcastle upon Tyne	96.2	95.0	1.3
University of East Anglia	96.0	93.6	5.0
Conservatoire for Dance and Drama ²	95.8	89.8	8.7

<i>Institution</i>	<i>Continuation rate 2004–05 (%)</i>	<i>Benchmark 2004–05 (%)</i>	<i>Change in continuation rate (2001–02 to 2004–05) (% points)</i>
Loughborough University	95.6	93.6	-0.4
University of Manchester ²	95.6	94.8	1.1
School of Pharmacy	95.6	94.1	-1.9
Harper Adams University College	95.4	90.9	11.7
Imperial College London	95.4	96.7	-0.9
King's College London	95.3	94.7	0.9
Royal Northern College of Music	95.3	88.2	5.3
Lancaster University	95.0	94.4	-0.3
University College London	95.0	95.1	-0.4
University of Liverpool	94.9	94.3	2.4
Wimbledon College of Art	94.9	92.1	3.7
University of Southampton	94.7	94.2	-0.1
Central School of Speech and Drama	94.6	91.4	-1.4
London School of Economics and Political Science	94.5	96.5	-0.3
University of Chichester	94.4	90.0	6.5
St Mary's University College (Twickenham)	94.4	89.8	3.6
Royal Holloway, University of London	94.3	93.9	-1.5
University of Reading	94.2	94.0	1.0
Keele University	94.1	93.1	-2.8
University of Birmingham	94.0	94.9	-0.1
Royal Academy of Music	94.0	93.7	5.3
University of Leeds	93.7	94.7	-1.4
University of Leicester	93.7	94.2	1.1
Norwich School of Art & Design	93.7	89.2	1.6
Arts Institute at Bournemouth	93.6	89.8	2.7
Royal College of Music	93.6	88.0	-3.0
University of Surrey	93.6	92.4	0.6
University College Falmouth	93.5	90.8	1.4
Aston University	93.1	93.0	-1.6
Courtauld Institute of Art	93.0	96.4	Not applicable
Nottingham Trent University	93.0	91.7	-0.1
University of Kent	92.9	91.3	0.5
Trinity Laban	92.9	88.1	4.5
Brunel University	92.7	90.9	-0.6
University of Gloucestershire	92.6	89.3	4.7
University of Winchester	92.6	90.7	-0.7
Bishop Grosseteste University College, Lincoln	92.4	92.5	-1.4
University of Brighton	92.4	90.6	1.6
Queen Mary, University of London	92.4	93.1	1.1
Royal Agricultural College	92.3	91.4	-2.6
Sheffield Hallam University	92.3	90.5	1.1
Oxford Brookes University	92.1	91.2	1.3
Ravensbourne College of Design and Communication	92.1	89.6	6.1
University of Hull	92.0	92.7	-0.1
University of Plymouth	91.7	88.3	-1.1
University of Portsmouth	91.7	89.3	1.4
University of Sussex	91.6	92.9	0.9
Bath Spa University	91.4	90.6	0.9
Leeds Metropolitan University	91.3	89.1	0.4
Kingston University	91.2	89.3	0.6
University of the Arts London	91.1	91.8	-1.5
University of Hertfordshire	91.1	89.3	0.8
Bournemouth University	91.0	90.3	-0.4
Canterbury Christ Church University	91.0	90.0	0.9
University of Lincoln	91.0	90.3	4.4
Newman College of Higher Education	90.9	89.3	-3.0
University College for the Creative Arts ²	90.9	90.7	0.5
Cumbria Institute of the Arts	90.8	89.9	0.8
University of Teesside	90.8	88.1	1.1
Dartington College of Arts	90.7	90.3	3.0
York St John University	90.7	90.9	0.9
De Montfort University	90.6	90.0	0.2
Trinity & All Saints	90.6	90.4	-1.8
Birmingham College of Food, Tourism and Creative Studies	90.5	88.4	Not applicable
University of Central England in Birmingham	90.0	88.9	-1.2
School of Oriental and African Studies	90.0	92.1	5.2
University of the West of England, Bristol	90.0	90.5	1.1
University of Northumbria at Newcastle	89.9	90.2	-1.7
University of Bradford	89.8	89.7	0.8

<i>Institution</i>	<i>Continuation rate 2004–05 (%)</i>	<i>Benchmark 2004–05 (%)</i>	<i>Change in continuation rate (2001–02 to 2004–05) (% points)</i>
Southampton Solent University	89.7	88.1	0.9
Buckinghamshire Chilterns University College	89.6	88.0	0.2
Rose Bruford College	89.5	90.9	–5.8
University of Greenwich	89.4	87.6	3.0
Goldsmiths College, University of London	89.3	90.3	–2.6
Edge Hill University	89.2	89.4	2.8
University of Essex	89.1	91.9	–0.7
College of St Mark & St John	89.1	89.0	–2.9
City University, London	88.8	89.8	–2.5
St Martin’s College	88.8	90.5	–3.4
University of Salford	88.8	89.0	–0.8
Middlesex University	88.7	86.9	3.9
University of Huddersfield	88.5	89.2	0.5
Staffordshire University	88.5	88.8	–0.5
University of Westminster	88.5	88.8	1.6
University of Central Lancashire	87.9	88.1	1.4
University of Derby	87.8	86.9	0.1
University of Worcester	87.8	88.7	2.8
Liverpool John Moores University	87.7	89.6	–0.1
Manchester Metropolitan University	87.6	89.6	–0.6
Coventry University	87.3	89.0	–3.0
Anglia Ruskin University	87.1	87.9	–3.8
London South Bank University	87.0	85.5	0.0
University of Northampton	87.0	89.0	–1.8
University of Wolverhampton	86.4	88.0	0.5
Writtle College	86.4	88.3	–2.5
University of Bedfordshire	86.2	86.8	–2.0
Roehampton University	86.2	89.4	1.7
Liverpool Hope University	85.7	88.7	0.7
University of Sunderland	85.5	88.7	0.2
Thames Valley University	85.3	84.5	1.0
University of East London	85.2	85.4	0.0
London Metropolitan University	84.5	86.2	2.1
University of London	83.3	93.8	–13.4
University of Chester	81.7	90.1	–8.4
University of Bolton	81.6	86.3	3.4

Note 1: University of Cambridge is not included because its introduction of a new student record system prevented its submission to HESA of suitable data, and so its indicators for 2004–05 were not published.

Note 2: In calculating changes in continuation rates for institutions that merged between 2001–02 and 2004–05, we calculated an average of their 2001–02 continuation rates weighted by their student numbers.

Source: National Audit Office analysis of Funding Council and Higher Education Statistics Agency performance indicator data.

Questions 127–129 (Mr Ian Davidson): *Comparison of home nations’ performance on retention, adjusted for differences in students and education systems; and any identifiable differences in good practices or discrepancies between England, Scotland, Wales and Northern Ireland*

1. The NAO Report included a figure (Figure 9) that showed that for full-time students starting in 2004–05, those in English higher education institutions were more likely to continue into a second year and to complete their studies than those studying in Scotland, Wales and Northern Ireland. These figures are calculated by the Higher Education Statistics Agency, based on student-level data supplied by all publicly funded higher education institutions in the United Kingdom.

2. The Higher Education Statistics Agency also calculates a continuation benchmark for each institution, which is the average continuation rate of the sector, adjusted for the entry qualifications, age and subjects of study of an institution’s students. The NAO has calculated a continuation benchmark for each of the home nations by weighting (by the number of entrants) the benchmark of the nation’s institutions to create an average. The results are shown in the fourth column of **Figure 1**. However, it is important to note that the benchmarks were designed to adjust for differences between institutions rather than nations, and there are other factors not included in the benchmark that cause differences between nations. In particular, prior qualifications are an important factor and Scottish students entering Scottish universities usually have Scottish Highers rather than A levels. In calculating institutions’ benchmarks, it is assumed that the two qualifications are equivalent but the assumption is not empirically based and so there may be differences in attainment levels between students that are treated as having reached an equivalent level.

3. **Figure 1** shows that in 2004–05 English institutions, on average, performed slightly above their benchmark for continuation, while those of the other home nations, on average, achieved continuation rates that were slightly below their benchmark. As noted above in paragraph 2, these results should be treated

with caution. It should also be noted that the scale of higher education varies greatly by nation, and that the fact that the large majority of United Kingdom institutions are English means that the results for England are likely to be close to the results for the United Kingdom. In addition, because the benchmark is an average for the UK as a whole, the fact that the English figure is slightly above its benchmark means that at least one of the other nations must have a value below its benchmark to compensate.

Figure 1

THE RETENTION OF FULL-TIME, FIRST-DEGREE STUDENTS
STARTING COURSES, 2004–05

	<i>Percentage of students continuing to a second year of study</i>	<i>Percentage of students expected to complete their course</i>	<i>Continuation benchmark (percentage)</i>
England	91.6	78.1	91.3
Scotland	89.3	73.8	91.5
Wales	89.7	77.1	90.4
Northern Ireland	89.7	77.9	90.9
United Kingdom	91.2	77.6	91.2

Source: National Audit Office analysis of Higher Education Statistics Agency's performance indicators

4. The benchmark does not adjust for many of the differences between home nations in the characteristics of education systems and types of students. For example, arrangements for student funding differ between nations, which may create different incentives and disincentives for certain types of students. While it is not possible to make statistical adjustments for funding arrangements, this note now explores the possible impact of differences in three areas:

- background of students;
- students' age of entry to higher education; and
- length of degree courses.

STUDENTS FROM LOW-PARTICIPATION BACKGROUNDS

5. The institutional benchmarks adjust for entry qualification of students, but not their background (although the two are linked). The Higher Education Statistics Agency publishes data on the percentages of young entrants to full-time, first-degree courses who come from low participation neighbourhoods and their continuation rates.

6. **Figure 2** shows that the percentage of students from low participation areas varies between the home nations, with Scottish institutions achieving the highest values. As with the overall analysis in Figure 1, on average, institutions in England have the highest continuation rates. Continuation rates for other types of widening participation students may vary.

Figure 2

THE RETENTION OF YOUNG ENTRANTS FROM LOW-PARTICIPATION
NEIGHBOURHOODS, 2004–05

	<i>Percentage of young entrants who come from low participation neighbourhoods (%)</i>	<i>Percentage of these students continuing to a second year of study (%)</i>
England	13.1	90.6
Scotland	18.6	85.9
Wales	16.8	88.2
Northern Ireland	9.5	83.9
United Kingdom	13.7	89.7

Source: National Audit Office analysis of Higher Education Statistics Agency student data

AGE OF ENTRY TO HIGHER EDUCATION

7. The Higher Education Statistics Agency's institutional benchmarks take account of age only insofar as categorising students as over or under 21 years. As young students in Scotland tend to start a year earlier than those in England, we examined whether this difference could be linked with higher continuation rates in England compared with Scotland. Based on data for all full-time undergraduate students in English higher education institutions starting in 2004–05, we examined whether younger age on entry may increase or decrease the likelihood of leaving early in England. We found that the 17 year olds who started their course in England in 2004–05 were less likely to continue than were 18 year olds. However, the results should be treated with caution because we were not able to adjust for any other factors, such as the prior attainment of students, and similar analysis in Scotland has yielded different results.

LENGTH OF UNDERGRADUATE DEGREE COURSE

8. The Higher Education Statistics Agency's institution continuation benchmarks do not take account of the differing lengths of degree courses. For example, undergraduate honours degree courses in Scotland commonly last four years, compared with three years in England. Based on course length data for all full-time undergraduate students in English higher education institutions starting in 2004–05, we examined whether the length of a degree course affects the likelihood of leaving early. We found that the continuation rate for three-year courses was slightly lower than that of four-year courses. However, the results should be treated with caution because we were not able to adjust for any other factors, such as subject studied, and similar analysis in Scotland might yield different results. Also, the length of degree course may change as student aims change over the duration of their course.

GOOD PRACTICE IN RETAINING STUDENTS

9. The National Audit Office identified much good practice that could be applied equally to all countries of the United Kingdom. **Figure 3** summarises the good practice actions we found can improve retention. As part of its follow-up work, the NAO is contributing to the sharing of this good practice through conferences and workshops.

Figure 3

ACTIONS TO IMPROVE RETENTION

<i>Actions</i>	<i>Description</i>
Using management information to understand retention	Most institutions collate and disseminate internal information on withdrawal rates at course and faculty level. Others also use student level information, for example on attendance, to identify students at risk of withdrawal. A minority of institutions conduct periodic exercises to contact early leavers to help establish the real reasons why they left, particularly where some common issue affecting retention is indicated.
Building strategic commitment to retention	It is important for institutions to have a clear strategic commitment to retaining students that all staff understand and buy into, so that they can see how commitment to high levels of retention should affect the way they work. All the institutions we visited were undertaking some activities to improve retention, but not all were based on a clear strategy for the whole organisation. Even at institutions where the strategy was clear, senior managers acknowledged that some parts of their institution were demonstrating much greater commitment than others.
Securing commitment from students	Students need to commit to attending lectures and carrying out independent study. Universities can communicate this clearly to students, for example through a student charter, and follow up cases where commitment seems not to have been secured.
Providing support through academic staff and practice	Properly resourced tutoring systems help individual students to identify the extra support and facilities they can use to improve their chances of success. Institutions often offer pre-entry courses and learning support opportunities, but many find it difficult to get students to take up services that would help them to “stay the course” and succeed. This can be because students and academic staff may regard the services as being there to fill a “deficit” in a student’s ability, but institutions can increase take-up by promoting these services as positive options to take to improve the prospects of a good degree.

<i>Actions</i>	<i>Description</i>
Broadening options for learning	Some institutions, and in particular those with higher numbers of non-traditional students, are being flexible in allowing students to choose learning options to fit their personal circumstances, for example through comprehensive modular systems.
Providing specialist support	All institutions provide specialist support services, such as welfare. They are increasingly organised as a 'one stop shop', and student unions usually have an important role in their provision. Financial support, through bursaries and hardship funds, is available to assist students from disadvantaged backgrounds or in financial difficulty. Some institutions are more proactive in promoting financial support than others.

Source: National Audit Office

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