

March 2007/01

This document sets out OFFA's requirements for annual monitoring of access agreements.

All institutions with an OFFA approved access agreement for 2006-07 will need to submit a financial return and a report on milestones by Friday 27 July 2007.

Access agreement monitoring 2006-07

Alternative formats

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Access agreement monitoring 2006-07

To	Heads of higher education institutions, directly funded further education colleges and school centred initial teacher training providers in England
Of interest to those responsible for	Implementation of access agreements, Widening Participation, Heads of Finance
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Executive summary

Purpose

1. This document sets out our requirements for institutional annual monitoring of access agreements and asks higher education institutions, further education colleges and school centred initial teacher training providers to send us a financial return and a report on milestones for the 2006-07 academic year.

Key points

2. In developing our monitoring process, we have tried to achieve a balance between the accountability burden on institutions and our obligations as a regulatory body. We have carried out a regulatory impact assessment to inform our policy on the nature and amount of monitoring information we need. We have also consulted and taken advice from sector representative bodies on the process.
3. All institutions **must** provide a financial return on:
- additional fee income
 - actual expenditure on financial support to low income students and other under-represented groups (where such information cannot be collected from the Student Loans Company) and outreach activities covered in access agreements.

4. All institutions **must** provide:

- a report on progress against milestones
- an assurance statement including a description of the internal reporting and validation processes used for providing monitoring information to OFFA, signed off by the head of institution.

5. We may also require the following additional information:

- an explanation of any significant differences between estimated and actual expenditure
- a report on bursary take up where there is a significant difference between the number of eligible students and the number of awards paid
- financial and milestone reports for franchise arrangements where these are not covered in the overall figures.

6. The information will be used to consider the extent to which commitments set out in access agreements have been broadly met. It will also inform our annual report to Parliament and provide evidence for the 2009 Independent Commission and our work on good practice.

7. Templates for the financial return will be available electronically for completion at the end of June 2007. We will write to OFFA contacts in institutions during June with details on how to access the template and how to return information to us.

Action required

8. All institutions with an OFFA approved access agreement for 2006-07 should send a financial return, a report on milestones and an assurance and validation statement to us by **Friday 27 July 2007**. For further details see paragraphs 78-80.

Introduction

9. The Office for Fair Access was established under the Higher Education Act 2004. Our role is to safeguard and promote fair access to higher education by regulating the charging of variable tuition fees through the approval and monitoring of access agreements.

10. An access agreement sets out the fee limits the institution has set, the proposed investment into financial support for low income students and other under-represented groups, and in some cases additional outreach work.

11. There is a legal requirement for institutions to inform us about the extent to which their obligations have been met, and to report on their progress against their objectives and milestones. In providing this information there is also an expectation from Government that institutions should not be asked to collect or supply data over and above what they would reasonably need for their own internal management purposes. This expectation has informed the development of our monitoring process.

OFFA report to Parliament

12. We have a statutory duty to provide an annual report to Parliament containing an overview of progress with access agreements. This overview should be informed by institutions' reports to us, as well as information that we can collect centrally. As a regulator we also have a responsibility to ensure that institutions are meeting their commitments to individual students and are moving towards the milestones set out in their access agreements.

2009 Independent Commission

13. The Secretary of State for Education and Skills announced in a statement to Parliament on 8 January 2005 that there will be an Independent Commission, working with OFFA, to report on all aspects of the new fee and student support arrangements based on the first three years' operation of the policy. The Government will consider this report before deciding whether to submit any recommendation to Parliament on raising the upper limit for tuition fees. We anticipate that the information collected through our monitoring will provide important evidence for this review.

Principles for monitoring

14. We need sufficient evidence from institutions to reassure students, higher education (HE) sector stakeholders and the wider public that the HE sector is meeting its obligations and that progress is being made to promote and safeguard fair access to HE for under-represented groups.

15. We have carried out a regulatory impact assessment to ensure that our requirements are consistent with the need to minimise the burden of accountability on institutions and reflect the five principles of good regulation identified by the Better Regulation Taskforce (proportionality, accountability, consistency, transparency and targeting). The assessment indicated that the overall benefits to the sector clearly outweigh the cost and burden on institutions.

16. To minimise the burden, our monitoring system will draw on central sources of information wherever possible. It will also draw on the information we anticipate institutions will collect for their own use in overseeing and monitoring the implementation of their own access agreements. We will review our information needs after this round of monitoring information has been analysed and will endeavour to reduce our data collection requirement in future years.

Monitoring process

Financial return

All institutions must complete and submit a financial return on:

- **additional fee income (paragraphs 22-23)**
- **expenditure on additional outreach (paragraph 24)**

If institutions are not part of the SLC full Higher Education Bursary and Scholarship Scheme or they only use the scheme to pay some of their awards (paragraphs 20-21) the financial return must also include:

- **expenditure on financial support to low income and other under-represented groups (paragraphs 25-31)**

An example of the financial return can be found at Annex A.

Background

17. Parliament will be interested in the amount of additional income that the variable fee policy has generated for the sector and students. We also anticipate that this information will be required by the 2009 Independent Commission as key evidence of the impact of the new fee regime.

18. We have considered whether there are central sources that would provide information on the additional fee income for institutions and the sector such as the Student Loans Company (SLC) and the Higher Education Statistics Agency (HESA) Finance Statistics Record (FSR). However, there are several drawbacks to using these sources. Firstly SLC data would not tell us about any fee income paid to institutions direct from the student, either because they have decided not to take the fee loan or they have only taken part of the fee loan. Secondly the FSR would show the total, rather than additional, income, and estimates would then have to be calculated based on the number of students and what they might have been charged (this varies in some institutions by course or by level). The FSR also has the disadvantage of being time delayed, i.e. data would not be available until February 2008 for 2006-07 returns so would not allow us to meet our monitoring requirements. In the longer term this would mean that two, rather than three, years of data would be available for the 2009 Independent Commission – an unacceptable outcome.

19. We will consider using these sources in the future but we need to ensure that the data would

be fit for purpose. For the first two or three years of monitoring we will therefore collect this information from institutions and compare it to centrally held data to determine whether this would provide a sufficiently accurate estimate for future years.

Collection of expenditure data from the SLC

20. We will ask the SLC to provide information on the money that has been disbursed through its Higher Education Bursary and Scholarship Scheme (HEBSS). Institutions do not need to complete the 'expenditure in financial support' section of the return form if they are part of the HEBSS full administration service and distribute all of their awards under their access agreements through this scheme.

21. If institutions use HEBSS to pay only some of the awards detailed in their access agreements, they will need to complete the expenditure return for the awards they process themselves. For example if an institution awards all bursaries through HEBSS but not scholarships, the relevant expenditure on scholarships would need to be completed.

Additional fee income

22. The figure provided in the financial return should include:

- all fee income above the basic fee (£1,200 in 2006-07) for Home/European Union, full-time undergraduates (including full and part-time PGCE and full-time undergraduate social work students)

- all fee income from full-time undergraduate franchised courses
- amounts owing from any undergraduate students that are paying fees direct to the institution.

23. The additional fee income figure provided to us should be based on actual additional fee income received by 30 June 2007 and estimated additional fee income to 31 July 2007. It should not include fee income from courses not covered under the 2004 Higher Education Act. These are:

- courses provided under NHS contracts (such as nursing, midwifery and allied health professions)
- part-time courses.

Outreach

24. Expenditure on outreach should only relate to funds committed from additional fee income on additional outreach activities as set out in access agreements.

Financial support

25. All expenditure from additional fee income on financial support for low income students and other under-represented groups should be included in the financial return. For the purposes of financial returns 'low income' is defined as any student eligible for some form of Government support (that is with a residual family income of up to £37,425 in 2006-07).

26. The return should include all actual expenditure to 30 June 2007 and any estimated expenditure to 31 July 2007.

27. If institutions provide bursaries to all of their students, only that part of the expenditure that has been distributed to low income students or other under-represented groups, should be included.

28. The return should only include expenditure on awards made directly to students. This includes expenditure on 'in kind' awards such as discounts on accommodation and provision of lap-tops (where these are specifically set out under the access agreement). Expenditure on the overall improvement of services for students and broader 'retention' measures should be excluded.

29. Where 'in kind' awards do not have a clear monetary value, institutions can use estimated amounts. If 'in kind' benefits under access agreements are awarded to all students with no specific means test or other eligibility criteria based on under-representation (such as first in family to enter higher education, or entry from a low participation area) only that part of the expenditure that has been spent on low income or other under-represented groups should be included.

30. Institutions should include expenditure on scholarships. Where a scholarship scheme has no specific means test or other eligibility criteria based on under-representation (see examples in paragraph 29) only that part of the expenditure that has been distributed to low income students or other under-represented groups should be included.

31. Some institutions mentioned potential bursary or scholarship schemes within their access agreements. If schemes have now been developed and these benefit low income or other under-represented groups, then this expenditure should also be included in the return.

Optional expenditure reporting

32. Additional costs associated with the implementation of the access agreement, such as additional administration or staffing costs, can be included in the financial return with an explanation of what this figure includes.

33. Some institutions provide bursaries to students above the state threshold level (£37,425 in 2006-07) and we recognise that institutions may see students just above this level as an important target group. We are therefore happy for institutions to report on expenditure up to £10,000 above the state support threshold. This should not be included in the financial return, but can be reported on separately. If institutions do report on this, it will be included in our analysis of returns.

Report on milestones and objectives

All institutions must submit a free format summary report on progress with milestones.

34. We require a summary of progress against the milestones set out in institutions' access agreements.

35. Many institutions are using the HESA published Performance Indicators (www.hesa.ac.uk) as some or all of their milestones. We are aware that the data relating to the impact of measures under the access agreements in year one (2006-07) will not be available until 2008. Where institutions are using HESA data or are working towards longer term goals, they should provide any appropriate supporting data being used for their internal management purposes to monitor progress.

36. Some institutions have milestones that relate to data that was not available at the time of writing their access agreements (for example the proportions of students eligible for full state support). Where this is the case, the summary report should include information on baseline data.

37. There should, where appropriate, be a quantitative, statistical element on progress. For example, if an access agreement refers to increasing the proportion of students from a particular postcode, the report should quantify what improvement has been made.

38. We are primarily concerned with the outcome based milestones that refer directly to applications or entrants from low income or other under-represented groups. Some institutions also set out detailed outreach objectives in their access agreements. We are interested in progress with these objectives but it is acceptable to provide a general overview; for example we are more concerned that where additional activity was planned that something additional has happened, rather than finding out that exact numbers of activities have been achieved.

39. There is no set format for the report on milestones, but institutions should provide the relevant statistics or, where the milestones are operational, a summary of achievement.

40. We anticipate that institutions will produce this information as part of their own internal management processes and may have existing reports. If it is easier to submit an existing report, or an excerpt from it, that is acceptable.

41. If the information returned to us is not sufficient to allow us to gauge progress against milestones set out in access agreements, we reserve the right to return to institutions to request additional information.

42. We recognise that it is possible some institutions will meet all of their financial commitments and outreach plans under their access agreements but not achieve their milestones. When we are analysing progress with milestones we will consider whether the commitments have been met and if there is a positive direction towards milestones. We will also take into account the position of the HE sector as a whole.

43. Where progress has been significantly less than expected, or there has been movement away from milestones, institutions should briefly explain what plans and strategies are in place to review arrangements under access agreements. We may also wish to talk to such institutions to gain a better understanding of the situation.

Assurance and validation statement

All institutions must provide a signed hard copy of the assurance and validation statement at Annex B

44. The assurance statement (example at Annex B) should be signed by the head of institution as confirmation that bursary payments have been made to the majority of eligible students and that expenditure on access measures has been broadly met, or where these financial commitments have not been met a separate report has been submitted.

45. We expect that the information returned to us will have been subject to an internal validation procedure (for example a report to the head of the institution, a governors group or a steering committee). As part of the assurance statement, institutions should provide a brief outline of how they have done this.

Monitoring process: additional requirements

Report on expenditure changes

Institutions must provide a free format report where actual expenditure is more than 10 per cent below the original estimate.

Where actual expenditure is less than 10 per cent below the original estimate there is no need to provide any explanation or further information.

46. We recognise that original submissions of financial information were estimates and that the amounts of expenditure will shift according to changes in recruitment and other reasons. Where actual expenditure in financial support or outreach is less than 10 per cent below the original estimates there is no need to provide any explanation or further information about the change. We will review whether this margin is appropriate after the first year of monitoring.

Financial support

47. Where the level of expenditure on financial support is more than 10 per cent below the original estimate, institutions will need to set out the reasons for the reduction in a short free format report. The report should explain the extent to which changes in expenditure are due to inaccuracies in estimates of eligible students, an actual downward trend in low income students, or other factors.

48. We expect that where significantly less additional fee income has been spent on financial support for low income students and other under-represented groups (particularly if there has also been a down turn in the number of low income students compared to previous years), institutions will consider how this will impact on their milestones. We encourage institutions to consider whether any un-used funds could be redirected to other access measures.

49. The report should therefore set out whether changes in expenditure have resulted in re-targeting of investment within the reporting year or are likely to result in any additional or re-targeted investment in future years. This might include re-focussing funds into broader widening participation or student support measures, or financial awareness campaigns. Where institutions feel they have sufficient evidence, they may wish to consider changes to their bursary policies.

50. We understand that institutions will not necessarily wish to make decisions on only one year's data and experience. We recognise that a more strategic and evidence based approach could be desirable and institutions may wish to commit to reviewing policies in more detail during or after the second year.

51. If institutions do not feel it is appropriate to re-invest underspend on access measures, the rationale for this should be set out in the report. For example if an institution has more 'old system' students than expected (e.g. gap year or some transferring students) this will affect the additional fee income and expenditure estimates, but the proportion of spend to income may remain in line with original estimates.

Outreach

52. Where expenditure on outreach is more than 10 per cent below the original estimate this should also be reported with reasons for the changes. Some institutions set out detailed outreach plans in their access agreements and we recognise that these plans will need to be managed flexibly. We are interested in general progress and knowing that outreach commitments have been broadly met. It is acceptable for the report to show that where there was a commitment to additional activity that this has happened. It is not necessary to provide detailed information about changes in the levels or types of activity.

Optional information on expenditure

53. Where expenditure is higher than estimated there is no requirement for institutions to provide additional information. However, it would be useful to us if institutions chose to provide information on

this, particularly about successful strategies for example, the impact on recruitment, or retention of target groups.

Format for report on expenditure changes

54. There is no set format for the report on expenditure changes and we do not expect a lengthy report. We anticipate that institutions will have produced the information required as part of their own internal management processes and may have an existing report which can be used for this purpose. If it is easier to submit an existing report, or an excerpt from it, that is acceptable.

55. We reserve the right to return to institutions for further information and clarification if the report submitted does not provide sufficient assurance that commitments in the access agreement are being delivered satisfactorily.

Report on bursary take up

Institutions must provide a free format report if less than 95 per cent of the total number of eligible students have been paid a bursary

56. We are aware that during the first year of implementation of access agreements there have been some procedural issues in making bursary payments to all eligible students. For example some eligible students, or their parents, have not consented to share information on the SLC application form on assessed household income.

57. We need to understand the scale of any issues and why these students are not accessing bursaries. Therefore, an explanation should be provided where there are significant differences between the number of eligible students at a particular institution and the number of bursaries that were paid.

58. The report should briefly set out the estimated number of eligible students compared to the number of bursaries awarded. Scholarship awards should not be included. The report should also set out what steps were taken to ensure that eligible students were made aware of their entitlement to financial support.

59. Where lack of bursary take up has resulted in underspend this may already have been reported on in the information requested above. If this is the case there is no need to set out the information again. However it may be possible for institutions to have broadly met expenditure commitments but still have issues with bursary take up. Where this is the case a separate report should be provided.

60. If the overwhelming majority of eligible students have been paid their bursaries, there is no need to provide this report. For the purposes of monitoring we define the majority as 95 per cent of the total number of eligible students who have been paid a bursary.

61. Where institutions have made all reasonable efforts to make students aware of their eligibility we will still consider the commitments under the access agreement to have been met.

Franchised courses

Institutions must provide a free format report where franchise arrangements have not been covered in the financial return or milestone report

62. Institutions with franchise provision are responsible for covering arrangements at partner institutions under their access agreement (as set out in paragraphs 18-21 of 'Producing access agreements' OFFA 2004/01). Expenditure and milestones for partner institutions should be included within monitoring returns.

63. Expenditure figures can include partner institutions or can be submitted as separate forms. When submitting returns, institutions should be explicit about whether franchised data has been included or reported on separately.

64. Most franchised providers do not have specific milestones set out within access agreements. However lead institutions should either incorporate franchise partners within their own figures (this will automatically be the case if HESA performance indicators have been used), or they should be set out separately. Franchised partners may have set their own milestones, particularly where they have a number of partner institutions. If this is the case, a brief line on progress with these partners should be provided.

65. It is for the lead institution to decide how to present this information but it should be explicit about whether its milestones and expenditure figures include partner institutions.

Assessment of financial returns and monitoring reports

66. We will compare the expenditure return against additional fee income to monitor whether the proportions of expenditure are broadly similar to those set out in the original returns made with access agreements.

67. We will look to see that financial commitments have been broadly met and, where they have not, that there is a reasonable explanation and/or appropriate review and re-adjustment of plans.

68. We will look at the progress made by institutions towards meeting their own milestones. We will look for a positive direction and will not penalise institutions for not meeting their milestones. We are more concerned that returns demonstrate that commitments within the access agreements have been broadly met.

69. We also recognise that progress in year one of the new arrangements may be limited. We will be more concerned with trends over time. If central or institutional returns indicate that progress has been negative, or less than expected, in future years we will want to discuss this with institutions to understand the issues and investigate possible solutions.

70. Within this context we may still wish to raise enquiries with institutions about their returns, if for example, some of the information or data:

- is unclear
- does not make sense from our knowledge of the access agreement and the institution
- is inconsistent with centrally collected data.

71. We will email institutions to confirm that monitoring returns are acceptable. Assessments and confirmations will be made on a rolling basis but all institutions will have heard from us by **31 October 2007** at the latest.

72. We will publish a short report on the outcome of the monitoring process in **autumn/winter 2007**.

Central monitoring

73. As outlined in paragraph 19 we will compare returned data with central sources to establish

whether we can gain a reliable estimate of additional income at each institution and across the sector. We expect that the 2009 Independent Commission will require an accurate picture of additional income to be used as key evidence for the evaluation of the new arrangements. We will review whether it is necessary to continue to collect this information from institutions if the figures we can collate from central sources are comparable to institutional returns.

74. We will request information from the SLC on the number of students from low income backgrounds at each institution. We will monitor progress across the sector and look to identify any emerging patterns. This information will be requested in or around February of each year to inform our report to Parliament. We will also collect the same set of data in July of each year to inform our institutional monitoring process. Data collected in 2006 will be used as a baseline.

75. To allow us to monitor any sector trends, we will also ask UCAS each year for data on the numbers of applications and acceptances from different socio-economic classes across groups of institutions, according to bursaries provided and type of institution.

Audit

76. We reserve the right to audit the implementation of access agreements. We anticipate only using this right in exceptional circumstances. Prior to taking this step if, through monitoring, we identify significant concerns with delivery or the movement towards milestones, we will invite institutions to discuss any emerging issues with us and provide further information if necessary.

Freedom of Information

77. We will publish a short report each year regarding the outcomes of the annual monitoring process. Additionally individual monitoring reports may be disclosed on request, under the terms of the Freedom of Information (FOI) Act. The Act gives a public right of access to any information held by a public authority, in this case OFFA. We have a

responsibility to decide whether any monitoring returns should be made public or treated as confidential. We can refuse to disclose information only in exceptional circumstances. This means individual monitoring returns are unlikely to be treated as confidential except in very particular circumstances. Further information about the FOI Act is available from the Information Commissioner website (www.informationcommissioner.gov.uk).

Returns

78. All institutions should send their returns to us by **Friday 27 July 2007**. Institutions are asked to send:

- a. One signed paper copy of the completed assurance statement. Forms will be available to download from the OFFA website (www.offa.org.uk). Details will be sent to our OFFA contacts in June 2007.
- b. An electronic version of the completed financial return via the OFFA extranet. Further details will be sent to our OFFA contacts in June 2007.
- c. An electronic copy of the report on milestones and any additional information required as set out in this document.

79. Electronic copies of reports should be emailed to: **returns@offa.org.uk**

80. Please send one paper copy of the signed assurance and validation statement to:

Carmen Brown
OFFA
Northavon House
Coldharbour Lane
BRISTOL
BS16 1QD

Late returns

81. If your internal procedures mean you are unable to meet the 27 July 2007 deadline, please get in touch with us as soon as possible to discuss an alternative date for submission.

Annex A

Access agreement financial return academic year 2006-07

This annex is for reference only. Templates will be available to download from the OFFA extranet at the end of June 2007.

[Name of institution]

Additional fee income	£
Expenditure on financial support for low income students and other under-represented groups (excluding any awards paid by HEBSS on behalf of the institution)	£
Expenditure on outreach from additional fee income	£
Expenditure associated with the implementation of the access agreement	£

Annex B

Access agreement assurance and validation statement academic year 2006-07

This form will be available to download from the OFFA website (www.offa.org.uk) at the end of June 2007.

[Name of institution]

Assurance statement

Financial commitments to individual students

1. Either (delete as appropriate):

- The financial commitments have been met for the overwhelming majority of eligible students OR
- Where we have not met the financial commitments for more than 5 per cent of eligible students, this has been reported on separately to OFFA.

Expenditure from additional fee income on access measures

2. Either (delete as appropriate):

- The original estimates of additional fee income spent on financial support for low income students and outreach work have been broadly met OR
- Where expenditure levels are below the original estimates by a margin of 10 per cent or more this has been reported on separately to OFFA.

Milestones

3. A report on progress against milestones and objectives has been returned to OFFA.

Validation statement

4. The information provided in the monitoring return to OFFA has been validated in the following way:
(Please provide a brief description of the process):

Signed (Head of institution)

Date

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Annex C

Summary of reporting to OFFA

This annex is for reference as a checklist of reporting requirements.

Annex A and Annex B must be returned to OFFA using the forms provided. All other information can be provided by submitting existing reports or excerpts from them.

1) All institutions **must** complete:

- an electronic submission of the financial return at Annex A
- a free format report on progress with milestones (paragraphs 34-43)
- a signed hard copy of the assurance and validation statement at Annex B.

2) A free format report is also required where:

- expenditure on financial support for low income and other under-represented groups has been more than 10 per cent below original estimates (paragraphs 47-51)
- expenditure on outreach has been more than 10 per cent below original estimates (paragraph 52)
- bursaries have been paid to less than 95 per cent of eligible students (paragraphs 56-61)
- franchise arrangements are not covered in overall figures (paragraphs 62-65).

3) All institutions are **invited** to provide the following optional information, but there is no obligation to do so:

- expenditure associated with the implementation or administration of the access agreement (paragraph 32)
- amounts of financial support paid to students with an assessed household income between £37,425 and £47,425 (paragraph 33)
- expenditure in financial support for low income and other under-represented groups and outreach where this was higher than expected (paragraph 53).

Annex D

Glossary

Bursaries	Awards based primarily on means testing or other under-representation criteria, but could include additional criteria.
Institutions	Providers of higher education that are directly funded by the Higher Education Funding Council for England (HEFCE) and the Training and Development Agency for Schools (TDA). This includes School Centred Initial Teacher Training providers.
Low income students	Students eligible for some form of Government support (that is with a residual household income of up to £37,425 in 2006-07).
Scholarships	Awards based primarily on merit and/or talent with no means testing or under-representation criteria.
Under-represented groups	Groups that are currently under-represented in higher education at the national level, for example: <ul style="list-style-type: none">• people from low income backgrounds• people from lower socio-economic groups• minority ethnic groups or sub-groups• disabled people• care leavers

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