

Evaluation of the National Scholarship Programme

Year 4 report to HEFCE
by CFE Research and Edge Hill
University

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Report authors:

Lindsey Bowes
Rachel Moreton
Professor Liz Thomas
Jonathan Sheen
Dr Guy Birkin
Dr Sally Richards

For more information about this report,
please contact:

Lindsey Bowes

CFE Research
Phoenix Yard
Upper Brown Street
Leicester
LE1 5TE

T: 0116 229 3300

E: Lindsey.Bowes@cfe.org.uk

WWW: cfe.org.uk

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Executive Summary

This report concludes the four-year evaluation of the National Scholarship Programme (NSP) by CFE Research and Edge Hill University on behalf of the Higher Education Funding Council for England (HEFCE). Building on previous years, the aims of the evaluation this year were to review how the programme changed over the three years of its operation and demonstrate the impact on disadvantaged students. Although the NSP is not continuing, the evaluation provides useful learning for the design and delivery of financial aid more generally.

About the NSP

The NSP was introduced in 2012/13 to coincide with the rise in tuition fees and ran until 2014/15. The aim of the NSP was to provide a financial benefit to students from disadvantaged backgrounds entering higher education (HE) for the first time. Students from families with an income of less than £25,000 per year were eligible for the NSP, but only those who met the national criteria and any local institutional criteria received an award.

In the first two years, the NSP provided financial support of not less than £3,000 for full-time undergraduate students in England, with a pro-rata amount for part-time students. Institutions were free to design their own package of benefits within guidelines, and awards could be in the form of tuition fee-waivers, accommodation discounts, institutional services and a maximum of £1,000 cash.

A number of changes to the NSP were announced in 2013, effective from 2014/15. These included:

- a reduction in the government's contribution,
- a revised funding-allocation model,
- the removal of the requirement to provide 50 per cent match-funding for institutions charging fees of less than £6,000,
- a new menu of options for part-time students,
- a reduction in the minimum value of the award (down to £2,000), and
- the removal of the £1,000 cap on cash awards for 2014/15 students only.

The fourth year of the evaluation took place between February and July 2015. We carried out online surveys of first- and third-year undergraduate students who had received an NSP award and staff from participating institutions. We also carried out follow-up interviews with staff and students. Our primary research was supplemented by analysis of data from HEFCE on how the NSP was delivered in 2012/13 and 2013/14 and how institutions planned to deliver the NSP in 2014/15.

Design and delivery of financial aid

Beyond the broad aim to benefit disadvantaged students in HE, the NSP lacked more clearly defined objectives and there were differing views among stakeholders and institutions as to what the NSP was designed to achieve. In part as a result of these tensions and uncertainties, a wide range of models and approaches to the NSP were developed (within the programme guidelines) and implemented by participating higher education institutions (HEIs). Clearer articulation of the problem to be addressed and the intended outcomes may have led to different choices in delivery, as different approaches are more or less appropriate depending on the objective of any financial aid scheme.

The diversity in terms of how match-funding was used, the package of benefits provided to students and the timing of the payments meant that no distinct or dominant models emerged. Furthermore, institutions adapted their schemes in line with changes to the NSP guidelines, in response to feedback from students and for pragmatic reasons. This created greater divergence in institutional practice over the course of the programme.

Participating institutions would have liked greater flexibility from the outset in order to design a financial support package that met their priorities for supporting disadvantaged students. Some institutions felt that they could have used the government funding in more innovative or appropriate ways without the restrictions of the NSP.

Given the limit on the amount of cash that could be awarded, fee-waivers featured in many NSP schemes. Yet students expressed concerns about their ability to cover their living and study costs. Immediate benefits rather than fee-waivers are more useful in this regard, and cash is more flexible than university services or discounts, allowing students choice and freedom to use as they see fit.

In this final year of the NSP, more institutions chose to deliver their awards in the first year of study only rather than to spread the payments across two or more years (although some institutions provided other financial support in all years of study). However, the financial responsibilities of students do not diminish as their courses progress; on the contrary, in some cases the pressures increase as students seek to reduce their paid employment in order to focus on their studies and/or invest more in materials and resources.

Our earlier reports found that institution-level evaluation of the NSP was patchy and a significant minority of institutions were not evaluating the impact of financial aid more generally. Small and specialist institutions were least likely to be undertaking evaluation. Small institutions in particular lacked capacity to carry out their own evaluations. Some of the potential benefits and impacts of financial aid are only observable over the longer term and, as there are a myriad of factors that can impact retention and student success, attributing causality can be problematic.

Impact

The aim of the NSP was to provide a financial benefit to students from disadvantaged backgrounds entering HE for the first time. In this regard the NSP has succeeded. Institutions agree that the NSP has been successful in reaching disadvantaged students. The

NSP appears to have added value to existing forms of support, and has generally not duplicated existing financial aid or displaced widening participation (WP) activity.

Access to HE

Our evaluation suggests that the NSP (and financial support more broadly) has had a limited impact upon student access to HE. Demand for the NSP outstripped supply. The majority of institutions had to apply local eligibility criteria and up-front guarantees of entitlement were not possible in most cases. As a result, students often did not know whether they would receive an NSP award until they were enrolled on a course. The possibility of receiving financial aid, therefore, would have had little influence over decision-making for the majority of students. If financial aid is to be used to encourage access to HE, it is essential that students have access to comprehensive information about what they can expect to receive at the point at which they begin to make decisions about HE.

Two-fifths of NSP award recipients reported that the prospect of receiving financial aid had influenced their decision about whether to study at HE a lot. Yet research with potential students and depth interviews with a sub-sample of recipients suggests some degree of post-hoc rationalisation and that many would have progressed to HE anyway. Students need to feel confident that they can finance their studies but the increase in fees does not appear to have deterred disadvantaged students from attending university. The NSP alone is unlikely to be sufficient to affect decisions about HE, but in combination with other, more substantial support (in particular the tuition fee loans and maintenance grants) it can make a difference.

Retention

Evidence from the evaluation on the impact of the NSP on retention was mixed. Recipients of financial aid responding to our survey felt it had helped them to stay on course. In contrast, students who had not received financial aid in their third year did not tend to think this would reduce their ability to complete their course.

A wide range of factors affect student retention and decisions to leave HE are likely to be more complex than simply lack of finance. Financial aid alone may not be sufficient to prevent students leaving HE, but financial problems may be the 'final straw' for students who are struggling with other difficulties.

Institutions tended to agree that the NSP was helpful in improving retention rates among disadvantaged students. A few provided evidence from their own evaluations to support this belief, although the sample sizes were generally small and it was not possible to establish a causal link.

The impact of the NSP upon retention is likely to be dependent upon the configuration of the NSP, specifically the type, amount and timing of support offered by the university. For those institutions offering a fee-waiver and/or allocating the award in the first year only, the impact on retention for students was likely to be minimal. In this instance, the NSP award acted to offset future debt, rather than address direct costs and financial pressures encountered by students on their course.

Success and the student experience

It was difficult to directly attribute any impact upon success rates to the NSP, given that final degree classifications of students entering HE at the outset of the programme (2012/13) were not known at the time of commencing fieldwork in the final year of the evaluation. However, our interviews with institutions and students supported the idea that the NSP and financial aid can play a role in supporting student success.

Students were positive about the impact of financial aid on their ability to engage with their studies through reducing the need for paid employment and enabling them to purchase the necessary resources, such as text books.

Conversely, where students found their financial aid was not sufficient for their needs, they highlighted how it impacted upon their ability to focus on their studies. Around half of the students we interviewed had experienced financial difficulties, for example, because they incurred unexpected costs or the value of their bursaries or scholarships (including the NSP) was reduced in the second and third years. For some this impacted negatively on their wellbeing, and they reported increased feelings of stress and worry. Students of visual arts courses in particular often struggled to finance the additional costs of purchasing materials in their final year and felt that this could have adversely affected their grades.

Our evaluation found evidence that the NSP, and financial aid more generally, can positively contribute towards an enhanced student experience and wellbeing. Financial aid can make social and enrichment activities, such as field-trips and work experience, more affordable and accessible for disadvantaged students. In this way financial aid can also help disadvantaged students integrate with better-off peers. Such activities are also important because obtaining a degree is only part of creating social mobility. Graduate prospects are influenced by the wider student experience as well as academic achievement.¹

Part-time students

Since 2009/10 there has been a substantial drop in part-time student numbers. A substantial proportion of institutions responding to our survey that deliver part-time courses did not make any NSP awards to part-time students. While the NSP has benefitted part-time and mature students, overall the programme was not designed to particularly encourage or support this group of students. If, as it appears, financing HE is a particular challenge for part-time students, more tailored financial support for this group may be worth considering further, building on the reforms that have enabled eligible part-time students to access loans.

¹ Independent Reviewer on Social Mobility and Child Poverty (2012) *University Challenge: How higher education can advance social mobility* Cabinet Office
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80188/Higher-Education.pdf

Supporting progression to postgraduate study

Postgraduate study offers the opportunity for students to further their interest in a subject and to enhance their skills and qualifications. For some, it is an important or even an essential step on the path to their chosen career or profession.² Among disadvantaged students who are motivated to take up postgraduate study, finance is the key barrier. The availability of adequate financial support is likely to encourage and enable more students to take up postgraduate study.

After the NSP

The impact of the ending of the NSP is unlikely to be felt equally across the sector. While most institutions offered some other form of financial support in addition to the NSP in 2014/15, selective institutions were more likely to do this than small or specialist institutions.

Most institutions will continue to offer financial aid after the NSP has ended, indicating that they perceive there to be an intrinsic value in financial support. Just 10 per cent of institutions responding to our survey said they would offer no financial support after the end of the NSP. All of these were small institutions. Small institutions responding to the survey were also most likely to offer financial support to fewer students following the ending of the NSP. Some institutions commented that the loss of the government contribution would place additional pressure on budgets. While institutions may not be persuaded that the NSP offered the best way to deliver financial aid, the additional funding it provided was clearly beneficial to many institutions.

Recommendations

- Financial aid initiatives should be clear about their intended purpose and desired outcome – whether this is to widen access, improve retention, support student wellbeing or something else – and key beneficiary groups.
- A financial aid scheme with the specific aim to widen access might be best delivered as a national entitlement that is guaranteed to students who meet certain criteria, and is uniformly delivered across institutions.
- Financial aid schemes to support student retention, success, wellbeing and enhance the student experience should be devolved to institutions to design and deliver, giving maximum flexibility to ensure it meets their particular priorities and students' needs.
- Future financial aid schemes should strongly consider offering support in the form of cash. Some students may also benefit from support with budgeting and managing their finances.
- There is an argument for spreading financial aid across all years of study. The ideal payment profile is likely to vary by course. Students may need larger amounts in later years to allow them to focus on their studies and/or meet additional costs only incurred in

² The Panel on Fair Access to the Professions (2009) *Unleashing Aspiration: The Final Report of the Panel on Fair Access to the Professions* London: Cabinet Office

the final year such as for a final show or exhibition. Similarly, some courses have substantial upfront costs.

- Future financial aid initiatives should consider providing enhanced support for students whose study and living costs are likely to be higher than other students due to the need to purchase materials or other requirements and/or weighting the financial aid towards the final year.
- Further research to understand the financial support needs of part-time and mature students is required, including the extent to which lack of financial aid and/or cost has led to the decline in participation among this group. Further consideration should then be given to developing financial support packages that are tailored to meeting the needs of mature and part-time students.
- Institutions should be encouraged to evaluate the impact of their targeted financial aid schemes so a fuller understanding of what works, in what context, and with which groups of students is developed. The feasibility of establishing a comparison should be explored, for example through the use of individual-level data held by HEFCE.
- HEFCE may wish to consider making local evaluations a requirement of any future funding. Again, methods that include comparison groups should be considered. This has implications for how initiatives are designed and implemented, for example by piloting approaches initially in some institutions only.

01. Introduction

1. This report concludes the four-year evaluation of the National Scholarship Programme (NSP) by CFE Research and Edge Hill University on behalf of the Higher Education Funding Council for England (HEFCE). This fourth and final report presents findings from research undertaken in the final year of the NSP. The focus is on the implementation of the NSP in 2014/15, how the programme has changed over the three years of its operation, and demonstrating the impact on disadvantaged students.

The National Scholarship Programme

2. To briefly recap the purpose and operation of the NSP, the programme was announced in October 2010 and was rolled out to students for the first time in the academic year 2012/13. The main objective of the NSP was to provide a financial benefit to students from disadvantaged backgrounds as they entered HE for the first time. The development of the programme formed part of the government's policy of widening participation (WP) in higher education (HE), as set out in the HE White Paper, *Students at the Heart of the System*.³

3. Funding for the NSP from the government amounted to £50 million in 2012/13, £100 million in 2013, and was planned to increase to £150 million for 2014/15. Every higher education institution (HEI) that charged over £6,000 in tuition fees and that submitted an access agreement to the Office for Fair Access (OFFA) was required to participate in the programme; for other institutions participation was optional. Participating institutions received a financial contribution from the government calculated on the basis of the size of the student population. Institutions charging over £6,000 in tuition fees were required to match-fund this at 100 per cent and could contribute more at their discretion. Institutions charging below £6,000 were required to match fund 50 per cent of the government contribution during the first two years of the NSP (2012/13 and 2013/14). Institutions could choose to use the match-funding to increase the number of awards made, increase the value of those awards, or a combination of both. HEIs could integrate the NSP with any existing bursary or scholarship schemes, replace their existing schemes with the NSP or operate the existing schemes alongside the NSP.

4. Students from families with an income of less than £25,000 per year were eligible for the NSP, but only those who met the national criteria and any specific institutional criteria were entitled to receive an award. In its first two years of operation, the NSP offered

³ BIS (2011) *Higher Education: Students at the Heart of the System* Department for Business, Innovation & Skills <https://www.gov.uk/government/publications/higher-education-students-at-the-heart-of-the-system--2>

financial support of not less than £3,000 for eligible full-time undergraduate students in England, with a pro-rata amount for part-time students studying at a minimum of 25 per cent intensity. Institutions were free to design their own package of benefits within guidelines and awards could be in the form tuition fees waivers, accommodation discounts, institutional services, and a maximum of £1,000 cash. Part-time students were only able to receive the award in the form of a fee-waiver.

5. A number of changes to the NSP were announced in January 2013, effective in 2014/15. These included:

- a revised allocation model that took account of the proportion of potentially eligible students (not just overall student numbers),
- the removal of the requirement to provide 50 per cent match-funding for institutions charging fees of less than £6,000, and
- a new menu of options for part-time students.

6. In November 2013, the Chancellor of the Exchequer announced that the government's contribution to the NSP in 2014/15 would be reduced from the £150 million originally committed to £50 million. Institutions were expected to provide the same level of match-funding committed in their access agreement, but the minimum value of the award was reduced from £3,000 to £2,000 and the cap on the amount of cash that could be awarded was removed.

7. In 2015/16, the £50 million originally allocated to the NSP will be redirected to the Postgraduate Support Scheme (PSS) that provides financial support for taught postgraduate (PGT) study. A consultation is currently underway on a proposed loan scheme for PGT master's students.⁴ This proposes income-contingent loans, similar to those currently available to undergraduates, of up to £10,000 for eligible students under the age of 30.

Evaluation of the NSP

Aims and objectives

8. The original objectives of the NSP evaluation were to:

- review and report on the set-up and operation of the NSP,
- report on the continuing set-up and operation of the first year 2012/13, and
- deliver a longer-term, formative evaluation including both qualitative and quantitative evidence of the operation and effectiveness of the programme during its first three years from 2012/13 to 2014/15.

⁴ BIS (2015) *Postgraduate study: student loans and other support* BIS
<https://www.gov.uk/government/consultations/postgraduate-study-student-loans-and-other-support>

9. The first two objectives were met during the first two years of the evaluation and reports on the key findings for each of these stages were published.⁵ This final report delivers on the final objective, with a particular focus on:

- changing institutional approaches over the course of the programme, including the refinement of packages of benefits, eligibility criteria and application processes,
- the impact of financial support (including the NSP) on student retention and achievement,
- the non-financial benefits of financial aid including enhanced student wellbeing and ability to engage in wider student life,
- analysis of time-series data on the changing perceptions of the impact of the NSP across all years of the evaluation,
- the extent to which financial issues (such as cost or accumulated debt) and/or the possibility of receiving financial aid impact on student decision-making about progression to postgraduate study, and
- succession planning – what provision institutions are making for providing financial aid for undergraduate students from 2015/16 and the effects of the ending of the NSP.

Overview of the evaluation

10. Our evaluation began in the year prior to the introduction of the NSP, in order to help shape the programme by reporting on the preparation, systems-development and marketing activity of participating institutions. Table 1 below outlines the timeline for the NSP alongside our evaluation.

NSP year	Academic year	Evaluation year
Pre-implementation	2011/12	1
1 st	2012/13	2
2 nd	2013/14	3
Final	2014/15	4

Table 1: Timeline of NSP and evaluation

11. Over the course of the evaluation we have collected quantitative and qualitative data from a range of stakeholders including participating institutions and recipients of NSP awards. Table 2 summarises the online surveys administered across the four years of the evaluation. The potential student survey captured the views of young people with the necessary qualifications to progress to HE, in order to explore how the possibility of financial aid affected their decision-making. The recipient survey was designed to understand the impact of the award amongst first-year students in receipt of the NSP. The cohort survey tracked a group of respondents to the first recipient survey for three years. The institution survey was administered across all four years of the evaluation, gathering data on the management and delivery of NSP awards and the perceptions of key staff.

⁵ Evaluation reports for previous years can be found here: <http://www.hefce.ac.uk/sas/nsp/institution/>

NSP Evaluation year	Academic year	Potential student survey	Recipient survey	Cohort survey	Institution survey
1	2011/12	•			•
2	2012/13	•	•→ [•]		•
3	2013/14	•	•	•	•
4	2014/15		•	•	•

Table 2: Overview of surveys across the four-year evaluation

12. We undertook interviews and focus groups to supplement the survey data. These are summarised in Table 3.

Evaluation year	Academic year	Stakeholders	Institutions	NSP award recipients	Potential students
1	2011/12	•	•		
2	2012/13		•	•	•
3	2013/14		•	•	•
4	2014/15		•	•	

Table 3: Overview of qualitative research

The evaluation in 2014/2015

13. The NSP recipient survey was administered by sending out emails to key contacts at participating HEIs. We asked these contacts to forward the survey invitation to first-year NSP recipients at their institution. The survey ran from March to June 2015. We received responses from over 5,000 students at 100 different institutions. After cleaning the data, we had a sample of 4,823 usable responses.

14. The cohort survey was sent directly to students who completed the recipient survey in 2012/13 and agreed to be re-contacted. Unless they had dropped out or changed courses, these students were in their third year of HE study at the time of completing the survey. The survey ran throughout March 2015 and 426 students responded.

15. Invitations to complete the institutional survey were sent to 229 participating HEIs and 118 responded (although not all institutions answered all survey questions), a response rate of 51.5 per cent. The majority of these (n = 89) are institutions that have responded to all four annual institutional surveys. This allows us to analyse changes in institutional perceptions over time. We supplemented the survey data with monitoring data for all participating institutions provided by HEFCE.

16. In previous years we carried out depth interviews with staff from a sample of 24 institutions. In the final year of the evaluation we focused on just six case-study institutions: an inclusive institution, two selective institutions, a specialist institution (see Paragraph 19 for definitions), a further education college (FEC) with HE provision and an institution that

serves large numbers of part-time and mature students. These institutions were selected to reflect the range of types of institution participating in the NSP and because they had provided data for all or the majority of strands of the evaluation across all four years. We undertook face-to-face and telephone interviews with key staff involved in the implementation of the NSP and financial aid more generally.

17. Thirty NSP award recipients were interviewed by telephone; five students were interviewed from each of the six case-study institutions listed above. Interviewees were recruited from students who had completed the cohort survey and agreed to be re-contacted. Approximately two-thirds of the interviewees were female (19 of the 30) and covered a broad range of ages and ethnicities. All of them had received a combination of financial aid benefits. Five were only aware of receiving the NSP award during their first year of study, all the others had received financial support (including from other institutional sources) over the three years of their degree courses.

This report

18. The following chapter (2) provides the context for our Year 4 evaluation findings. It sets the scene in terms of the policy landscape, provides a brief overview of trends in participation in HE and summarises recent evidence on the impact of financial support in general. Chapter 3 looks at how the NSP in its final year has been delivered by institutions. This analysis considers how this differs by different types of institution and how and why this has changed over the course of the programme. We also take a closer look at NSP provision for mature and part-time students. Chapter 4 assesses the impact of the NSP (and financial aid more generally) on recipients. HEFCE encourages HEIs to take a holistic approach to WP across the student lifecycle, focussing on improving retention, success and progression as well as widening access. This lifecycle provides a useful structure for evaluating the NSP and we consider impact across these stages. We also report our findings on finance and progression to postgraduate study in this chapter. We provide our conclusions in Chapter 5.

19. Throughout the report we use a typology of institutional types as follows:

- **inclusive institutions:** Large, usually teaching-intensive institutions that recruit significant numbers of WP students,
- **selective institutions:** Large, usually research-intensive institutions that recruit high-attaining students,
- **specialist or professional training institutes:** Smaller HEIs and colleges that offer only a small range of courses, usually dedicated to a particular profession, and
- **small institutions:** FECs, general colleges and small HEIs that often recruit locally and many of whose students are from disadvantaged groups.

20. Results that compare data between different years or groups have been tested for statistical significance. Statistically significant results are indicated by an asterisk.

02. The NSP in context

21. In this chapter we provide some context to our evaluation. We set out recent changes in HE funding and policy, recent trends in participation (particularly among disadvantaged or under-represented groups) and update the literature review undertaken in Year 1 of the evaluation with the latest evidence on the impact of financial aid on WP.

The changing landscape of HE finance

22. Over the course of the NSP, the system of student financial support has been through a process of transformation. The 2011 HE White Paper 'Students at the Heart of the System'⁶ set the scene for how the HE landscape would evolve, with expansion of both provision and participation in HE and an increase in fees and loans. The paper announced that the government would increase financial support for students from lower-income households by "extending tuition loans to part-time students, increasing maintenance support and introducing a new National Scholarship Programme." (p.2). After 2014/15 the NSP will cease and maintenance grants are due to be replaced by loans from 2016/17. These changes illustrate the ongoing trend for transferring the cost of HE from the state to the individual benefitting. We explore key recent changes and proposals in further detail below.

Removal of student number controls

23. The 2014 Autumn Statement⁷ confirmed that the cap on student numbers in England would be removed altogether for 2015/16. This policy was first been announced by the Coalition Government in December 2013 and the cap had already been raised by 30,000 in 2014/15. This will mean that HEIs are free to recruit as many full-time undergraduate students as they can. Along with reforms to postgraduate finance (see Paragraphs 26 to 28 below) the stated aim was to contribute to creating a more highly skilled labour market.

⁶ BIS (2011) *Higher Education: Students at the Heart of the System* Department for Business, Innovation & Skills <https://www.gov.uk/government/publications/higher-education-students-at-the-heart-of-the-system--2>

⁷ HM Treasury (2014) *Autumn Statement 2014* HM Treasury https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382327/44695_Accessible.pdf

Reforms to undergraduate student finance

24. In the 2015 Summer Budget,⁸ the Conservative Government announced a number of proposals that affect HE student finance. Currently, non-repayable grants are available for full-time students from lower income backgrounds (in 2015/16 grants of up to £3,387 are available to those with parental incomes of £42,620 or less). In 2015 the government announced that, in order to support sustainable investment in universities, it would convert maintenance grants into loans from 2016/17. Recognising that students are concerned about the level of financial support they receive while studying, the level of maintenance loans for low and middle-income students will increase.

25. The current student loan repayment model allows for the repayment threshold to increase annually in line with the Retail Prices Index for pre-2012 students and in line with average earnings for post-2012 students.⁹ The Summer Budget included a proposal to freeze the threshold for five years, on which the government has published a consultation.¹⁰ The reform would also affect existing loans, not just new loans, because it alters the terms of borrowing retrospectively.

26. The Summer Budget also proposes allowing institutions with high quality teaching to raise tuition fees above £9,000 in line with inflation from 2017/18.

Reforms to postgraduate student finance

27. There has been a downward trend in the number of postgraduate entrants in recent years, falling from a high of 578,705 in 2009/10 to 539,440 in 2013/14.¹¹ This decline is greatest amongst PGT courses and part-time students, in contrast with the number of postgraduate research (PGR) students, which has remained largely the same. Whereas the proportion of students from poorer backgrounds undertaking undergraduate degrees has increased over the past decade, there is an increasing gap in progression to postgraduate study between the most and least disadvantaged. Evidence suggests that course fees are a barrier to postgraduate study.¹²

⁸ HM Treasury (2015) *Summer Budget 2015* HM Treasury
<https://www.gov.uk/government/publications/summer-budget-2015>

⁹ BIS (2015) *Guide to the simplified student loan repayment model (June 2015)* HM Government
<https://www.gov.uk/government/publications/simplified-student-loan-repayment-model>

¹⁰ BIS (2015) *Freezing the student loan repayment threshold* HM Government
<https://www.gov.uk/government/consultations/freezing-the-student-loan-repayment-threshold>

¹¹ HESA (2015) *Higher Education Student Enrolments and Qualifications Obtained at Higher Education Providers in the United Kingdom 2013/14 Statistical First Release 210* Higher Education Statistics Agency
<https://www.hesa.ac.uk/sfr210>

¹² HEFCE (no date) *Intentions After Graduation Survey 2014 Summary* HEFCE
http://www.hefce.ac.uk/media/hefce/content/What_we_do/Cross-cutting_work/Postgrad/IAGS/IAGS_summary_4.pdf

28. In the Autumn Statement of December 2014, the government announced that it would introduce income-contingent loans for taught master's study from 2016-17, similar to the existing system for undergraduate courses.¹³ The proposal is for loans of up to £10,000 for eligible students under 30. These postgraduate loans will be repaid at the same time as undergraduate student loans, at the same rate of nine per cent of earnings above £21,000. The suggested focus on students under 30 was based on evidence which shows that "young people face the greatest financial barriers to pursuing postgraduate Master's study".¹⁴ Details of the scheme will be announced following analysis of responses to the consultation which closed at the end of May 2015.¹⁵

29. To support postgraduate students until the new loans are available, funding will be available via the PSS. This scheme is funded via a government allocation of £50 million, match-funded by HEIs. The PSS offers £10,000 to each of 10,000 master's students.

Trends in HE participation

30. The Conservative Government has confirmed its support for the WP agenda with the Prime Minister committing to doubling the entry rate of students from disadvantaged backgrounds by 2020, compared to the 2009 level. In a recent speech, the Minister for Universities and Science also highlighted a desire to increase levels of participation from black and minority ethnic students and to target the under-representation of white British boys from disadvantage backgrounds.¹⁶

31. The general trend for overall HE participation in recent years has been a steady increase (see Figure 1). The exception is a larger increase in 2011/12 and a subsequent drop in 2012/13. This is explained by "more students choosing not to defer entry in [2011/12] in order to avoid having to pay a higher tuition fee, with a consequent reduction in participation among 19 year olds in 2012/13."¹⁷

¹³ HM Treasury (2014) *Autumn Statement 2014* HM Government
<https://www.gov.uk/government/publications/autumn-statement-documents> p.44

¹⁴ BIS (2015) *Annex 5: Evidence Related to Age Eligibility Criteria* BIS
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415294/BIS-15-185-an-evidence-postgraduate-loan-eligibility-age-cut-off.pdf

¹⁵ BIS (2015) *Consultation on support for postgraduate study* HM Government
<https://www.gov.uk/government/consultations/postgraduate-study-student-loans-and-other-support>

¹⁶ BIS and Jo Johnson MP (2015) *Higher Education: Fulfilling our potential* HM Government
<https://www.gov.uk/government/speeches/higher-education-fulfilling-our-potential>

¹⁷ BIS (2015) *Participation rates in higher education: academic years 2006 and 2007 to 2013 and 2014 (provisional)* BIS
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/458034/HEIPR_PUBLICATION_2_013/14.pdf

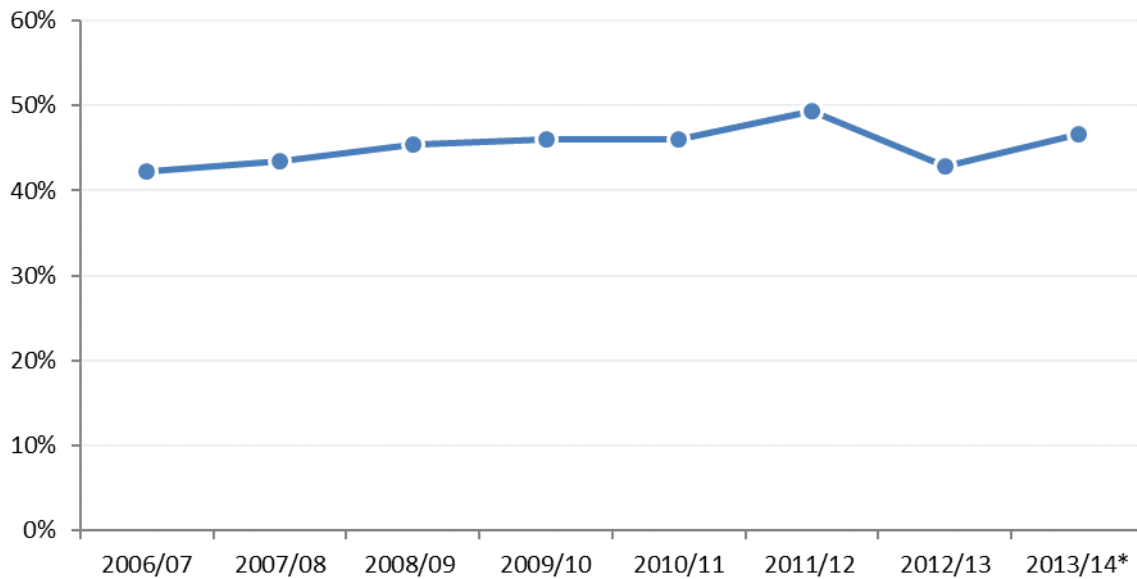


Figure 1: Higher education participation rate for English-domiciled first-time participants in UK HEIs (*provisional data) Source: BIS¹⁷

32. Despite the increased tuition fees, applications from disadvantaged students have been growing at a faster rate than their better-off counterparts.¹⁸ However, there are still differences in participation rates between the most and least disadvantaged students. Below we look at the participation rates among different groups of students of interest and relevance to our evaluation.

33. HEFCE's POLAR (Participation Of Local Areas) classification looks at the likelihood of young people participating in HE, based on the area they live in.¹⁹ Local areas are grouped into quintiles; Quintile 1 areas have the lowest rates of young participation (most disadvantaged) and Quintile 5 areas have the highest rates (least disadvantaged). Young participation across all quintiles has increased over the last decade, but the difference in the rates between young people in the most advantaged and disadvantaged areas remains large.²⁰

34. Eligibility for free school meals (FSM) is often used as a proxy measure for low income and/or disadvantage. In 2014, HE application rates amongst 18-year-olds who were in receipt of FSM at age 15 increased compared with the previous year, reaching 18 per cent, the highest level recorded.²¹ The participation gap by FSM status has been decreasing slowly but steadily over the past decade, with the latest data showing a gap of 17 percentage points for 2012/13 (Figure 2).

¹⁸ Wyness, G. (2015) *Paying for Higher Education: CEP 2015 election analyses series* Paper EA026 Centre for Economic Performance; London School of Economics and Political Science <http://cep.lse.ac.uk/pubs/download/EA026.pdf>

¹⁹ See <http://www.hefce.ac.uk/analysis/yp/POLAR/> for further information on POLAR.

²⁰ HEFCE (2013) *Trends in young participation in higher education* HEFCE <http://www.hefce.ac.uk/pubs/year/2013/201328/>

²¹ UCAS (2015) *Analysis note 2014/02* <https://www.ucas.com/sites/default/files/analysis-note-2014-02-fsm.pdf>

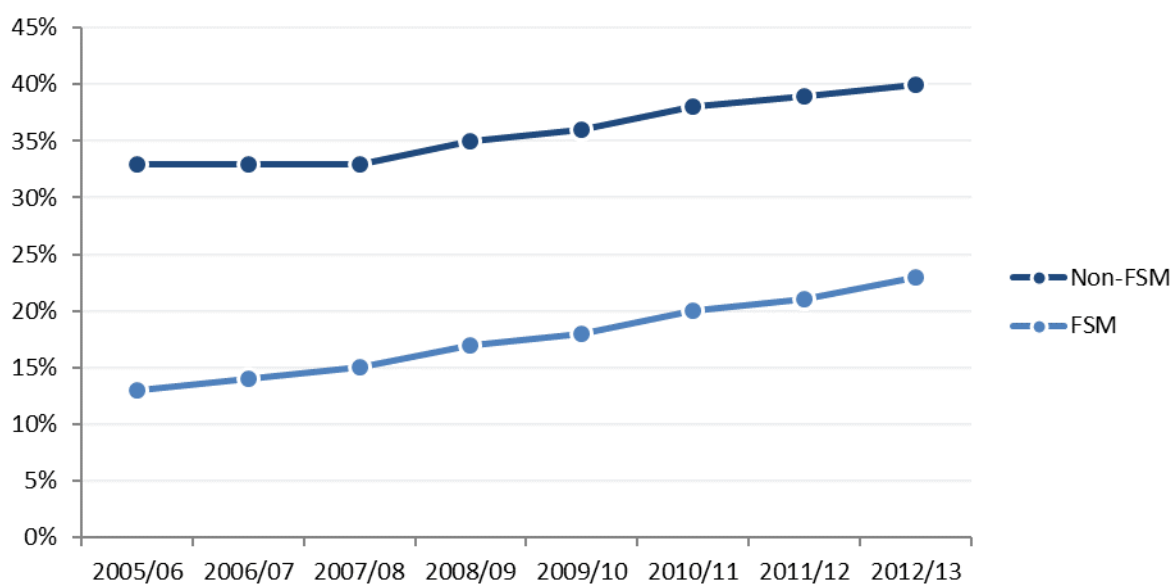


Figure 2: Estimated percentage of 15 year old pupils from state-funded schools who entered HE by age 19 by free school meal status. Source: BIS²²

35. Since 2009/10 there has been a substantial drop in part-time student numbers. The Independent Commission on Fees notes the decline in the numbers of part-time and mature students and reports that “the new fee regime is a major contributory factor”²³. However, Figure 3 (overleaf) shows that numbers were declining before the introduction of higher rates. Analysis undertaken by HEFCE indicates that there is no single cause; a range of factors are at play.²⁴ Changes to funding policy (for example, the reduction in funding for equivalent or lower qualifications) interact with wider economic conditions (such as high levels of unemployment, reductions in public sector employment and generally challenging economic conditions following the recession) to affect the ability of individuals to finance part-time study.

²² BIS (2015) *Widening Participation in Higher Education* HM Government <https://www.gov.uk/government/statistics/widening-participation-in-higher-education-2015>

²³ Independent Commission on Fees (2015) *Independent Commission on Fees 2015 Final Report* <http://www.independentcommissionfees.org.uk/>, p.1

²⁴ HEFCE (2014) *Pressure from all sides: Economic and policy influences on part-time higher education* HEFCE <http://www.hefce.ac.uk/pubs/year/2014/201408d/>

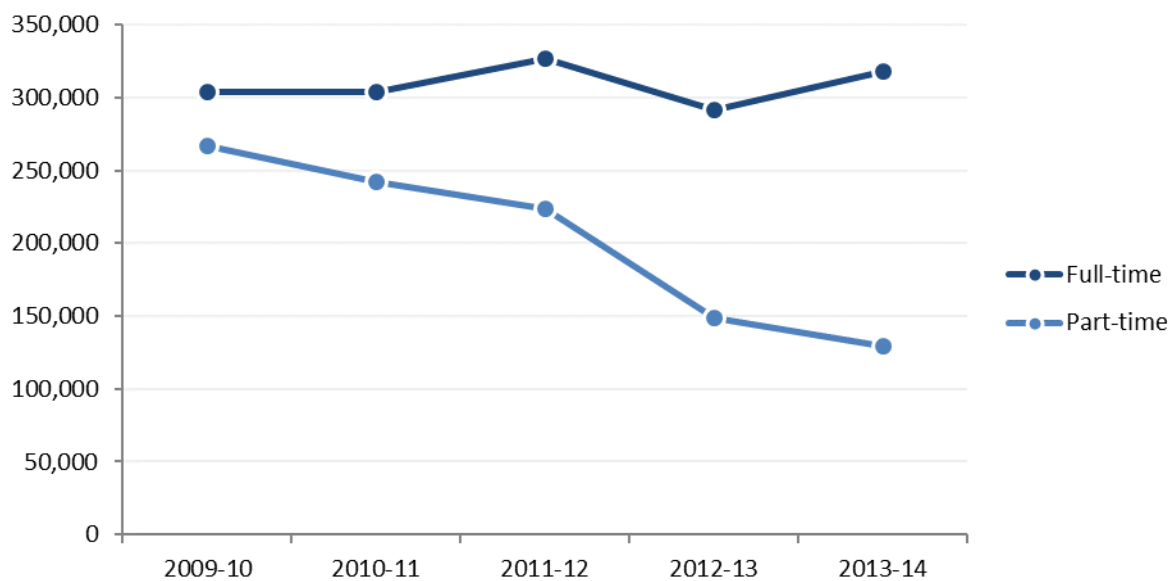


Figure 3: Undergraduate entrants to HE by study mode, 2009/10 to 2013/14. Source: HESA.²⁵

36. HEFCE defines mature students as those aged 21 and over.²⁶ Figure 4 shows a downward trend in participation among mature students and that this had also started before the major reforms to student finance in 2012. Between 2009/10 and 2013/14, the proportion of mature students among the total student population in England fell from 55 per cent to 42 per cent. This is a similar pattern to the fall in part-time participation. Clearly, there is a link between the decline in mature and part-time participation rates, because there is quite a lot of overlap between the two groups.

37. We explore the provision of the NSP for mature and part-time students in Chapter 3, Paragraphs 81 to 86 of this report.

²⁵ HESA (2015) *Participation of under-represented groups in higher education: Table T2b (part-time undergraduate entrants)* Higher Education Statistics Agency <https://www.hesa.ac.uk/pis/urg>

²⁶ <http://www.hefce.ac.uk/glossary/#letterM>

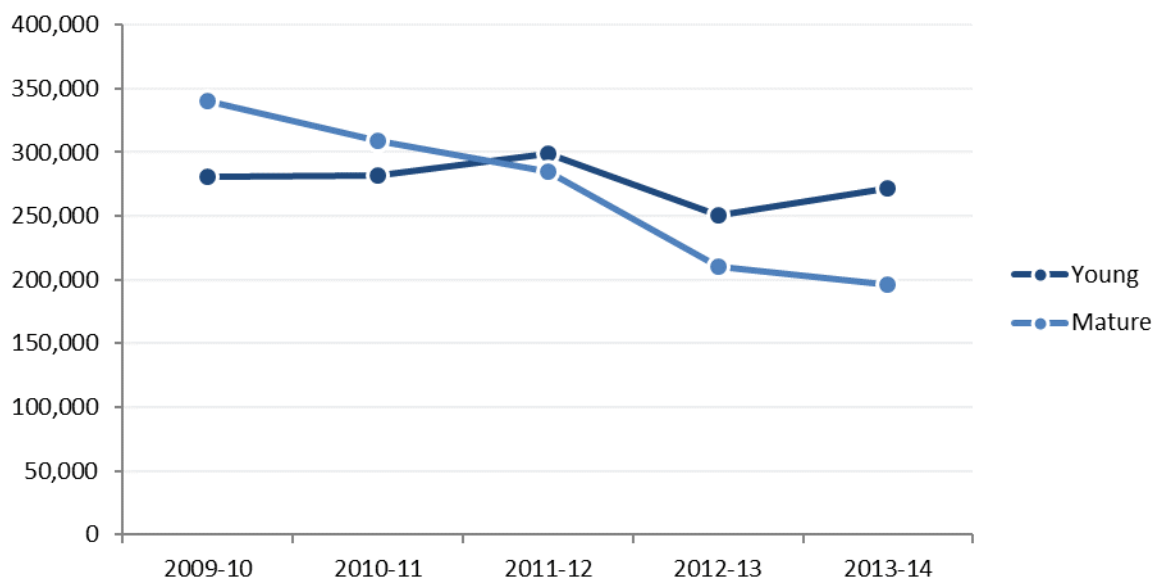


Figure 4: Undergraduate entrants to HEIs in England by age marker, 2009/10 to 2013/14. Source: HESA²⁷

38. Progression to further study or to employment is one of the objectives of WP policy, as stated in the *National strategy for access and student success in higher education*.²⁸ The strategy aims to improve progression to PG study for people from disadvantaged groups, narrowing the gap and reducing inequalities in employment outcomes. In the past few years there has been a decline in participation in postgraduate study, especially in taught courses and part-time study modes (Figure 5).

²⁷ HESA (2015) *Participation of under-represented groups in higher education: Table T2a (Mature full-time undergraduate entrants)* HESA <https://www.hesa.ac.uk/pis/urg>

²⁸ OFFA & HEFCE (2014) *National strategy for access and student success in higher education* BIS <http://www.hefce.ac.uk/sas/nsass/>

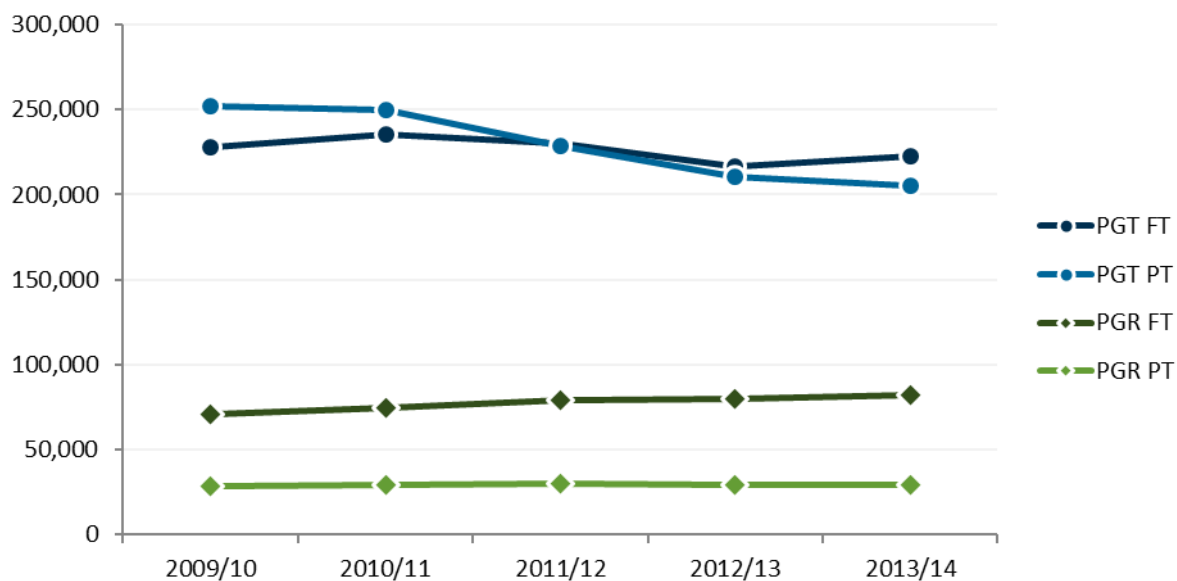


Figure 5: Postgraduate student enrolments by type and mode of study, 2009/10 to 2013/14. Source: HESA²⁹

39. The characteristics of postgraduate students in English HEIs are different from the undergraduate population, and vary with type of postgraduate course. Data for PGR and PGT students in 2011/12 shows that they were more likely than the undergraduate population to come from outside the UK, and less likely to come from white ethnic backgrounds.³⁰

40. An increasing proportion of PGT students self-finances their study.³¹ Estimates of the proportion of PGT students who are self-financed, receiving no funding from any other source, range from around two thirds to three quarters.³² There is evidence that financial issues (course fees and the availability of financial support) are the main barriers to progression into postgraduate study.³³ A study carried out on behalf of the Institute for Public Policy Research suggested that a system of postgraduate loans, modelled on the existing system for undergraduates, would offer a workable solution.³⁴ A subsidised loan

²⁹ HESA (2015) *Statistical First Release 210: Table 2 First year HE student enrolments by mode and level of study 2009/10 to 2013/14* HESA <https://www.hesa.ac.uk/stats>

³⁰ HEFCE (2013) *Postgraduate education in England and Northern Ireland: Overview report 2013* HEFCE <http://www.hefce.ac.uk/pubs/year/2013/201314/>

³¹ Ibid.

³² NUS (2010) *Broke and broken: Taught postgraduate students on funding and finance* National Union of Students www.nus.org.uk/PageFiles/12238/Broke.pdf

³³ HEFCE (2014) *Intentions After Graduation Survey 2014 Summary* HEFCE http://www.hefce.ac.uk/media/hefce/content/What_we_do/Cross-cutting_work/Postgrad/IAGS/IAGS_summary_4.pdf

³⁴ Muir, R. (2014) *Reaching higher: Reforming student loans to broaden access to postgraduate study*. IPPR <http://www.ippr.org/publications/reaching-higher-reforming-student-loans-to-broaden-access-to-postgraduate-study>

system will now be implemented, with loans of up to £10,000 for PGT courses at English HEIs available for English-domiciled and EU students under the age of 30 from 2016/17.³⁵

41. We return to explore the financial aid and postgraduate study further in Chapter 4, Paragraphs to 161 to 177.

Evidence for the impact of financial support for students

42. This section considers findings from recent research on the impact of financial support among disadvantaged students. It focuses on evidence published in the years since the Year 1 NSP evaluation report, which included a more detailed review of the international literature on financial aid. We explore evidence relating to a number of different potential roles for financial aid: addressing the impact of increased debt, reducing the differences in participation between socio-economic groups and supporting part-time students.

Addressing the impact of increased debt

43. Debt is an important factor in understanding HE participation and the role of financial support. Student debt has increased following the introduction of the current system of fees and student loans in 2012. The last cohort of the pre-2012 system will graduate in 2015 with an average outstanding debt of around £21,200.^{36, 37} Estimates of the amount of debt for the 2016 cohort, the first to graduate under the post-2012 fees and loans system, vary. For example, the Institute for Fiscal Studies (IFS) estimates this to be £44,000.³⁸ Which? University suggest that the average debt is between £35,000 and £40,000 for a graduate of a three-year course outside London.³⁹ At present, loans are repaid at the rate of nine per cent of earnings above a threshold of £21,000 per annum and any remaining debt is written off after a period of 30 years. The actual amount a graduate repays will, therefore, vary according to the level of earnings achieved.

The NSP was introduced as a way to ameliorate the potential impact of higher tuition fees and thus student debt. Behavioural and psychological studies suggested that aversion to debt varies as a function of socio-economic status and that young people from lower social

³⁵ BIS (2015) *Postgraduate study: student loans and other support* HM Government <https://www.gov.uk/government/consultations/postgraduate-study-student-loans-and-other-support>

³⁶ Bolton, P. (2015) *Student Loan Statistics Briefing paper number 1079* House of Commons Library www.parliament.uk/briefing-papers/sn01079.pdf

³⁷ Student Loans Company (2015) *Student Loans - Average Loan Balance on entry into repayment* <http://www.slc.co.uk/media/5379/average-balance-on-entry-into-repayment-by-country-within-the-uk.pdf>

³⁸ Crawford, C. and Jin, W. (2014) *Payback time? Student debt and loan repayments: what will the 2012 reforms mean for graduates?* Institute for Fiscal Studies <http://www.ifs.org.uk/publications/7165>

³⁹ <http://university.which.co.uk/advice/student-finance/how-much-debt-will-i-actually-get-into-by-going-to-university>

classes are more debt-averse.⁴⁰ Yet admissions data shows that the people dissuaded from HE after the introduction of higher fees in 2006 were mainly those from more affluent backgrounds.⁴¹ It was feared that the further substantial increase in tuition fees in 2012/13 would deter disadvantaged students from participating in HE. However, this fear has not been realised.⁴² The system of income-contingent loan repayments has succeeded in mitigating the impact of higher fees and prevented students, including those from disadvantaged backgrounds, being deterred from applying to HE.

44. A more nuanced classification of attitudes to debt is provided by Harrison *et al.*⁴³ The findings of this study suggest that student attitudes are more complex than assumed, especially with respect to social class:

Counter-intuitively, many students from lower social class backgrounds show a positivity about debt as a means of enabling them to access higher level careers; [...] More generally, the mainstream of student attitudes appears to fall between the 'debt-savvy' and 'debt-resigned' types, with students being relatively well-informed about repayment terms and accepting large-scale indebtedness as 'normal' with most students being 'in the same boat'.

45. Overall, the evidence for the effect of debt and finance on HE decision-making is mixed. For example, whereas some of the studies cited expect fear of debt to impact on participation among low-income households, others find that cost *does not* dominate student decision-making.⁴⁴ Given that the current system of finance is fairly new, and still changing, it remains to be seen whether debt, day-to-day living costs, or future repayment terms will have most impact on participation and progression in future.

The role of finance in widening participation

46. One purpose of financial aid is to reduce the participation gap between higher and lower socio-economic groups by ensuring students from lower socio-economic groups are not prevented from progressing to HE on financial grounds. The gap between the top and bottom socio-economic quintiles ranges from 20 to 40 percentage points, and is highest in more selective institutions.⁴⁵ A study by Dearden, Fitzsimmons and Wyness⁴⁶ quantifies the

⁴⁰ Callender, C. and Jackson, J. (2005) Does the fear of debt deter students from higher education? *Journal of Social Policy*, 34(4): 509–540.

⁴¹ Harrison, N., Chudry, F., Waller, R. and Hatt, S. (2015) Towards a typology of debt attitudes among contemporary young UK undergraduates *Journal of Further and Higher Education* 39(1): 85–107

⁴² Independent Commission on Fees (2014) *Analysis of trends in higher education applications, admissions and enrolments* <http://www.independentcommissionfees.org.uk/wordpress/wp-content/uploads/2014/08/ICoF-Report-Aug-2014.pdf>

⁴³ Harrison, N., Chudry, F., Waller, R. and Hatt, S. (2015) Towards a typology of debt attitudes among contemporary young UK undergraduates *Journal of Further and Higher Education*, 39(1): 85–107

⁴⁴ Atherton, G., Jones, S. and Hall, A. (2015) *Does Cost Matter? Students' understanding of the higher education finance system and how cost affects their decisions* National Education Opportunities Network http://www.educationopportunities.co.uk/wp-content/uploads/DoesCostMatter_ANEONReport.pdf

⁴⁵ Crawford, C. (2012) *Socio-economic gaps in HE participation: how have they changed over time?* IFS Briefing Note BN 133 <http://www.ifs.org.uk/publications/6428>

effect on participation amongst low-income students of grants and loans. It finds that a £1,000 increase in grants results in an increase in participation of just less than four percentage points. The size of this effect is comparable with similar studies in other countries, such as that by Dynarski⁴⁷ in the US, which shows a 3.6 percentage point increase in participation attributable to an increase of \$1,000 in financial aid. While this shows that financial aid can have a positive impact on participation, finance alone is unlikely to completely close the gap in participation between the most and least advantaged.

47. Evidence based on analysis of the Longitudinal Survey of Young People in England⁴⁸ shows that young people from households in the top fifth of the income distribution are nearly three times as likely to attend university as those in the bottom fifth. Overall, this gap closes when prior attainment is taken into account (although in highly selective universities the gap persists, even when controlling for prior attainment). The conclusion is that policy interventions aimed at the point of admission (such as financial aid) will do little to close the gap, and that it is more effective to try to improve prior attainment and encourage applications from a broader population instead. This recommendation is in line with the current national strategy for WP, which focuses on improving prior attainment and on outreach with schools, rather than on incentives for young people who have already decided to apply to HE.⁴⁹

48. Furthermore, in order for financial aid to have an impact on potential students' decisions about applying to HE, there needs to be a reasonable degree of assurance that the necessary finance will be available to them. Based on an analysis of trends in US HE and a survey of 2,000 UK students, Callender and Jackson⁵⁰ find that "the strength of bursaries is also their greatest weakness. They are discretionary rather than an entitlement." Financial support that is not guaranteed is unlikely to persuade potential students that would be reliant on this that they can afford HE.

49. OFFA has also conducted analysis on the impact of financial support on various aspects of the HE system. OFFA's analysis finds no evidence that institutional bursary schemes have an impact on the decision about where to study.⁵¹ Furthermore, there is no sign of disadvantaged young people choosing institutions that offer higher bursaries. In fact,

⁴⁶ Dearden, L., Fitzsimmons, E. and Wyness, G. (2014) Money for nothing: estimating the impact of student aid on participation in higher education *Economics of Education Review* 43: 66–78.

⁴⁷ Dynarski, S. (2003) Does aid matter? Measuring the effect of student aid on college attendance and completion *American Economic Review* 93 (1): 279–288. DOI: 10.1257/000282803321455287

⁴⁸ Anders, J. (2012) *What's the link between household income and going to university?* DoQSS Working Paper No. 12-01 Institute of Education <http://repec.ioe.ac.uk/RePEc/pdf/qsswp1201.pdf>

⁴⁹ OFFA and HEFCE (2014) *National strategy for access and student success in higher education* BIS <https://www.gov.uk/government/publications/national-strategy-for-access-and-student-success>

⁵⁰ Callender, C. and Jackson, J. (2005) Does the fear of debt deter students from higher education? *Journal of Social Policy* 34(4): 509–540.

⁵¹ OFFA (2010) *Have bursaries influenced choices between universities?* Office for Fair Access <https://www.offa.org.uk/guidance-notes/have-bursaries-influenced-choices-between-universities/>

most of the increase in participation of disadvantaged young people has been at institutions offering lower bursaries.

50. While the evidence that financial aid increases access to HE is at best contested, there may be a case for financial aid on the basis of its impact on student retention and success once in HE. Evidence from the Student Funding Panel shows that students have greater concern over maintenance costs than with long-term debt;⁵² 58 per cent of students were worried about living costs, compared with 42 per cent who were worried about fee levels.⁵³ The authors warn that this finding should be treated with caution, because of the tendency for individuals to be more concerned with present financial gains and losses than with future ones. This point relates to evidence from behavioural research, specifically the effect known as 'hyperbolic discounting', whereby future gains/losses are perceived as being less significant than more immediate ones.⁵⁴

51. Student concern about maintenance costs has implications for the form of financial support that is most likely to have an impact. Chowdry *et al.*⁵⁵ describe fee-waivers as being of little use to disadvantaged students because they offer "only a potential future benefit", as opposed to cash-in-hand during study. In terms of the NSP specifically, Dearden *et al.*⁵⁶ highlight two impacts of the award when it is awarded in the form of cash: "Upfront cash support is immediately useful whereas fee-waivers only reduce the amount that may or may not be paid back in future." The implication of these studies and the research by the Student Funding Panel research is the same: students benefit more from up-front cash than from discounts off potential future loan repayments.

52. Analysis by OFFA finds no evidence for any effect of financial support on retention rates.⁵⁷ However, this analysis is based on data relating to students who participated in HE between 2006/07 and 2010/11; it does not seek to understand the role of financial support in the post-2012 student fees and loans system. We should not extrapolate these findings to current students or the impact of the NSP without a degree of caution.

⁵² Universities UK (2015) *Student Funding Panel- an analysis of the design, impact and options for reform of the student fees and loans system in England* UUK
http://www.universitiesuk.ac.uk/highereducation/Pages/StudentFundingPanel.aspx#.Vdx9_IvHbc

⁵³ Ibid.

⁵⁴ Thaler, R. (1981) Some Empirical Evidence on Dynamic Inconsistency *Economics Letters*, 8(3):201–207.

⁵⁵ Chowdry, H. Dearden, L. Jin, W. and Lloyd, B. (2012) *Fees and student support under the new higher education funding regime: what are the different universities doing?* Institute for Fiscal Studies
<http://www.ifs.org.uk/publications/6429>

⁵⁶ Dearden, L. and Jin, W. (2014) *The rise and demise of the National Scholarship Programme: implications for university students.* [Online] <http://www.ifs.org.uk/publications/7410>

⁵⁷ OFFA (2014) *Do bursaries have an effect on retention rates?* OFFA.
<https://www.offa.org.uk/publications/#201402>

Finance and part-time study

53. There are many contributing factors for the decline in part-time study. These include a range of economic and policy factors, with the reforms to student finance being an important factor among these.⁵⁸ Although the decline in part-time participation rates had started before the introduction of higher fees, it has fallen more sharply since then (Figure 3).

54. Economic and policy factors have impacted on part-time study in a different way to full-time study because the characteristics of part-time students are markedly different. Part-time undergraduates are more likely than full-time students to be female, over the age of 25 and engaged in employment as well as study. They are more likely to be in employment, fitting study around their job, and see themselves as 'workers who study', whereas full-time students fit their work around their study, and see themselves as 'students who work'.⁵⁹

55. With specific regard to the impact of finance, the equivalent and lower qualifications (ELQ) policy places a restriction on funding to gain qualifications equivalent to or lower than the one currently held.⁶⁰ Because this reform came into effect in 2008/09, it would partly explain the declining trend that began before the increase in fees in 2012. HEFCE's report on part-time study notes that there was a 57 per cent drop in part-time UK and EU entrants studying for an ELQ over the four years following the introduction of the policy (p.8). This compares with a 36 per cent drop in the number of part-time entrants not studying for an ELQ.⁶¹

56. Income contingent loans for new part-time entrants to HE were introduced in 2012/13. However, Callender⁶² estimates that two-thirds of part-time students do not qualify for loans because they already have a higher qualification. She also points out that take-up of loans by part-time students has been much lower than expected. Furthermore, amongst those who applied and were eligible, 5,200 did not take up the loan – they either paid up front or did not begin their studies.⁶³ There may be a number of reasons why potential part-time students are not taking up loans such as an unwillingness to take on additional debt among those with family and other commitments and perceived uncertainty about the financial returns of further study.

⁵⁸ HEFCE (2014) *Pressure from all sides: Economic and policy influences on part-time higher education* HEFCE <http://www.hefce.ac.uk/pubs/year/2014/201408d/>

⁵⁹ Callender, C. (2014) *The demise of part-time undergraduate higher education in England: who cares?* Institute of Education

⁶⁰ <http://www.hefce.ac.uk/lt/elqs/>

⁶¹ HEFCE (2014) *Pressure from all sides: Economic and policy influences on part-time higher education* HEFCE <http://www.hefce.ac.uk/pubs/year/2014/201408d/>

⁶² Callender, C. (2014). *The demise of part-time undergraduate higher education in England: who cares?* Institute of Education (p.5)

⁶³ Thompson, J. and Bekhradnia, B. (2013) *The impact on demand of the Government's reforms of higher education: The first evidence on part-time demand and an update on full-time* HEPI Report (62) Oxford: Higher Education Policy Institute

Conclusion

57. This summary of wider research findings demonstrates both the complexity and intersectionality of the factors that impact on HE participation and the role of financial aid in both overcoming barriers to progression and helping to facilitate improved access, retention and success for disadvantaged and under-represented groups. In our analysis of the findings from the evaluation of the NSP over the following chapters, we return to some of these issues as well as exploring other factors, such as the non-financial and indirect benefits of financial aid.

03. Implementing the NSP in 2014/2015

58. We begin this chapter by exploring how participating institutions configured their NSP schemes in 2014/15 and how this changed over the course of the programme. We then go on to examine the NSP in the context of other financial support provided by institutions in order to assess the extent to which the NSP provided an additional benefit to students. We conclude by looking at institutions' plans for financial aid in 2015/16 and the impact of the ending of the NSP.

Delivering the NSP

59. Analysis of monitoring data from institutions, provided by HEFCE, gives a picture of how the NSP was delivered in its final year of operation. A number of changes were made to the funding allocation and implementation rules for 2014/15 (see Paragraphs 3–6). Given these changes it is perhaps unsurprising that the approaches to delivering the NSP changed more in 2014/15 than in previous years.

60. Discussion with case-study institutions also further illustrates the iterative nature of the programme design, which in some cases involved testing new ideas and reassessing with each academic year. Institutions made changes to the NSP not just as a response to changes in funding allocation and guidance but also following feedback from students and for pragmatic reasons relating to their ability to manage and deliver the programme.

61. A point repeatedly made by institutions that took part in the evaluation was the need for greater flexibility in the design of the support package. Greater freedom in how and when the money was distributed would have been beneficial and allowed institutions to provide funding in a way that best met student needs and their own priorities.

I think [the NSP] hasn't delivered as well as it could have it done and I think probably that's around flexibility of the design of it. [...] if there were more flexibility in design there would have been a more tangible effect...

Small institution

62. Some case-study institutions suggested that greater consultation with the sector should have taken place in advance of the launch of the programme in order to create a suitable design and to win support. As it was, many institutions were sceptical of the programme's likely effectiveness from the start.

If you're going to deliver a scheme then I think you need to talk to people who have a real insight into the issues in order to inform the development of the scheme and, you

know, this is by no means the only example but it didn't happen in this case. I think people just felt bounced by something that they just didn't think was going to deliver.

Selective institution

63. In the following sections we describe how key elements of NSP design were delivered in 2014/15 and how they changed over the course of the programme. This is followed by a short case study illustrating the development of the NSP at one institution. Our analysis of NSP delivery in 2014/15 uses data submitted by institutions to HEFCE on their *intentions* for the year. Data on NSP delivery in previous years is end-of-year monitoring data that reflects actual delivery and is therefore more accurate and precise. The end-of-year data for 2014/15 will be available in January 2016.

64. It should also be noted that as participation in the NSP was optional for institutions with tuition fees of less than £6,000 per annum, the number and profile of institutions taking part each year varies and this is reflected in the monitoring data. In 2012/13 180 institutions took part; in 2014/15 this rose to 293. Figure 6 shows the composition of institution types participating in the NSP across three years of the programme. As might be expected, the biggest change is in the participation of small institutions (many of which are FECs with HE provision), which almost trebled between the first and third years. Participation in the scheme for institutions charging less than £6,000 was particularly attractive in 2014/15 as there was no requirement for match-funding from these organisations.

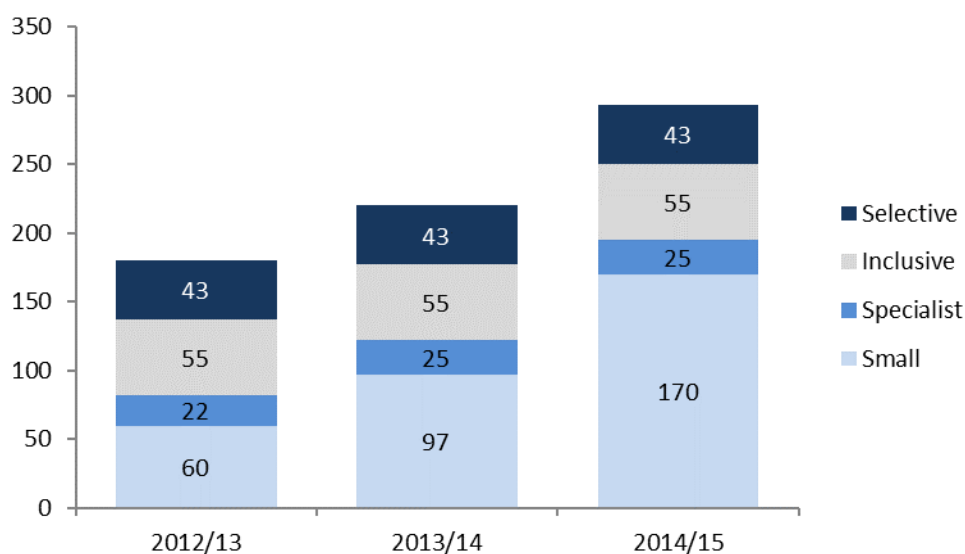


Figure 6: Number of institutions participating in the NSP, by institution type

Use of match-funding

65. Institutions could use their match-funding to increase the number of awards, increase the value of awards, or both. The end-of-year monitoring data for the first year of the NSP (2012/13) showed that the most popular option was to increase the number of awards, with 48 per cent of institutions choosing this option. In 2014/15 the picture was

more complex. This was due to the reduction in the planned level of government contribution to the programme. As institutions charging tuition fees over £6,000 were still required to contribute the same amount of funding as originally planned, the ratio of institution to government funding in 2014/15 was three to one rather than one to one. Institutions' contributions more than matched the minimum number of (smaller) awards allocated. As Figure 7 shows, a smaller proportion of participating institutions planned to use their match-funding to increase the number *or* value of awards than in previous years. A greater proportion of institutions planned to use the match-funding to do both. And as indicated above, many institutions no longer had a requirement to match-fund.

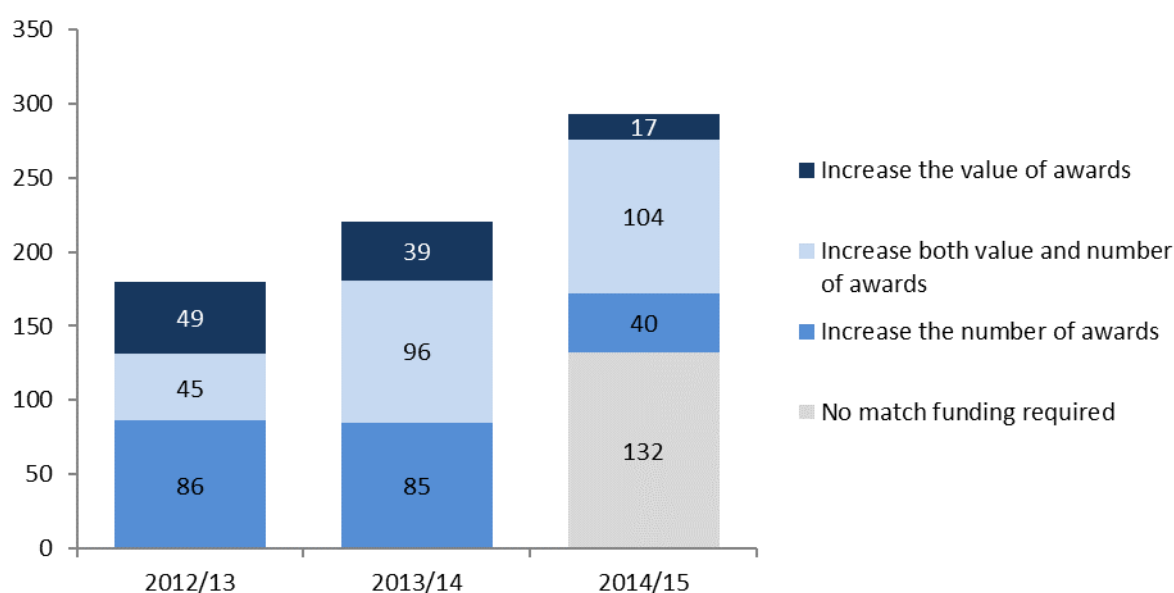


Figure 7: How institutions have used their match-funding across the three years of the NSP (number of institutions)

66. When we look just at those institutions that participated every year of the NSP we also see that the proportion that is either increasing the value or number of awards was much reduced between the first and final year. The increased ratio of institution to government funding allowed more institutions to top up awards (for example, by maintaining awards at the same £3,000 level as in previous years) and to provide additional awards to other students. There was great variation in how institutions achieved this, within the restrictions of the programme. Notes accompanying the monitoring data provide a flavour of the variety of approaches, including offering different value and types of awards for students who met different criteria. For example, one institution increased the number of awards allocated overall while topping up the value of awards for care-leavers. Some institutions also enhanced the value of awards to students in other years. As we will explore later in this report, providing bursary funding across years of study rather than in the first year of study is important in supporting students.

67. One of the questions we considered in our evaluation was whether we could conceptualise a number of 'typical' models of NSP award. In the Year 3 evaluation report,⁶⁴ we concluded that this was not possible. The increased variety of approaches in 2014/15 means this continues to be the case.

Package of benefits

68. According to information provided to HEFCE on intentions for 2014/15, 22 per cent of institutions planned to deliver the NSP in 2014/15 as a financial scholarship or bursary only (Figure 8). This was not an option in previous years when the amount of cash that could be awarded was limited to £1,000.

69. Previous reports clearly indicated that students prefer cash to other forms of financial support, and our findings this year were no different. Although some students we interviewed were happy to have received a tuition fee reduction, the majority felt that this was meaningless during their studies and having cash would be more valuable and meaningful in assisting them to meet living costs while they are studying. Institutions also believe cash awards are more likely to have an impact on student retention and success than fee-waivers. This is in line with findings from other research that shows students are more concerned with meeting living costs when studying rather than reducing student loan debt (see Paragraph 52).

70. It is perhaps surprising then that more institutions have not taken up the opportunity to deliver the NSP in this format. Overall more institutions (91 in 2014/15 compared with 50 in 2013/14) planned to provide a fee-waiver only. As reported in previous years of the evaluation, some institutions found fee-waivers easier to administer⁶⁵ (although others found cash bursaries easier⁶⁶). It may be that in the final year of a programme that is not continuing institutions considered the easiest way to administer the NSP. It may also be a reflection of the increased number of small institutions that participated with very small numbers of NSP awards to deliver and limited resources to do this. When we look just at institutions who participated in every year of the NSP we see that the proportion offering fee-waivers reduced from 26 per cent in 2012/13 to 20 per cent in 2014/15.

⁶⁴ Bowes, L., Moreton, R., Thomas, L., Porter, A., Sheen, J. and Birkin, G. (2013) *Evaluation of the National Scholarship Programme – Year 3* HEFCE <http://www.hefce.ac.uk/pubs/rereports/Year/2014/nspevaly3/>

⁶⁵ Bowes, L., Moreton, R., Porter, A., Thomas, L. and Sheen, J. (2013) *Formative evaluation of the National Scholarship Programme – Year 2* HEFCE p.49 <http://www.hefce.ac.uk/pubs/rereports/Year/2013/nspevaly2/>

⁶⁶ Bowes, L., Moreton, R., Thomas, L., Porter, A., Sheen, J. and Birkin, G. (2013) *Evaluation of the National Scholarship Programme – Year 3* HEFCE <http://www.hefce.ac.uk/pubs/rereports/Year/2014/nspevaly3/>

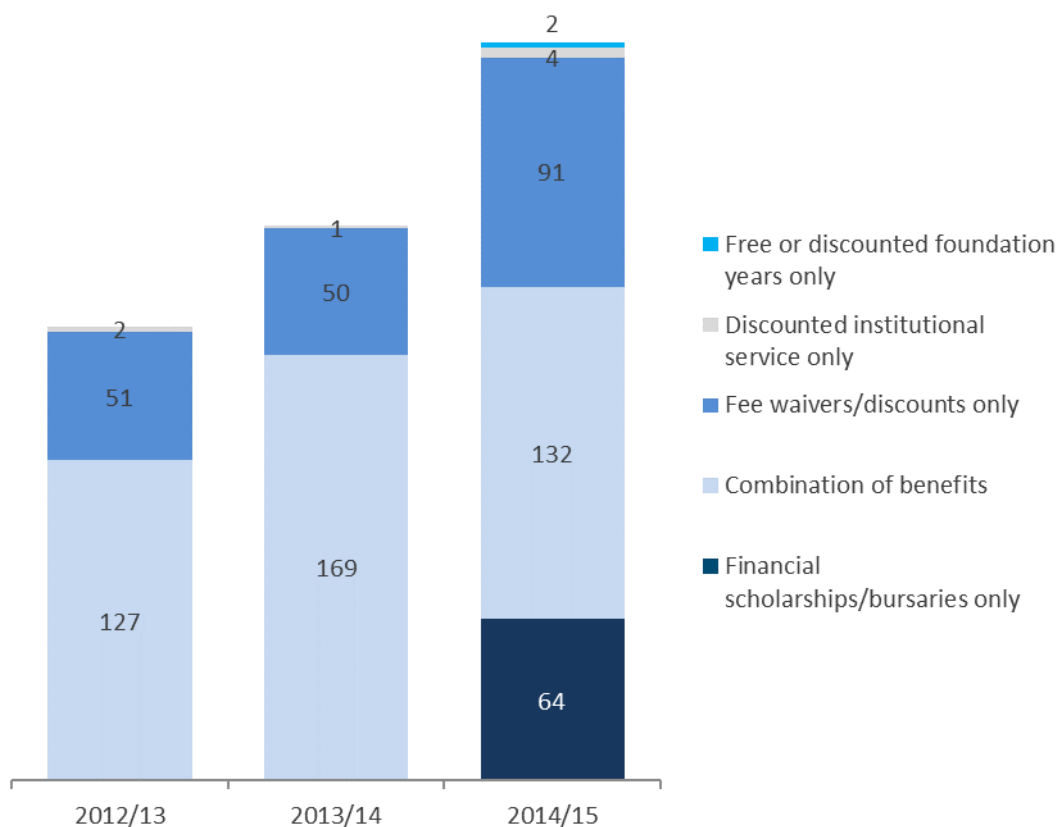


Figure 8: Package of benefits delivered by institutions across the three years of the NSP (number of institutions)

71. Interviews with the case-study institutions helped to shed light on some of the differing rationales and motivations for changing (or not, as the case may be) the NSP package in the final year of delivery. An inclusive case-study institution indicated that the change in NSP rules for 2014/15 enabled them to offer predominantly cash support, rather than non-financial benefits or fee-waivers, reflecting the preferences of students.

I think it's also simpler for the student. It's just cash in their hand. They don't have to weigh up [...] 'Do I want an accommodation-waiver or a fee-waiver, which would benefit me most?' There's none of that for them to worry about now, it's just cash in their hand and that's it, so I think they prefer that.

Inclusive institution

72. This was echoed by two institutions that have also moved towards the option of a full cash award in 2014/15, having provided other options such as accommodation discounts and fee-waivers in previous years. They also highlighted the fact that changes to the scheme in the final year made it simpler for them to administer. Another of the selective case-study institutions did not make any changes, pointing out that splitting the NSP award into different types of package would add little value, given that the NSP was considered a marginal benefit alongside the university's own bursary scheme. While there may be benefits from changing to a more flexible package, there are also likely to be administrative burdens in managing and monitoring multiple schemes across different student years. These

burdens need to be weighed against the benefits of changing the scheme for one year only. As one of the case-study institutions pointed out, if the scheme had been extended they might have made more changes.

Timing of payments

73. In 2013/14 just over half of participating institutions paid the NSP in the first year of study only (Figure 9). The picture was notably different in 2014/15 with a much larger number of institutions planning to award the full NSP in the first year of study only. However, this appeared largely to be due to the change in the profile of participating institutions as described in Paragraph 65. When we look just at those institutions who took part every year the change between the first and final year of the NSP is less marked, with 59 per cent and 64 per cent respectively paying all the NSP in the first year only. More institutions in the second year of the programme (2013/14) spread payments over two or more years. This may have been due to the increased funding available in that year. Although the government allocation had to be spent in the first year, institutions could use their match-funding to provide funds for students in subsequent years of study. The larger match-funding requirement may have given institutions additional flexibility to provide additional funding for students to spread across their study.

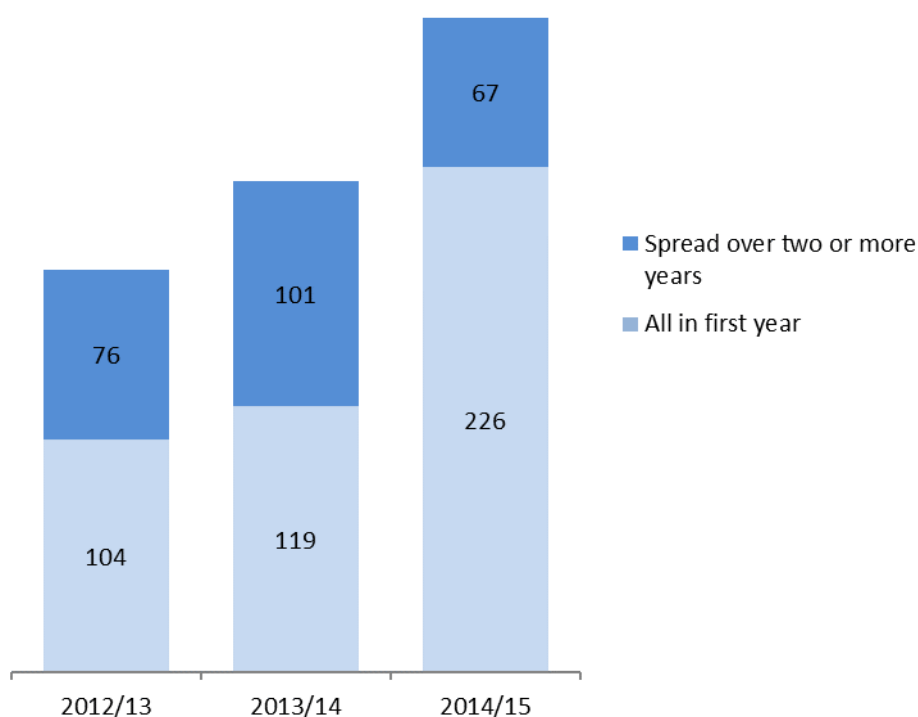


Figure 9: Timing of NSP payments across the three years of the NSP (number of institutions)

74. The timing of payments has a potential impact on NSP recipients. We need to bear in mind that many NSP recipients received additional financial aid from other sources such as institutional bursaries. And students were not always able to differentiate between the sources of their funding, especially if the NSP was fully integrated with other support. Despite this, among respondents to the cohort survey, over a quarter (27 per cent) did not receive institutional financial aid of any kind (excluding maintenance grants and loans) in 2014/15 (their third year of study) although a third of these had expected that they would. Interviews with students indicate that having received funding in the first year of study, the assumption was that this would continue in subsequent years. As stated in the Year 3 report, institutions recognised the need to make clear to students what they would receive and yet some students expected support to continue in line with previous years.⁶⁷

75. Most cohort survey respondents who did receive some financial aid (69 per cent) said that they received roughly the same amount as in previous years and most (75 per cent) also confirmed that this was what they expected.

76. Some students interviewed appeared somewhat mystified at the way financial awards were spread across years of study as their financial circumstances and responsibilities had not changed, and in some instances had increased.

So I was given support in my first year where I got £3,000 [...] and then £1,000 in the second and the third, which was kind of bizarre. I needed more money in my third year because final major projects are the most expensive.

Young student, Specialist institution

77. The general feeling was that it would be more valuable to have a larger sum of support in the final year as this is the time when students need to cut back on part-time work to focus on their final projects and/or incur greater expenses for materials for final pieces of work (especially in the arts). We discuss this further in Paragraphs 141 to 143. Students who took part in interviews also suggested changes to the way payments are spread within years. Some felt it would be helpful to have one lump sum payment made at the start of the year, for students to budget themselves. Others felt having an allowance distributed monthly would be helpful, especially those away from home for the first time and mature students with family commitments. Receiving funds before the start of term was also suggested to allow students to purchase things like books and laptops.

78. We asked those cohort survey respondents who received no financial aid in their third year of study what the impact of this was. Overall the greatest impact was perceived to be an increased likelihood of taking up paid work while studying (Figure 10). Respondents also tended to agree that it was harder to purchase resources for their studies and to take part in university/college life as a result of not receiving financial support. This was supported by interviews with students who highlighted these aspects as being key areas where financial aid had had an impact on them.

⁶⁷ Bowes, L., Moreton, R., Thomas, L., Porter, A., Sheen, J. and Birkin, G. (2014) *Evaluation of the National Scholarship Programme – Year 3* HEFCE <http://www.hefce.ac.uk/pubs/rereports/Year/2014/nspevaly3/>

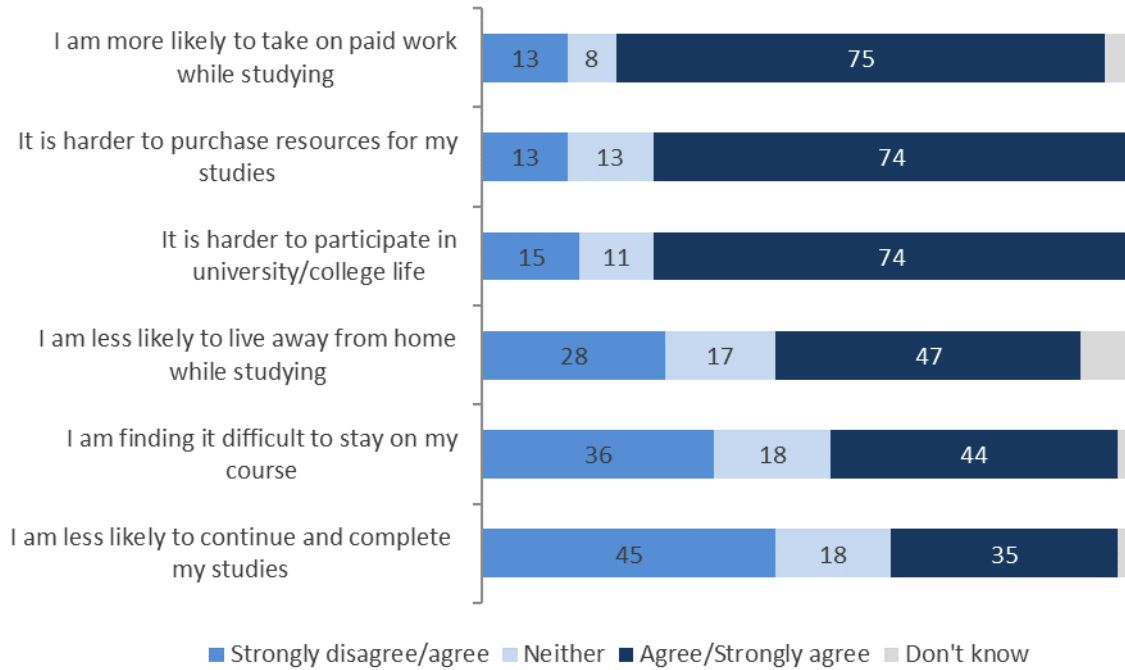


Figure 10: Cohort survey 2014/15: Levels of agreement with statements about the impact of *not* receiving financial aid Per cent, base 106

79. Cohort survey respondents who had not received financial aid this year tended to disagree that the lack of financial aid meant they were less likely to continue and complete their course. In contrast, 80 per cent of cohort survey respondents who had received financial aid agreed or strongly agreed that they were more likely to continue and complete their studies as a result of the support received. Yet both groups had remained on their course well into their third year, the survey being completed for many towards the end of their course. This illustrates the difficulty in relying on such predictive, self-reported measures as a means of evaluating the impact of financial aid on retention. We return to this issue in Paragraph 122 of the next chapter.

Case study – evolving the NSP

This selective institution began delivering the NSP in 2012/13 in a typical configuration: match-funding was used to create additional awards at the value of £3,000, delivered in the first year of study only and using the standard national eligibility criteria. The university opted to deliver awards through a wide variety of different benefits from which students could select, including fee-waivers, discounted accommodation, IT packages and cash bursaries (capped at £1,000). The final list of options was whittled down from a longer list of suggestions as to what was practically feasible to deliver.

When we were first designing it, because we had the mixture of offerings you could give, we spent quite a lot of time actually coming up with lots of different ideas [...] Then you had to go through and say, 'Right, how would you do all of these in a practical way?' We ended up having to take out some ideas that sounded really good in principle but were just impossible to manage in a practical way. For the 2014/15 academic year the institution simplified their package of benefits to offer cash bursaries only, taking advantage of the removal of capped cash bursaries.

The motivation for this change was twofold. First, administration from the perspective of the institution; delivering the award entirely as cash was significantly easier to manage. If students wished, the cash award could still be used towards university accommodation, which was minimal in terms of administrative burden.

Second, feedback gathered from Student Union representatives at the university suggested that students had an overriding preference for cash awards, as these provide greater flexibility and place control in the hands of the student. For example, despite IT equipment being positively received in previous years, receiving the award in cash enabled the student greater choice.

The key point is that [students] could actually decide for themselves what they will do with the money and how to use it.

Due to reductions in the government NSP allocation, the university also opted to adjust its approach to match-funding in the final year of the programme, by using match-funding to both create additional awards, and to increase the value of each award. In this way students received an NSP award of £2,400. While this was a reduction compared to previous years, for many students the ability to receive the whole award in cash meant a more immediate increase in the amount of financial support at their disposal. The awards were still delivered only in the first year, but continued to form part of the wider package of support offered by the university.

NSP provision for mature and part-time students

80. Mature and part-time students are two groups of students of concern for this evaluation, because both show a substantial decline in HE participation over recent years (see Chapter 2, Paragraphs 35 to 37).

81. Although NSP awards were offered to part-time students in about two thirds (60 per cent) of institutions responding to our survey, only around one third (31 per cent) of institutions made awards to part-time students in 2013/14. The main reasons why institutions did not award the NSP to part-time students are presented in Figure 11. Largely, this was either because institutions had no part-time students, part-time students failed to meet institutional criteria for an award or they did not apply. However, 18 per cent of institutions responding to our survey decided not to offer NSP awards to part-time students. In earlier years of the evaluation we discovered this was often due to difficulties obtaining evidence of eligibility.

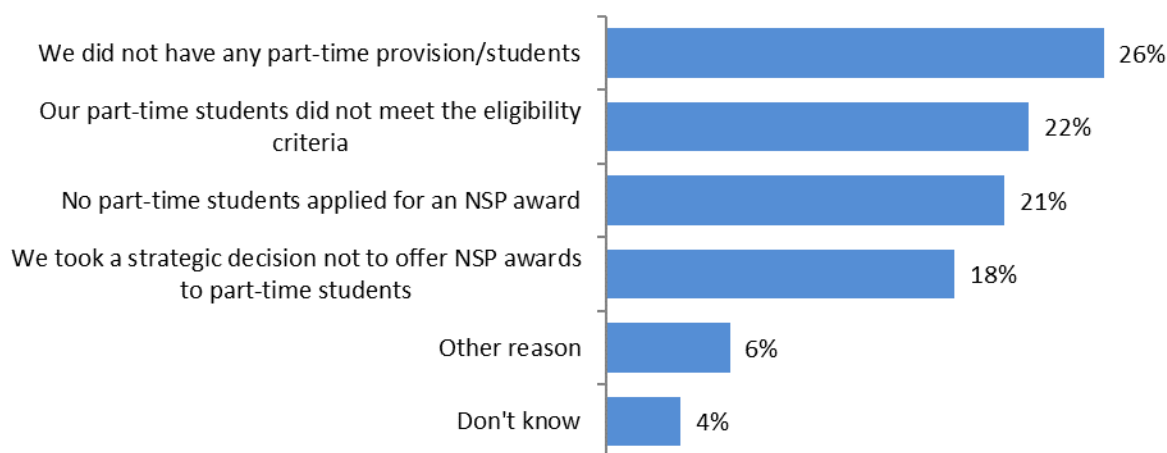


Figure 11: Institution survey 2014/15: What is the main reason why your institution did not make any awards to part-time students in 2013/14? Per cent, base 117 responses to this question

82. The institutional survey does not tell us whether the lack of applications from part-time students in some institutions was due to a lack of awareness of the programme, or because students knew they would not be eligible. Our survey of NSP recipients suggests there is greater awareness of the availability of financial aid among young students than mature students (Figure 12). We know that UCAS and schools are important sources of information about the NSP for students. Mature and part-time students are less likely to access these sources so it is important that information about financial support is provided in channels accessible to these students.

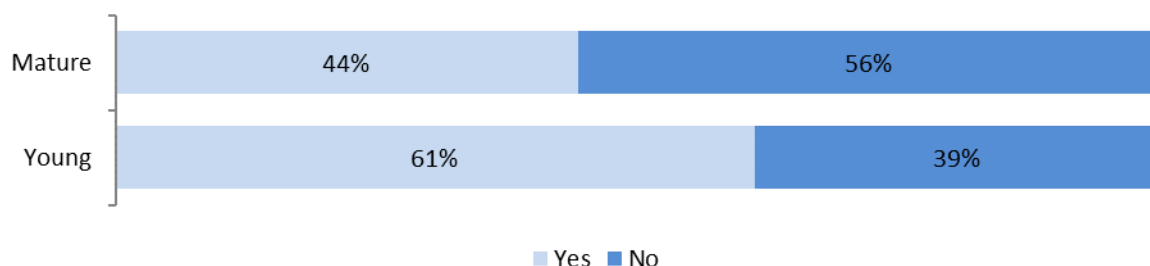


Figure 12: Recipient survey 2014/15: Were you aware that financial aid was available to support you in your studies? Per cent, bases = 3072 young; 807 mature

83. The concerns of mature students about going to university have also been highlighted in another recent HEFCE commissioned research report.⁶⁸ Prospective mature students, in particular those who may be considering leaving a full-time job to study in HE, have to assess the financial feasibility of returning to education. They need to balance the cost of studying alongside existing work and/or family and home commitments.

84. The short case study below illustrates the benefits and challenges of study for mature students.

Case study: a mature student

Julie had spent many years as a lone parent, working full-time in a low-paid job that she found intellectually unrewarding and with no route for career progression without a degree. She delayed going to college and university until her five children were grown up. With a home and family to support, Julie's main concern before beginning the degree was the financial implications of giving up full-time work and being able to survive on a student loan. Choosing to go to university and investing in herself she described as incredibly empowering and she is finding her degree fascinating. However, she has found that the financial support is not enough to cover her basic rent, bills and food. As a result, she has sold anything she owned of value in order to support herself and her son, who still lives at home, while she studies.

If you've got your own children, it doesn't matter how old they are, or what they're doing, you're still responsible for them, as well as yourself, and sometimes the pressures are enormous. There are all sorts of things that you have to do as a homeowner; juggling that with parental responsibility and your studies is not easy. Particularly if you've got financial worries.

85. Mature and part-time students have particular needs and concerns that need to be taken into account when designing and delivering financial aid to support them. A substantial proportion of institutions taking part in our survey who have part-time students did not make any awards to part-time students and the offer for part-time students was initially limited to fee-waiver only. While the NSP has undoubtedly benefitted part-time and mature students, and some institutions provided awards targeted at students with caring responsibilities, overall the programme was not designed to particularly encourage or support this particular group of students. Government fee loans for part-time study became available for in the 2012/13 academic year. However, if financing HE continues to be a particular challenge for part-time students, more tailored financial support for this group may be worth considering further.

⁶⁸ Evans, J., Bowes, L., Nathwani, T., Birkin, G., Boyd, A., Holmes, C., Thomas, L. and Jones, S. (forthcoming) *Research on information use by students and their advisers: A report to the UK higher education funding bodies.* HEFCE

NSP and other financial support

86. The main objective of the NSP was to provide an additional financial benefit to students from disadvantaged backgrounds as they enter HE. In this section we explore the extent to which the NSP has provided an extra benefit to students and the impact of the ending of the NSP after 2014/15.

87. The survey of institutions in 2015 revealed that overall institutions tend agree that the NSP has added value to existing forms of financial aid, and disagree that it has duplicated existing forms of aid or displaced existing WP activities (Figure 13).

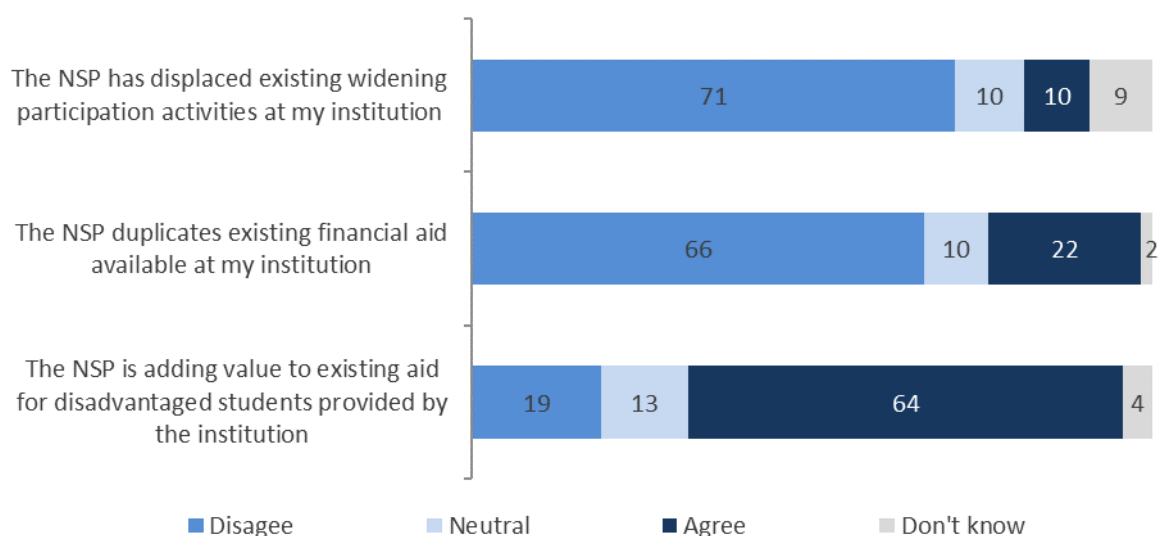


Figure 13: Institution survey 2014/15: To what extent do you agree with the following statements about the impact of the NSP at your institution? Per cent, base 116 responses

88. The survey of institutions also showed that in 2014/15 most offered at least one other form of financial support in addition to the NSP; only eight per cent offered no other financial support apart from the NSP. NSP award recipients were also able to access at least some of the other forms of financial support at just under three quarters (70 per cent) of institutions that offer other types of support. In most cases therefore the NSP does appear to offer an additional benefit.

89. Figure 14 shows how the additional financial aid provided varied by institution type. Bursaries are defined as financial aid awarded to students on the basis of their household income, and scholarships as financial aid awarded to students who meet non-income related criteria such as academic achievement. Selective institutions were most likely to offer other types of financial support. This finding is supported with research by the Institute for Fiscal Studies (IFS)⁶⁹ that shows that research-intensive (selective) universities tend to have more generous schemes overall. The authors suggest this is because such institutions have higher

⁶⁹ Dearden, L., Hodge, L., Jin, W., Levine, A. and Williams, M. (2014) *Financial support for HE students since 2012* IFS Briefing Note BN152 <http://www.ifs.org.uk/publications/7408>

income levels and smaller proportions of low-income students. The IFS report also shows that the government’s contribution to the NSP awards and institutional match-funding constituted a small part of total student financial support among research-intensive (selective) universities, but a larger proportion for the less selective institutions.

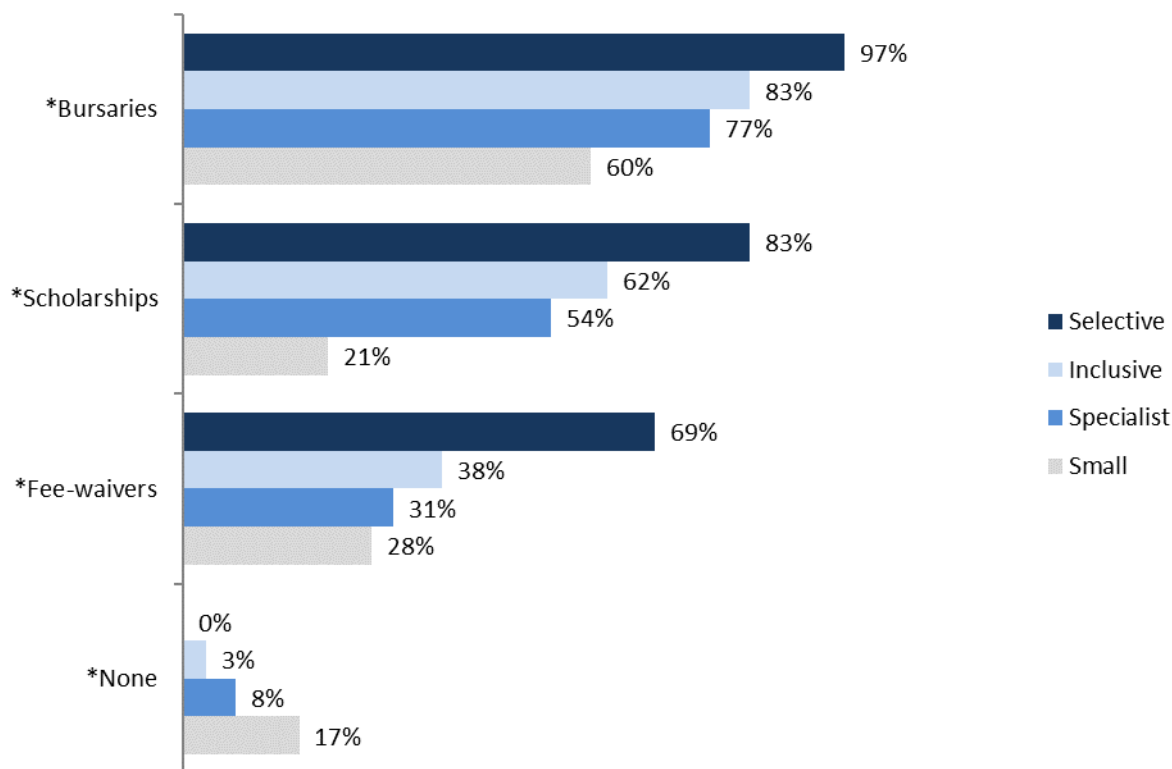


Figure 14: Institution survey 2014/15 Excluding the NSP, what other types of financial support is your institution providing for students from disadvantaged backgrounds in the current academic year – 2014/15? Per cent within institution type, multiple response, base 118

90. All selective institutions responding to our survey offered some other type of financial support, while those offering no other financial support were likely to be smaller or specialist institutions. It may be that institutions offering no alternative to the NSP were simply channelling existing schemes into the NSP.

91. Figure 15 shows how the provision of financial aid other than the NSP changed over the course of the programme. It shows how, among institutions that completed our survey in both the first and last year of the NSP, the format of their other financial aid changed. Notably, there was an increase in the proportion of institutions offering financial aid as scholarships or bursaries, while the proportion of institutions offering fee-waivers declined. This may be in response to clear indications that students find cash bursaries more useful than fee-waivers, and mirrors a similar reduction in the use of fee-waivers as part of the NSP (see Paragraph 71).

92. There was also an increase in the proportion of institutions that offered no other form of financial aid apart from the NSP. This is apparent across all institutional types, except selective. This could give cause for concern if some institutions (particularly smaller

institutions) have become more reliant on the NSP as a source of financial aid. We therefore need to explore the extent to which financial aid will continue after the NSP.

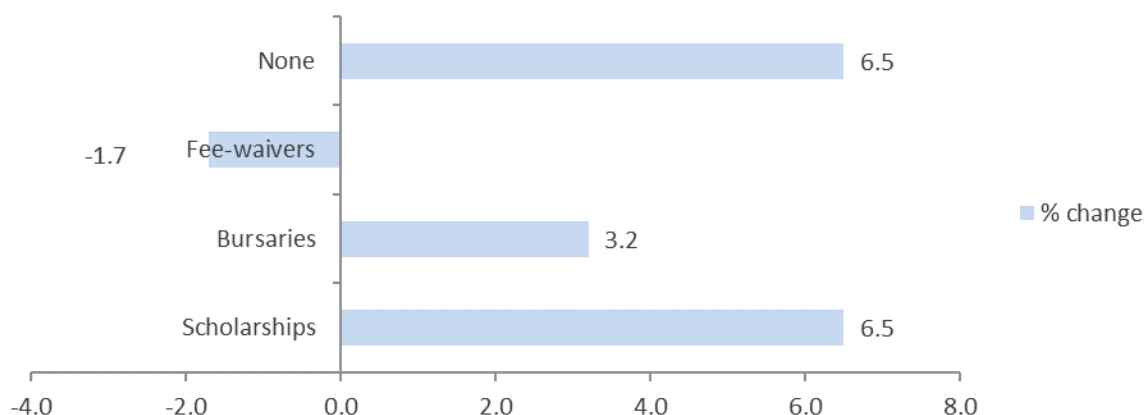


Figure 15: Institution surveys 2012/13 and 2014/15: Changes in provision of financial aid other than the NSP (percentage points) among institutions that responded to surveys in both years, base 62 responses

93. Among the institutions responding to our online survey, most reported that they will continue to provide some form of financial aid to new undergraduate students from disadvantaged backgrounds following the end of the NSP. Most (78 per cent) will offer bursaries. Only 10 per cent will offer no financial aid and all of these are categorised as small institutions (which includes FECs). Of all small institutions that completed the survey just over a quarter (27 per cent) will offer no financial aid in future.

94. Among institutions that will continue to provide financial support, we also see differences in the value and number of awards that will be provided. Overall, nearly a third of institutions said that the number of students who will receive financial support after the ending of the NSP will decrease. This proportion varies significantly by institution type, however, as shown in Figure 16, with smaller and specialist institutions more likely to provide financial aid to fewer students. Selective institutions are least likely to see a decrease in the number of students benefitting.

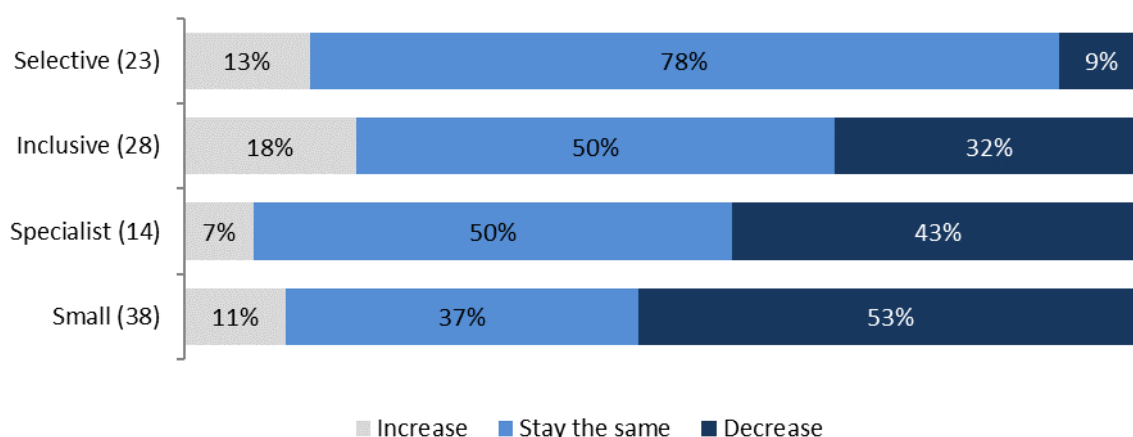


Figure 16: Institution survey 2014/15: After the NSP has ended, will the number of students receiving financial aid at your institution increase, decrease or stay the same? Per cent by institution type, bases in brackets

95. Institutions responding to an open question in the survey asking for views on the ending of the NSP and the impact of this expressed a range of views. Some stated that they would simply revert to providing their own financial support or adapt earlier support packages. Some felt there would be no great impact on their institution or students but that it would allow greater flexibility and reduce administrative burdens.

96. However, several institutions highlighted that as a result of the ending of the programme there will be less financial support available for students. Some went further, suggesting that this will disadvantage students:

We have a high proportion of students coming from households with low income, and we are seeing increasing difficulty amongst our students to meet their costs.

Specialist institution

97. A number of institutions commented that while they will continue to provide some financial support for their students, the loss of the government funding would place additional pressure on budgets, and may result in reductions to other areas of WP spending.

... the university will have to allocate more funds to financial support, which means less is available for other outreach and WP activities. This means the impact of outreach may be adversely affected.

Selective institution

98. Similar differences in the impact of the ending of the NSP are reflected in the interviews with case-study institutions. All case-study institutions indicated that following the end of the NSP, they will seek to continue to provide financial support through their own institutional programmes. Most will adjust and redesign their financial support offer in the absence of NSP funding. However, the impact of the NSP ending upon the scale and type of support is highly variable, and related to the priorities of each institution. We know that institutions vary in what aspects of WP are important to them and their students.⁷⁰

For example, one selective institution indicated that they would proceed with offering their own bursary scheme to all eligible students after the NSP (delivered as fee-waivers only) had ended. The same number of students would benefit as previously. The institution expect little impact of this change as the introduction of the NSP fee-waiver element was not perceived to have made much of a difference to students.

⁷⁰ Bowes, L., Jones, S., Thomas, L., Moreton, R., Birkin, G. and Nathwani, T. (2013) *The uses and impact of HEFCE funding for widening participation* HEFCE
<http://www.hefce.ac.uk/pubs/rereports/Year/2013/wpusesimpact/>

The NSP recipients were all [institution name] bursary scheme recipients as well because that's an income-based bursary. So there won't be any reduction in terms of the number people receiving an award from the university, it's just that they won't get the fee-waiver component.

Selective institution

99. The small case-study institution indicated that following the end of the NSP they wish to continue to offer cash bursaries, but it is less clear how they will fund this.

100. The inclusive case-study institution will refocus some of their funds previously used for cash bursaries to create a study abroad programme. In this way the nature of financial support will change considerably as the institution has the ability to use financial support to address a very specific challenge. The programme will allow students from typical WP backgrounds the opportunity to gain international experiences that they might not otherwise have been able to afford. This acknowledges that obtaining a degree is only part of creating social mobility, and that graduate prospects are influenced by the wider student experience as well as academic achievement.⁷¹

101. The fact that institutions are continuing with some form of financial aid, and in some cases may divert funding from elsewhere to support this, suggests that institutions see the value of financial aid as a means of encouraging and/or supporting students from disadvantaged backgrounds. This is in the context of a general decline in amount and proportion of access agreement funds used on financial support in line with guidance from OFFA to rebalance funding towards other activities to support access, success and progression.⁷² While institutions may not have been convinced that the design of the NSP offered the best way to deliver financial aid, the additional government funding was clearly beneficial to many. However, the impact of the ending of the NSP (particularly in the context of other reductions in public funding for HE) is not felt equally across the sector. This finding is in line with Dearden *et al.* who predict that

As the NSP is to be abolished for undergraduates from 2015, it is highly likely that the amount of direct financial support available to poor students at less research-intensive universities will fall.⁷³

102. Smaller institutions in particular appear least able to provide financial support to disadvantaged students. In our typology, smaller institutions tend to be FECs, an important route for disadvantaged students (including mature students) to access HE.

103. In many cases institutions are making their own arrangements for financially supporting disadvantaged students and often welcome the freedom to create schemes that

⁷¹ Independent Reviewer on Social Mobility and Child Poverty (2012) *University Challenge: How higher education can advance social mobility* Cabinet Office

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80188/Higher-Education.pdf

⁷² OFFA (2015) *Access agreements for 2016-17: key statistics and analysis* OFFA <https://www.offa.org.uk/wp-content/uploads/2015/07/Access-agreements-for-2016-17-key-statistics-and-analysis.pdf>

⁷³ Dearden, L., Hodge, L., Jin, W., Levine, A. and Williams, M. (2014) *Financial support for HE students since 2012* IFS Briefing Note BN152 <http://www.ifs.org.uk/publications/7408>

best meet their priorities and student needs. The risk with a lack of nationalised and consistent support is that students potentially need to gather and compare information on financial support from a number of different institutions. We know that more disadvantaged students consult fewer sources of information for their decision-making,^{74, 75} and find it harder to get hold of and evaluate information pertaining to HE and student support.⁷⁶ As it was, even though the NSP was a national scheme, it could be implemented in a variety of ways locally. There is clearly a tension between providing a nationally consistent scheme that is easy for students to understand and allowing institutions the freedom to design financial support that is bespoke to the needs of their students and their priorities for WP. Which option is the most appropriate depends to a certain extent on the specific objectives for providing financial aid.

⁷⁴ Moogan, Y.J. and Baron, S. (2003) An analysis of student characteristics within the student decision making process *Journal of Further and Higher Education*, 27 (3) pp 271-87

⁷⁵ Diamond, A., Vorley, T., Roberts, J. and Jones, S. (2012) *Behavioural Approaches to Understanding Student Choice* HEA and NUS <https://www.heacademy.ac.uk/behavioural-approaches-understanding-student-choice>

⁷⁶ Case, D.O. (ed.) (2012) *Looking for Information: A Survey of Research on Information Seeking, Needs, and Behaviour* Third edition Bingley: Emerald

04. Impact of the NSP

104. The primary aim of the NSP was “to provide financial benefit to individual students from disadvantaged backgrounds as they enter HE”.⁷⁷ More broadly, the NSP was one of a raft of measures outlined in the HE White Paper that aimed “to tackle the various barriers that prevent bright young people from disadvantaged backgrounds from participating in higher education.”⁷⁸ HEFCE emphasises that WP relates to the whole life-cycle of a student in HE, from initial access to eventual outcomes and progression. In this chapter we examine the evidence for the impact of the NSP on different aspects of this lifecycle – access to HE, retention, student success, as well as impact on student experience and wellbeing. We also consider the overall success of the programme and include a section considering the role of financial aid in supporting progression to postgraduate study. We begin by looking at the extent to which participating institutions have evaluated the impact of the NSP.

Tracking the impact of the NSP

105. In previous reports we stated that evaluation of the impact of the NSP appeared to be patchy. The Year 3 survey of institutions found that 70 per cent of responding institutions said they were not carrying out any specific evaluation of the NSP.⁷⁹ This year we asked about evaluating the impact of financial aid more generally. Just under two-thirds of institutions surveyed said that they were evaluating the impact of financial aid although a quarter were not (26 per cent). Looking at the extent of evaluation activity by institution type shows clear differences between institutions (Figure 17). Selective institutions were the most likely to be undertaking their own evaluations, whilst small and specialist institutions were the least likely to do so.

⁷⁷ Diamond, A., Bowes, L., Michael, A., Thomas, L., Porter, A. and Sheen, J. (2012) *Formative Evaluation of the National Scholarship Programme: Report to HEFCE by CFE and the Widening Participation Research Centre, Edge Hill University*. HEFCE <http://www.hefce.ac.uk/pubs/rereports/Year/2012/NSPevaluation/> p.41

⁷⁸ BIS (2011) *Higher Education: Students at the Heart of the System*. Department for Business, Innovation and Skills <https://www.gov.uk/government/publications/higher-education-students-at-the-heart-of-the-system--2>, p.65

⁷⁹ Bowes, L. Moreton, R. Thomas, L., Porter, A., Sheen, J. and Birkin, G. (2014) *Evaluation of the National Scholarship Programme – Year 3: Report to HEFCE by CFE Research and Edge Hill University*. HEFCE <http://www.hefce.ac.uk/pubs/rereports/Year/2014/nspevaly3/>

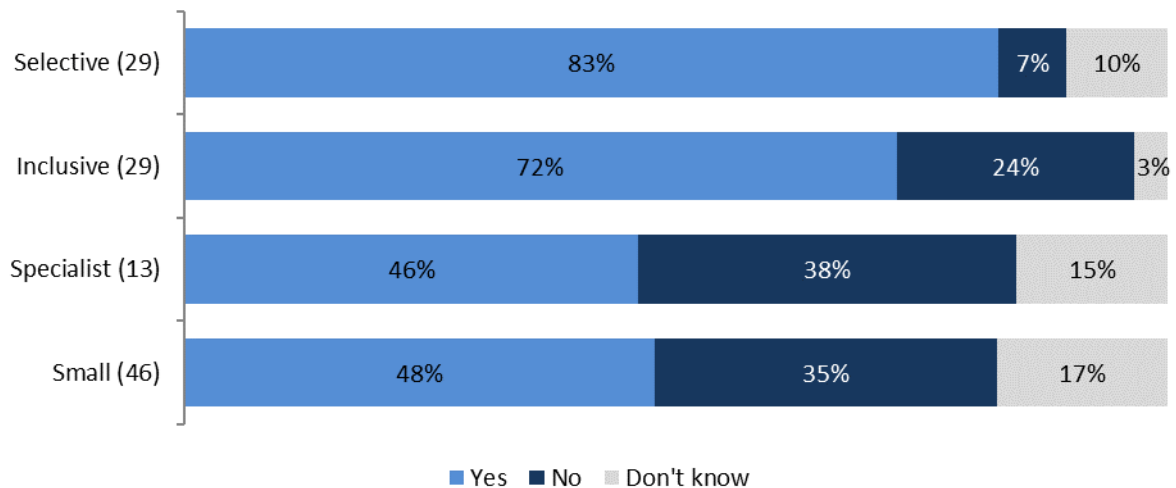


Figure 17: Institution survey 2014/15: Are you evaluating the impact of financial aid at your institution? Per cent, bases in brackets

106. Discussion with case-study institutions also suggested that specific evaluation and monitoring of the impact of the NSP upon recipients is limited. An inclusive institution explained that evaluation and monitoring of the NSP was not seen as a priority, since providing this type of financial support is viewed as a strategic priority for the university anyway.

...the effect is, it's not immaterial but it's just something that we should be doing given the population we serve, the community we serve, the demographics of the students we're bringing in. I suppose from that perspective we haven't really had any need to do an evaluation, because we haven't been looking for demonstrable return on investment.

Inclusive institution

107. Another two case-study institutions indicated that they had undertaken some limited analysis of take-up and gathered qualitative feedback from students, but noted the limited use of such data given their small NSP allocations. Case-study institutions also highlighted other difficulties in measuring the impact of the NSP. Some of the potential benefits are difficult to measure and are only observable over the longer term. There are also a myriad of other factors and financial support mechanisms that are likely to contribute to impacts such as improved retention or student success. Attributing impact to a specific initiative such as the NSP is difficult.

108. Several of the case-study institutions do undertake monitoring of financial support recipients more generally and have conducted quantitative and qualitative research with students to gather feedback. For example, two selective institutions have conducted surveys with recipients to determine their preferences for either fee-waivers or cash bursaries, as a means to help inform the future design of financial support packages at the university. One of the selective case-study institutions explained that their system of close tutor support provides an informal mechanism for receiving feedback from students about financial hardship in general.

109. These insights provide some lessons for future pilot programmes. National programme evaluations could usefully be complemented by local-level evaluations of specific approaches. HEFCE may wish to consider making local evaluations a requirement of future funding. Suggesting key indicators of success and/or research questions for investigation by institutions would help in this regard. However, many institutions will need support and resource to carry out robust evaluations as they do not currently have this capacity. OFFA is currently commissioning work to develop and pilot better methods for HEIs to evaluate the impact of financial support on student success.⁸⁰

Impact on access to HE

110. In terms of the impact of the NSP on participation rates, institutions were sceptical overall of any positive benefits from the programme. In the survey of institutions, there were only moderate levels of agreement with the statement “The NSP helps to improve participation rates among students from disadvantaged backgrounds”. This view has changed little over the course of the programme, with agreement decreasing slightly since the first and second years. Institutions also remained unconvinced about the ability of the NSP to influence choice of institution.

111. Evidence from the NSP-recipient survey also indicated that the possibility of receiving financial aid had little impact on student decisions of where and what to study. However, 40 per cent of NSP recipients responding to the survey said that financial aid influenced their decision about whether to study at HE a lot. This was explored in some detail in earlier reports.⁸¹ We found that current students in receipt of an NSP award were more likely to say the prospect of financial support had influenced their decision to apply to HE than potential students who had applied to HE but not yet taken up their place. This, along with evidence from depth interviews with current and potential students, led us to suspect that there may be some degree of post-hoc rationalisation, where students who have received financial aid accord this greater influence over their decision-making.

112. Our interviews with students helped to expand on the influence of financial aid in decision-making. While the cost of studying was a concern for all of the interviewees, the increase in fees had not deterred them from going to university. They had understood that fees were not an immediate cost that needed to be met.

⁸⁰ OFFA (2015) *Understanding the impact of institutional financial support* OFFA <http://www.offa.org.uk/publications/research-in-progress/>

⁸¹ Bowes, L., Moreton, R., Thomas, L., Porter, A., Sheen, J. and Birkin, G. (2014) *Evaluation of the National Scholarship Programme – Year 3* pp.47-48 HEFCE <http://www.hefce.ac.uk/pubs/rereports/Year/2014/nspevaly3/>

I knew I didn't have to pay out anything up front so I didn't really consider that and I knew I was going to stay at home so that was helpful.

Young student at an inclusive institution

113. Several respondents did say that they would not have been able to attend university without a range of financial support and often mentioned bursaries alongside other sources of finance including the tuition fee loan and maintenance grants. From this it appears that the NSP or similar scheme alone is unlikely to be sufficient to affect decision-making, but in combination with maintenance grants and tuition fee loans they make a difference.

If there wasn't the maintenance grant and living allowance then I wouldn't have been able to do the course [...] there's just no question about it [...] I was trying to move out of the YMCA and stuff like that and student finance helped me to get myself on my feet, get my own place.

Young student at FEC

I was like, 'Oh my God, £9,000 fee a year and then living costs!' So it was very shocking, actually, to see the reality. It certainly helped knowing that there's the opportunity to get a scholarship, and then there's the opportunity to have a tuition fee loan. So that really helped, having those options.

Young student at selective institution

114. This is in line with findings from earlier stages of the evaluation and other evidence on the impact of financial aid. A review of peer-reviewed research published earlier this year concludes that "financial support is not the most significant determinant in either the decision to apply to higher education or in the choice between institutions",⁸² but that it is important for a sizeable minority of students.

Impact on retention

115. Most institutions responding to our survey generally tended to agree that the NSP helped to improve retention rates among disadvantaged students; although a substantial proportion (30 per cent) tended to disagree. Institutions' views became slightly more positive on this issue over the course of the evaluation, but the change was small and not statistically significant.

116. Discussion with case-study institutions also revealed mixed views about the impact of the NSP upon retention. The prevailing view from most institutions was that it is difficult to identify or attribute any impact on retention to the NSP alone, although there was some recognition that financial aid in general may alleviate pressures on students, enabling them to continue and complete their studies. Institutions also pointed out the myriad other factors that affect student retention beyond the financial pressures that might be alleviated through

⁸² Nursaw Associates (2015) *What do we know about the impact of financial support on access and student success?* OFFA <http://www.offa.org.uk/wp-content/uploads/2015/03/Literature-review-PDF.pdf> p.4

financial support. For example, extraneous challenges and commitments outside of university, and the shifting aspirations and motivations of students, (which may change after their course has begun) may have a greater impact upon retention.

117. A few institutions responding to our survey this year provided interesting, albeit brief, information on the results of their evaluations of the NSP and/or financial aid more generally. Eight institutions provided evidence of a positive impact of financial aid on continuation or retention levels, although the quality and robustness varied. Some cited survey results (including the CFE survey of NSP recipients) showing that high proportions of students self-reported that financial support had helped them to stay on course. Others provided comparative data contrasting retention levels between those receiving financial aid and those who did not. For example, one inclusive institution reported a seven percentage point difference in retention levels of the 2012/13 cohort between those who received an NSP and those who met the national criteria but did not receive an award. Another three institutions (two inclusive HEIs and a specialist FEC) provided evidence of an association between financial aid and enhanced retention.

When considering in-year retention levels, whilst WP students still withdrew more than non-WP students there was a difference in the level of withdrawal between WP students who received a bursary (withdrew less) than those who did not receive any form of financial award (withdrawal rate higher).

Inclusive institution

118. These results must be treated with caution. Without further information we do not know the extent to which the student groups compared were similar in terms of entry qualifications, subject of study, ethnicity etc. – all of which are factors known to affect student success.

119. In March 2015 CFE Research and Edge Hill University, working with Universities UK and OFFA, held a conference on the contribution to access, retention and success of financial support. The conference brought together UK, international and institutional evidence for discussion by practitioners and researchers. This highlighted other evaluative evidence on the impact of financial aid. For example, Liverpool University had explored the differences in progression for students in receipt of financial support compared to those who just missed the eligibility threshold in terms of income. Focussing just on students in departments with lower than average retention rates, they found some clear differences in progression between those who received financial aid and those on lower incomes but who did not receive financial aid. They found a 14 per cent higher progression rate for students in receipt of financial aid compared with other students who were 'near misses' in terms of eligibility for support. Again, we must treat these results with caution, in particular as sample sizes were small. Presentation materials from this conference are available to view via the Universities UK website.⁸³

⁸³ Universities UK (2015) *Your student financial support model and its contribution to access, retention and success* UUK <http://www.universitiesuk.ac.uk/events/Pages/StudentFinance.aspx>

120. According to the results of the cohort survey 2014/15, NSP award recipients in their third year overwhelming agreed that receiving financial aid meant they were more likely to continue and complete their course (Figure 18) and said they would have found it difficult to stay on the course otherwise. Comparing these results with those for 2012/13 shows little change over time, with no statistically significant differences in students' views. However, as discussed in Paragraphs 79 to 80, students who had not received financial aid in 2014/15 did not generally think this would affect their ability to stay on course.

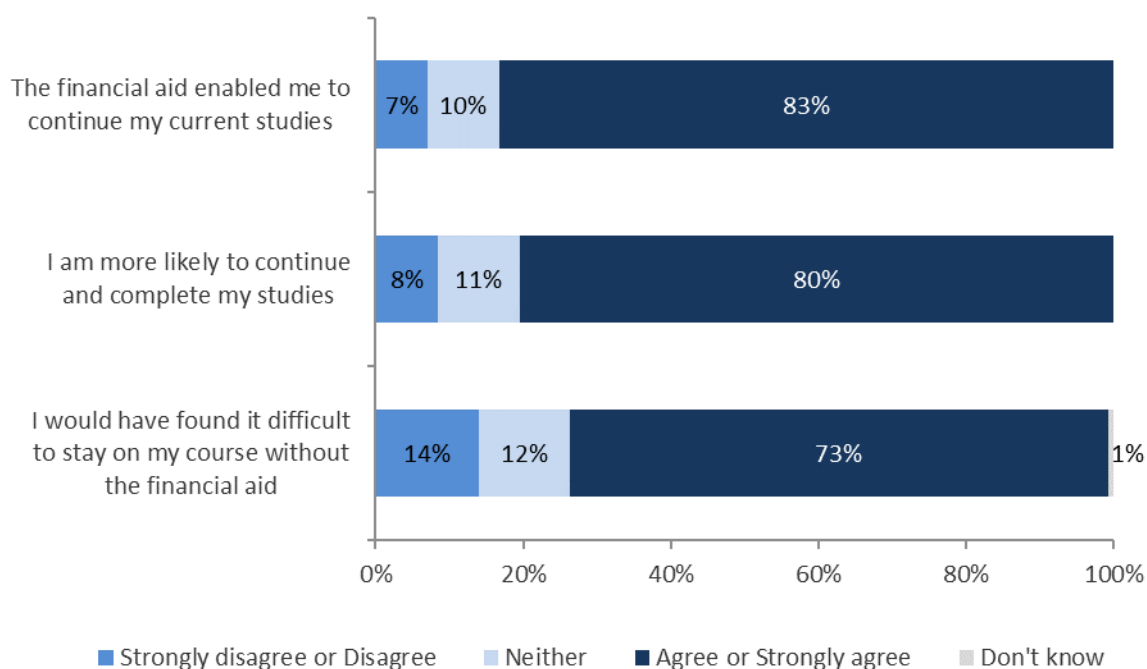


Figure 18: Cohort survey 2014/15: How much do you agree or disagree with the following statements about the impact of financial aid you have received? Per cent Base 286

121. Of the 426 students who completed the cohort survey this year, just 10 had left HE altogether. This is a very small sample and so must be treated with caution and we cannot draw conclusions from this. The students who had dropped out selected a range of reasons for this, with half citing financial difficulties amongst other reasons. Six students said a lack of financial aid was either important or very important to their decision to leave HE. We interviewed one student who had dropped out of HE. Her story is provided as a short case study at the end of this section. This illustrates that while financial difficulties may contribute to a decision to leave HE, they are often accompanied by other challenges.

122. Among those students we interviewed, there were mixed views about the impact of financial aid in helping them to stay the course. Some felt it had no impact on retention because they were determined to complete their degrees and would have taken whatever steps necessary to make their finances work – whether this be going without or seeking help from family, friends or other sources of finance such as pay-day loans and overdrafts.

I think if there was any chance that I got into so much financial difficulty that I wouldn't have been able to stay on the course, I think my family would have stepped in and helped again a little bit. That would have happened.

Young student at specialist institution

123. These students did recognise, however, that their student experience would have been harder and they would have been less able to participate in university life without NSP funding. We explore this impact in further detail in Paragraphs 144 - 152.

124. Other student interviewees indicated that the financial support had helped them to stay on their course. In addition to helping students meet essential costs such as accommodation, there was also a feeling that an investment had been made in them and that motivated them to continue studying, even when at times they had felt like leaving their course.

You say to yourself, "If you're studying and you get a bit of help like this, why don't you go on? There are other people who don't have this help." So it's motivation for you. There are people who don't have this opportunity, who don't receive this help. So you say to yourself, "Goodness me, £3,000 off my tuition fee, and I'm getting money to spend on my books."

Mature student, selective institution

125. This demonstrates the potential for financial aid to impact on retention not simply through providing practical help, but in contributing to students' sense of worth and belonging in HE. This fits with findings from the What Works? Student Retention and Success programme initiated and funded by the Paul Hamlyn Foundation and HEFCE. This programme found that "At the heart of successful retention and success is a strong sense of belonging in HE for all students".⁸⁴ Our findings reported in the following section on the impact on the student experience and wellbeing also show how financial aid can help develop a sense of belonging in HE.

126. This view was echoed by one of the case-study institutions. This institution noted that receiving the NSP may have indirectly encouraged students to remain on their course simply through alleviating worries and concerns about the cost of study and through bringing increased confidence.

Quite a few students said that they had a certain anxiety about how much it was costing and that having a bit of help gave them more confidence to study. In other words it perhaps allowed them to pay more attention to their studies, rather than worrying about

⁸⁴ Thomas, L. (2012) *Building student engagement and belong in higher education at a time of change: a summary of findings and recommendations from the What Works? Student Retention & Success programme* York: Higher Education Academy
https://www.heacademy.ac.uk/sites/default/files/what_works_summary_report_1.pdf

money. [...] If they're worried and anxious and lacking motivation, it's a small step next to saying "Oh God, if it gets too much I'm going to quit".

Small institution

127. Institutions reinforced the point, reporting on numerous occasions in previous NSP evaluation reports that students prefer cash bursaries to fee-waivers. The impact of the NSP (and financial aid more generally) may differ according to how it is designed and delivered.

128. As one case-study institution noted, the relatively small monetary value of the NSP could not be expected to meaningfully impact upon retention in the context of overall financial hardship: "£1,000 isn't going to make or break a student staying here". Moreover, delivering the NSP in the form of a fee-waiver, a deferred benefit, may negate any meaningful impact upon retention. Another case-study institution that only offered fee-waivers explained that they felt the NSP probably did not impact on retention since it only served to offset future debt for their students.

129. One large inclusive institution responding to our survey this year provided evidence on different outcomes associated with different types of support. This institution compared the progression of students who received fee-waivers (introduced in 2012/13) with that of students who received cash-in-hand bursaries, which had been available to eligible students in previous years. The institution report that those who received a bursary were more likely to progress to the second year than those who received a fee-waiver. There was no difference in the progression rates over the same period for those who did not receive financial aid.

There was a sizeable and statistically significant increase in the proportion of low-income students eligible for financial support between 2011/12 (bursary recipients) and 2012/13 (fee-waiver recipients) not successfully progressing to their second year of study. Over the same period, there was no statistical evidence of any difference in the year-on-year progression rates of students not receiving bursaries or fee-waivers.

Inclusive institution

130. As the institution pointed out, this association does not necessarily mean the change in format of financial aid is the cause of differences in progression rates. We must remember that 2011/12 students were subject to a very different fee regime to 2012/13 entrants. However, this is interesting nonetheless and further research on the impact of different types of financial aid would be useful. In particular, it would be interesting to compare the progression and retention of NSP recipients who received only or mainly fee-waivers with those who received all or mainly cash, following the changes to the restrictions on cash awards introduced for 2014/15 entrants. HEFCE may wish to consider carrying out this analysis in future where individual-level data is available.

Case study: leaving higher education

Katie decided to attend university when she was 22, having previously worked from the age of 17 to support her family. After returning to FE and studying an Access to HE course at college, she explored what financial support would be made available to her before applying to do a Social Work degree at a Russell Group university, in another city. She felt encouraged when she found out about the financial support she could receive.

However, living in student accommodation while studying a professional degree course and being away from her family and support network was difficult for her. After completing her first year successfully, she decided to transfer and study at her home city university in order to be closer to family.

Together with the usual living costs she needed to find, she was given a 100-day placement for her degree course which was out of county, 50 miles from her home, incurring a lot of expense. Her family are not in a position to support her financially.

So for me there was not a safety net available. I mean there were times when my brother, [who works in a very low-wage profession] actually had to buy me food [...] sometimes I was having to choose between having food and putting petrol in my car to get to my placement.

During the final term of her second year, she ran into financial difficulties. Katie did not receive an NSP award or other bursary from the new institution. She applied for a Hardship Fund but was unable to obtain one. As a result she dropped out.

I was really devastated because [...] I only had seven weeks left of my second year placement.

Katie currently has a job working in health and social care, but plans to re-start her degree (from the second year) back at her original university. She intends to study in conjunction with a part-time job to ensure she can support herself financially and complete her degree.

Impact on student success

131. Institutions responding to our survey this year were equivocal about whether the NSP helped to improve achievement rates among students from disadvantaged backgrounds; 46 per cent tended to agree, while 29 per cent tended to disagree and almost a quarter did not know. There was no substantial or significant change over time in the views of institutions on this.

132. Case-study institutions again pointed out the difficulty in attributing any impact on success rates directly to the NSP. Of course, the final degree classifications of students entering HE in 2012/13 were not known at the time of our fieldwork. Two institutions stated that they had no indication of any impact on success rates in the data available. Other institutions indicated that the NSP may, at least anecdotally, impact upon student success rates. Again, this may be dependent upon the type of NSP package received, since cash

bursaries or non-financial support delivered on the course may have a more direct effect on an individual at the time of study.

133. One of the case-study institutions asserted that, in relation to retention, the alleviation of financial worry may also contribute to improving performance.

I think increased confidence and less distraction because of anxiety is bound to lead to a better performance. [...] My academic background is in sports psychology; I can tell you quite categorically that higher and better confidence is going to lead to better performance, there's no question about that whatever the domain, whether it's academic or sport or anything else.

Small institution

134. The recipient survey shows that students who received the NSP award were generally very positive about the impact of financial aid in enabling them to purchase necessary resources and reducing the need for them to take on paid work (Figure 19). Both of these could be argued to contribute to increasing the chances that students will be successful.

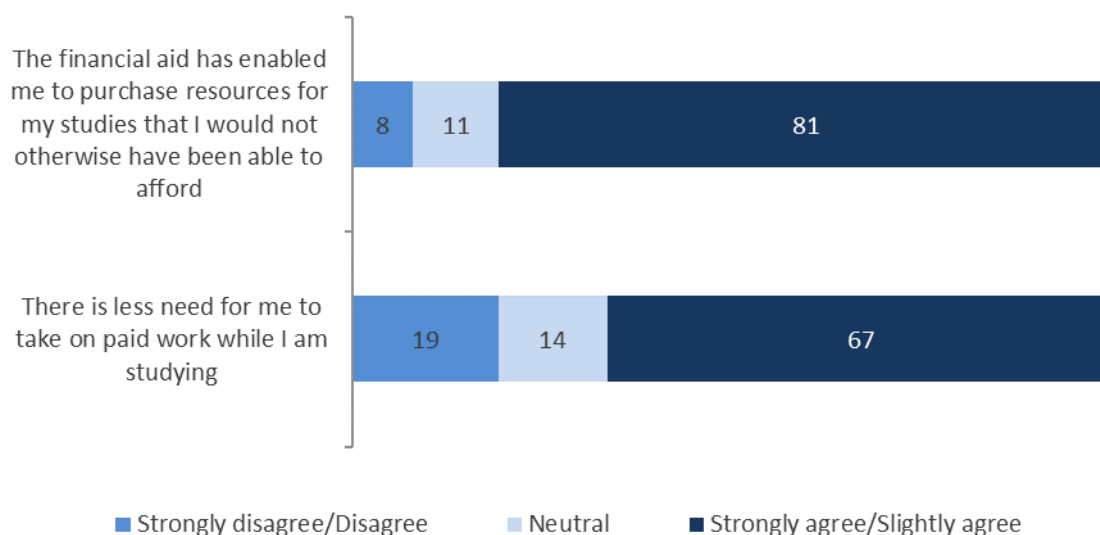


Figure 19: Recipient survey 2014/15: As a result of receiving financial aid, how much do you agree or disagree with the following statements? Per cent, base 3,975

135. Respondents to the cohort survey (students in their third year) were also positive about the impact of financial aid, with 64 per cent agreeing that there was less need for them to take on paid work, and 68 per cent agreeing that the financial aid had enabled them to purchase resources they would not otherwise have been able to afford.

136. These results were supported by evidence from the students we interviewed. Most felt their financial aid had helped them to be more successful in their studies, largely as a result of being able to purchase resources. For some of them it would not have been possible to buy a laptop and many of the required textbooks without the NSP award. It also enabled some to take up opportunities that they felt enriched their learning experience.

I used the money for books, so that helped me a lot. They were really expensive, my books, I mean the text books are, like, £50, £60 a pop, some can be £100. So that really helped. I went on a field trip with my course, to Cuba. So that was £1,300. So that covered that and it gave me experiences that I'll never forget. It taught me so much about my sector that I wanted to go into.

Young student at selective institution

137. Some students had used financial support, including NSP funds, to help with the costs of actually attending university on a day-to-day basis. Some mentioned not needing to work part-time, or being able to reduce their hours, as a result of having NSP funding, which allowed them to give more of their attention to their studies.

138. Conversely, where students found that their financial aid was not sufficient for their needs (for example, because it was provided as a fee-waiver or was not paid at the same level throughout their course) they highlighted how this had impacted on their ability to be successful in their studies. Students living in London found the high cost of living (and of housing in particular) meant their finances did not stretch very far. Some students found working part-time during their studies to supplement their incomes detrimental to their degree work.

I worked at least eight to 16 hours every week during term time and full-time during all the holidays [...] it does take away your time, I guess, being stood in a shopping centre serving people isn't exactly the best use of my time when you're trying to get a degree. There was no other way I would be able to afford my rent, afford travel costs in London and bills and art materials.

Young student at specialist institution

139. Students on visual arts and design courses in particular highlighted the additional costs of regularly purchasing materials for their course. There was a strong view from the students we interviewed at specialist arts institutions that purchasing better quality materials would help their grades and that the amount spent on the final piece of coursework has a direct impact on the final class of degree they would be able to attain. This may not be a correct perception, but it appears to be one that is held by a number of students. As this photography student explains:

It's quite badly affected one of my grades because I couldn't afford the A3 paper to print out my work on for one of the assignments. Alright, it was a high end 2:1 but if I had been able to print it off on A3 paper, which I wanted to, I would have actually ended up with quite a good First out of that. I need to eat, I need to pay the mortgage...

Mature student at FEC

140. The specialist case-study institution also explained how financial hardship can impact on the choices open to final-year creative arts students.

It's about the kinds of choices of major projects that are open to people because of their financial position. Students often have to make a monetary contribution to that. If they want to make something they have to buy materials, or kit, or whatever. If you haven't

got any money, then the types of choices open to you are much more limited. I think it does open the range of things that students can do as their projects, and that's really critically important, not just for their sense of ownership of the course, but because that's what goes into their portfolio that takes them on to graduate employment [...] The fact that they are enabled to select from the broadest range of possible projects is really important.

Specialist institution

141. Financial support could be improved for this type of student by greater recognition of the additional costs they incur. The students we spoke to would welcome subsidised or discount supplies and more support from their institutions to help with the costs involved in completing coursework, especially final degree-show pieces.

Impact on student experience and wellbeing

142. In our Year 3 evaluation report, we speculated that financial aid may contribute to recipients' overall sense of wellbeing by reducing financial anxiety, ensuring they are able to participate in activities that enhance their enjoyment of student life, and reassuring them that their institution values them and believes they are worth investing in.⁸⁵ In 2014/15, evidence from students in particular, helped to demonstrate that financial aid can have a substantially positive impact on student experience and wellbeing. Paragraphs 126 and 128 of this report illustrate how investing in students can help to motivate them.

143. NSP recipient survey respondents were particularly positive about the benefits of financial aid on their ability to participate in university life (Figure 20). Cohort survey respondents held similar views, with 68 per cent agreeing that they were more able to participate in student life as a result of their financial aid. The views of the cohort students changed little between their first and third year.

⁸⁵ Bowes, L., Moreton, R., Thomas, L., Porter, A., Sheen, J. and Birkin, G. (2014) *Evaluation of the National Scholarship Programme – Year 3* HEFCE <http://www.hefce.ac.uk/pubs/rereports/Year/2014/nspevaly3/>

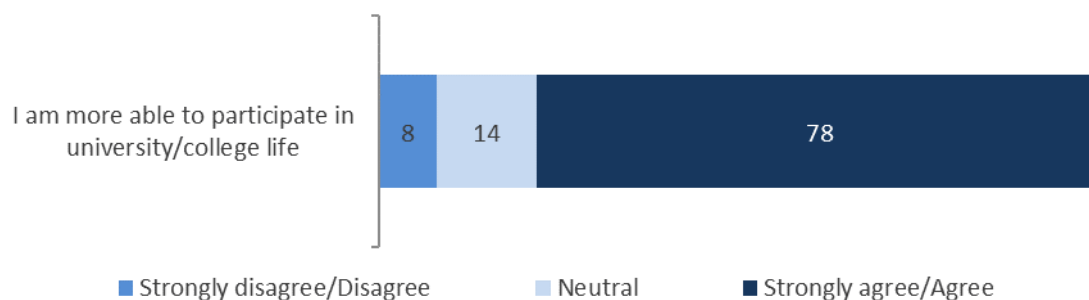


Figure 20: Recipient survey 2014/15: As a result of receiving financial aid, how much do you agree or disagree with the following statements? Per cent, base 3,989

144. Some of the students we interviewed highlighted how the additional benefit of the NSP had enhanced their overall student experience. They talked about being able to take part in trips the university ran and being able to participate in university social life.

My priority was always my studies and that was what my finance was going to go on and then having this extra money available meant that I was able [...] to go on a retreat with my Student Union [...] ultimately, it just made my student experience so much better both in social aspects and within my studies themselves.

Young student at inclusive institution

145. One case-study institution described how they felt the provision of food vouchers gave students an opportunity for increased social interaction that they otherwise may not have been able to participate in.

The refectory at lunchtime is rocking, it's absolutely rammed. It is really lively, really engaging, with lots of students, and some of them will be talking about their work, some of them will just be socialising. I think the fact is that you enable people to access that, who perhaps couldn't otherwise, or if they didn't they would clearly be more isolated.

Specialist institution

146. Some student interviews discussed effects of being able to purchase resources and take part in activities, beyond the direct impacts on their studies. Being able to buy the same materials and equipment as other students on the course helped them to feel more integrated with their peers.

It does make you more involved and you don't feel outcast. There are a lot of people when you come to university that have mums and dads that pay for everything. A lot of my friends, when I first lived with them in halls, they came from grammar schools, they came from all-girls schools. [...] So it did help a lot, having that to say, 'I'm the same as you'.

Young student at selective institution

147. The case study below provides an example of some of the benefits of financial aid on the student experience.

Case study: impact on student experience

Simon is a young student at a Russell Group institution. He received financial aid in the form of a fee discount and a small cash bursary each year. He found the cash bursary especially helpful in his second and third year when he moved out of university halls of residence and into privately rented accommodation. He also received a further emergency payment from his university during his second year. Simon did some casual part-time work as well, but wanted to focus his main attention on his degree work. He feels the financial support enhanced his experience at university in a number of ways. It enabled him to buy resources which helped his studies:

I got to buy things like textbooks. I think that's what most of that went on [...] and that has helped a lot, because I could improve my essays and certainly my dissertation.

The bursary also allowed him to take up the opportunities offered by university life:

It's also helped me to get involved with loads of sports clubs and societies here at the university: something I won't be able to do again because it's all at your door. It's definitely helped me in that way because I've made friends for life, basically, by joining those societies and clubs.

And it reduced his reliance on parents and increased his feelings of independence:

It's great, because I could be independent and stand on my own two feet, and be my own person other than relying on my parents for everything. It's been really great just to survive on my own and feel what that's like.

148. Most of the students we interviewed felt that the NSP had impacted their overall wellbeing as a student in terms of having less financial stress whilst they studied. However, despite the financial support provided, several of the students still found themselves in financial difficulties and described the impacts of this on their state of mind and ability to engage with their course. One issue, which was mentioned by several respondents, was their lack of knowledge about the costs of attending university. In particular they highlighted unanticipated costs of living away from home and, in particular resources needed for the degree. These caused some difficulties in managing their budgets.

I didn't know that some of the books in Law cost over £100. I thought they would be like the GCSE revision books that just cost about £15 each.

Young student at inclusive institution

149. As well as financial aid, providing information, advice and guidance to students and potential students about finance, budgeting and managing money may help them be better prepared and able to cope.

150. Around half of the students we interviewed had experienced financial hardship that the NSP had not alleviated and several had accrued unforeseen debt. This was often the result of a combination of factors: the form, value and timing of financial support, particularly in second and third years, alongside unexpected or increased costs (such as moving out of halls of residence into private rented accommodation) and a desire to do less paid work as their studies progressed. When financial difficulties arose, some students were able to borrow money from family. Others relied on overdrafts, pay-day loans and credit cards. For some, this had a negative impact on their wellbeing, increasing feelings of stress and worry. It is notable that, while students taking part in our research were overwhelmingly grateful for the financial support provided, the third year students we interviewed in 2014/15 were more likely to talk about financial difficulties than the first year students we spoke to in other years of the evaluation.

Overall assessment of success

151. In this section we consider the extent to which the NSP overall has been a success. In terms of the primary aim to provide financial benefit to individual students from disadvantaged backgrounds as they enter HE, the programme has been a success. In 2014/15 at least 25,000 students with household incomes of less than £25,000 received a benefit valued not less than £2,000. Given that 142 institutions planned to use at least some of their match-funding to provide additional awards, many more students will have benefitted. In 2012/13, 33,728 full-time equivalent (FTE) students and a further 55,794 FTE in 2013/14 also benefitted from awards of at least £3,000.

152. Seventy-six per cent of institutions in the final year of the NSP were planning to supplement the national eligibility criteria with their own local criteria. And the majority of institutions applied additional eligibility criteria in the first two years of the programme as well. We might argue this means that the funding is being targeted at the most disadvantaged students – those who have the lowest incomes and those who are also affected by other disadvantages such as disabled students and care-leavers. Certainly, institutions felt the NSP was successful in targeting disadvantaged students. Nearly three quarters of institutions responding to our survey agreed that the NSP ensured funding was targeted towards disadvantaged students (Figure 21).

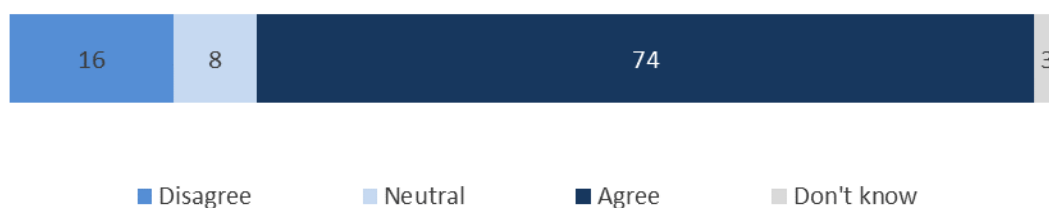


Figure 21: Institutional survey 2014/15: To what extent do you agree that the NSP ensures funding is targeted towards disadvantaged students? Per cent, base 115

153. Beyond the broad aim set out above, the evidence on the impact of the funding is more mixed, as illustrated by our analysis in previous sections. To some extent this can be explained by the diverse contexts in which the NSP was delivered and variations in the types of support offered. For example, fee-waivers relieve future debt, whereas cash bursaries or non-financial support directly address current hardship. Institutions were equivocal about the extent to which NSP overall is an effective way to widen participation. Figure 22 shows that while respondents tended to agree with this statement, over a third disagreed and a fifth were neutral.

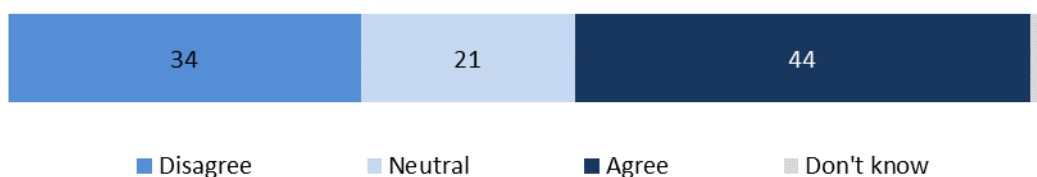


Figure 22: Institutional survey 2014/15: To what extent do you agree that overall the NSP is an effective way to widen participation amongst disadvantaged students? Per cent, base 110

154. There were clear differences of opinion between small and other types of institution. Small institutions were more positive about the impact of the NSP on WP, being more likely than other types of institution to agree that the NSP had a positive impact on a range of issues. There was a statistically significant difference between small institutions and others in the extent to which they agreed that the NSP overall had been effective, with small institutions being more likely to agree. This may well be because smaller institutions have tended to be the ones not required to provide any match-funding in 2014/15. As we have seen, small institutions were less likely to provide financial aid before the NSP. The NSP for these institutions has therefore more clearly offered an additional benefit to them, without the need for them to find match-funding.

155. One of the challenges of assessing the success of the NSP, beyond simply providing a financial benefit to students, is the lack of more clearly defined objectives for impact. In

our very first evaluation report⁸⁶ we demonstrated that among the NSP steering group there were diverse perceptions of the objectives for the NSP. The objectives had changed from originally focussing on supporting disadvantaged students to access the most selective institutions, to widening access to HE more generally. The targeting of specific groups of disadvantaged students was also not a specific objective for the NSP initially but came about through institutions needing to introduce local eligibility criteria. The steering group acknowledged that the programme had been developed rapidly, limiting the opportunity to learn from past and international experience, in order to launch the scheme alongside the fee reforms.

156. More clearly defined and specific objectives for the NSP might have helped with the design of the programme, both nationally and locally. Institutions throughout the evaluation have voiced different views on the objectives of the NSP (widening access, improving retention, enhancing social mobility etc) and the extent to which it was likely to be successful in achieving these. Different approaches to delivering financial aid are more or less appropriate depending on how the problem is conceived and the outcomes sought. For example, fee-waivers may be more appropriate in addressing fear of debt, whereas cash bursaries are felt to offer greater support with retention. As one institution interviewed this year summed it up:

It was never quite set out exactly what was wanted and how we were meant to record the outcomes. [...] had there been some firm criteria against which we needed to evaluate, we might have focussed the programme in a different way, and we might be seeing more of an impact on these students.

Inclusive institution

157. This also demonstrates the impact of a lack of clear objectives and outcome measures on evaluation.

158. A more precisely defined objective for the NSP might have helped to create a scheme that was more finely tuned to addressing this. It might be argued that leaving the objectives broad and options for delivery up to institutions, the scheme could be adapted to address local concerns. However, as reported elsewhere in this evaluation, institutions felt they did not have sufficient flexibility over design and delivery to really achieve this (see Paragraph 62 for example).

⁸⁶ Diamond, A., Bowes, L., Michael, A., Thomas, L., Porter, A and Sheen, J. (2012) *Formative evaluation of the National Scholarship Programme* HEFCE <http://www.hefce.ac.uk/pubs/rereports/Year/2012/NSPevaluation/> p.33

Progression to postgraduate study

159. Postgraduate study is important to the UK economy and society, providing benefits to individuals and employers. Employers value postgraduates' specialist knowledge and their skills are vital in addressing business challenges, generating innovation and driving growth.⁸⁷ There has been increasing interest in recent years in understanding and addressing barriers to progression to postgraduate study. While supporting progression to postgraduate study was not an aim of the NSP, the evaluation provides an opportunity to gather additional intelligence on the subject and explore whether lessons from the NSP are transferable to the provision of financial aid for postgraduate students.

Plans and motivations for postgraduate study

160. At the time of this year's cohort survey, 22 per cent of respondents (in their third year of study) had already applied to do postgraduate study after their current course. Among those who had not yet applied, 38 per cent said they were likely or very likely to apply for postgraduate study. Overall, just over half of cohort survey respondents showed some indication of wanting to progress to postgraduate study.

161. A higher proportion (60 per cent) of respondents to the NSP recipient survey (in their first year of undergraduate study), said that they are likely or very likely to apply for a programme of postgraduate study. This is in line with findings reported in Year 3 of the evaluation, where students in their second year of study were less likely to be considering postgraduate study than those in their first year.

162. Analysis carried out by HEFCE of the 2013 Intentions After Graduation (IAG) survey coupled with the Destinations of Leavers of Higher Education survey found that only 17 per cent of final year first undergraduate degree students intended to progress immediately to postgraduate study.⁸⁸ Of these, only 56 per cent were in postgraduate study six months after graduation. This is much lower figure than our findings, but is from a larger, more comprehensive sample. It is notable that although roughly similar proportions of students from low- and high-participation areas intended to go on to postgraduate study, a greater proportion from high-participation areas (64 per cent) actually took up postgraduate study compared to those from the lowest participation areas (51 per cent).

163. Analysis of the Futuretrack⁸⁹ longitudinal survey dataset carried out as part of one of the HEFCE-funded PSS projects also found similar levels of intentions to progress to

⁸⁷ Department for Business, Innovation & Skills (2010) *One step beyond: Making the most of postgraduate education* BIS

⁸⁸ HEFCE (2014) *Intentions after graduation survey 2014: summary* HEFCE http://www.hefce.ac.uk/media/hefce/content/What_we_do/Cross-cutting_work/Postgrad/IAGS/IAGS_summary_4.pdf

⁸⁹ Futuretrack is a longitudinal survey exploring the relationship between higher education, employment and career planning. Funded by HECSU and led by a team of researchers at the Warwick Institute for Employment

postgraduate study among final year undergraduate students. Roughly one in five planned to take up postgraduate study.⁹⁰ However, these results are for a more narrowly defined population than the IAG survey and concern students in their final year in 2009.

164. The plans of students we interviewed could be grouped into three broad categories: those that were actively pursuing postgraduate study; those who might consider it for the future; and those that had ruled postgraduate study out completely.

165. Students actively pursuing postgraduate study were doing so for two main reasons: either they had specific careers in mind that required postgraduate qualifications (in particular professional qualifications such as a PGCE for teaching or LPC to become a solicitor) or they were uncertain about graduate employment options.

If there were jobs available, then I would have gone into a job. I wouldn't have needed to go into [postgraduate education] but since I haven't been able to, one, I know I'm going to enjoy it and, two, it's also enhancing my CV.

Young student at inclusive institution

166. Some students had not completely ruled out doing postgraduate study in the future but wanted to gain work experience, take a break from study and earn some money first.

167. Those that had ruled out postgraduate study felt they had gone as far as they wanted to with HE. Mostly, they now wanted to focus on their careers and did not feel that postgraduate qualifications would enhance their opportunities:

I think this will be the last studying that I do at university. I'm not planning to do a Master's or anything else afterwards, so I'll just be focussing on my job [...] I don't feel compelled to study more really. If it was something that I was really enjoying so much and wanted to do more then maybe I would, but I think after the bachelor's that will be enough study for me.

Mature student at FEC

The role of finance in postgraduate progression

168. The HEFCE analysis of IAG survey responses found that among those who were likely to enter postgraduate study, 65 per cent said course fees were a factor. And among those who were unlikely to study at postgraduate level, 61 per cent said it was course fees that put them off. Cost was also a concern for respondents to the Futuretrack survey who

Research, Futuretrack is tracking the cohort of students who applied to university through UCAS in 2005/06. http://www.hecsu.ac.uk/current_projects_futuretrack.htm

⁹⁰ Ellison, R. and Purcell, K. (2015) *Addressing the research questions via Futuretrack data analysis* Warwick Institute for Employment Research <http://www.postgradsupport.co.uk/wp-content/uploads/2015/07/Futuretrack.pdf>

hoped to progress to master’s level study and these concerns were not restricted to those from more disadvantaged backgrounds.

169. Our student surveys support these findings. We asked respondents to the cohort and recipient surveys how important various factors were when considering postgraduate study. In both instances, the top two factors related to the availability of financial support. Figure 23 below shows the results from the recipient survey. Qualifications required for intended careers were also key considerations. The total level of debt accumulated was less important, but still a consideration of many.

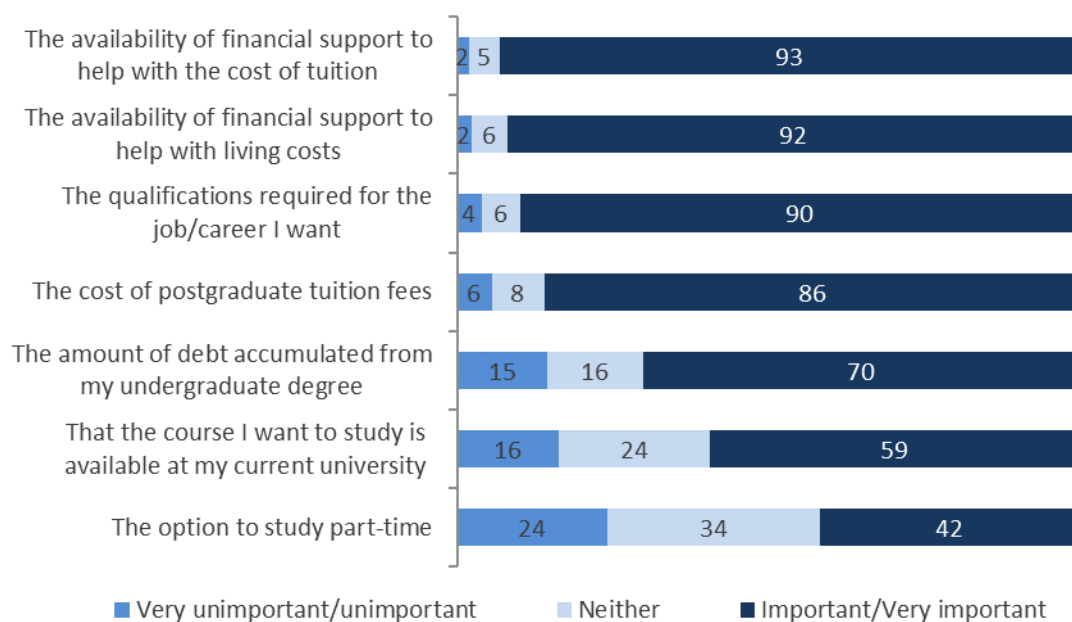


Figure 23: Recipient survey 2014/15: How important are the following factors when considering progression to postgraduate-level study? Per cent, base 3,796

170. The cost of study was the main or only barrier for the students we interviewed considering progressing to postgraduate study. Some students with clear plans to take up postgraduate study were exploring scholarship opportunities. They made it clear that these were likely to be their only option and, given the lack of tuition-fee loans, they simply would not be able to fund postgraduate study otherwise.

I’ve applied for a Postgraduate Support Scheme [...] I will definitely be doing [the postgraduate course] if I get the funding, but there are only 100 places [...] if they fill them up then I can’t really get funding, and then I definitely can’t do the Master’s until the loans come out

Young student at inclusive institution

I can’t do [the Master’s] without [the scholarship], I’m not financially solvent, I don’t have lots of my own money, I don’t have family to look after me either, so I would rely on it completely

Mature student at selective institution

171. Some were planning to take a break from studying first in order to save up to cover the cost of studying as well as gain valuable work experience.

The idea is that as soon as I've finished, I'll head off and do two years of placement, and then I'll go back in and do my diploma in architecture, [...] and that's why I'll do the two years of placement in between, so that I can work but also earn the money to go towards [paying for] it

Young student at specialist institution

172. Interviewees indicated that if funding were available for postgraduate study, this would definitely encourage them to continue with study.

173. Returning to those third year students responding to our cohort survey, of those who had applied for postgraduate study, 59 per cent were aware before their application of the availability of financial aid for postgraduate study, and most of these (64 per cent) thought that they were eligible for this support.

174. Interviewees had different levels of awareness of postgraduate funding opportunities. Some respondents suggested that financial support might be available from within their chosen career sectors, such as the NHS or local authorities. Of those who were aware of scholarships, they also understood that these were limited and competitive and far from guaranteed. Some were knowledgeable about the forthcoming loans scheme for master's study. One mature student however was disappointed at the proposed age limit.

175. Progression to postgraduate study is not for everyone. For some students, however, it is essential to their planned career. For others, it is a productive way to enhance their skills and consider further their future options. For those motivated to progress, finance is the main barrier to taking up postgraduate study. As reported in an earlier evaluation report, institutions argue that financing postgraduate study is an issue for many students, not just those from disadvantaged backgrounds.⁹¹ Yet, there are also differences in participation in postgraduate study by socio-economic background. Analysis by HEFCE shows that students from less privileged backgrounds are less likely to progress into PGT courses than young people with more privileged backgrounds.⁹² The provision of targeted, adequate financial support to cover the costs of tuition fees and living costs is likely to make an important contribution to widening access to postgraduate study and ultimately to enabling disadvantaged students to access professional employment.

⁹¹ Bowes, L., Moreton, R., Thomas, L., Porter, A., Sheen, J. and Birkin, G. (2014) *Evaluation of the National Scholarship Programme – Year 3* HEFCE <http://www.hefce.ac.uk/pubs/rereports/Year/2014/nspevaly3/>

⁹² HEFCE (2013) *Trends in transition from first degree to postgraduate study: Qualifiers between 2002-03 and 2010-11* HEFCE <http://www.hefce.ac.uk/pubs/year/2013/201313/>

05. Conclusions and recommendations

176. In this section we draw together our conclusions from Year 4 of the evaluation, along with key points from previous years. As the NSP is not continuing after 2014/15 our recommendations are based on learning from the programme that can be used to inform future initiatives and the provision of financial aid.

Conclusions

177. The aim of the NSP was to provide a financial benefit to students from disadvantaged backgrounds entering HE for the first time. The development of the programme formed a key part of the government's policy of widening participation in HE in the context of the introduction of higher level fees. This evaluation has focussed upon understanding the extent to which the programme achieved this broad objective, but also what might be learned about the impact of financial aid in terms of access, retention and the success of students from disadvantaged or under-represented backgrounds. It also provides learning about the level, timing and format of financial support.

178. The NSP has been successful in meeting its broad aim. At least 114,000 FTE students benefitted from some form financial support as they entered HE as a result of the scheme. Institutions generally agreed that the NSP was successful in reaching disadvantaged students.

The impact of the NSP upon student access

179. More specifically, the NSP was introduced to address a concern that increased tuition-fee levels would put off students from lower-income backgrounds applying to HE. However, in practice this did not occur, with participation rates increasing for all students including those from disadvantaged backgrounds. It would appear that students understand and have accepted the deferred loan-repayment system and see the benefits of studying as being worth the investment. However, with maintenance grants being converted to loans from 2016/17⁹³, it will be important to continue to monitor how such changes to student finance affect participation.

180. This evaluation suggests that the NSP (and financial support more broadly) has a limited impact upon student access. While students in HE who received financial aid often

⁹³ HM Treasury (2015) *Summer Budget 2015* <https://www.gov.uk/government/publications/summer-budget-2015>

said it had helped them access HE, research with potential students and depth interviews with students suggest some degree of post-hoc rationalisation and many would have progressed to HE anyway. Students need to know that they can finance their studies. It is the availability of the NSP alongside other important financial provision, notably the tuition-fee loan and maintenance grant, that influences the decisions made by students. Our findings were in line with a review of research published earlier this year by OFFA⁹⁴, which found that financial support was not the most significant determinant in students' decisions to apply to HE, but that it may impact upon a sizeable minority of students.

181. Other research suggests⁹⁵ that a wide range of personal dispositional and situational factors intersect to influence the likelihood that an individual will apply to HE and that the key determinant of progression is prior educational attainment. Financial aid at the point of entry to HE does nothing to address these issues.

182. If financial aid is to be used to encourage access to HE, it is essential that students have good information at the point at which they begin to make decisions about HE on what they can expect to receive. Students also need to be confident about what they will be entitled to. Disadvantaged students consult fewer sources of information for their decision-making and find it harder to get hold of and evaluate information on HE and student support.

183. Because the demand for the NSP outstripped supply, the majority of institutions had to apply local eligibility criteria and up-front guarantees of entitlement were not possible in most cases. Students often did not know whether they would receive an NSP award until they were enrolled on a course. This has undoubtedly affected perceptions of the extent to which it has impacted on access. Furthermore, there is little evidence to suggest that the availability of the NSP influenced choice of institution or course.

Recommendation: A financial aid scheme with the specific aim to widen access might be best delivered as a national entitlement that is guaranteed to students who meet certain criteria, and is uniformly delivered across institutions.

Impact of the NSP upon retention

184. Evidence on the impact of the NSP on retention from our evaluation was mixed. Certainly recipients of financial aid felt it had helped them to stay on course. But in contrast students who had not received financial aid in their third year did not generally think this would reduce their ability to complete their course.

185. Institutions generally felt that financial aid did help to support retention among disadvantaged students. However, without a comparison group of disadvantaged students who did not receive the funding it is difficult to be confident of any impact or to attribute

⁹⁴ Nursaw Associates (2015) *What do we know about the impact of financial support on access and student success?* OFFA <http://www.offa.org.uk/wp-content/uploads/2015/03/Literature-review-PDF.pdf> p.4

⁹⁵ Gorard, S., Smith, E., Thomas, L., Adnett, N. and Slack, K. (2006) *Review of Widening Participation Research: addressing the barriers to participation in Higher Education*, Bristol HEFCE

perceived impacts to financial aid or the NSP. A few institutions have attempted to compare retention between students who received an NSP award and those who did not but whose income levels were similar. This might provide a model for a future evaluation of impact of financial aid at an institutional level; however the diversity of the sector means that inter-institutional comparisons may be more problematic.

Recommendation: Institutions should be encouraged to evaluate the impact of their targeted financial aid schemes so a fuller understanding of what works, in what context and with which groups of students, is developed. The feasibility of establishing a comparison should be explored, for example through the use of individual-level data held by HEFCE.

186. There is some evidence that financial aid in the form of cash or discounted services can help alleviate financial stress, enable students to purchase resources, travel to university and/or take a fuller part in university life. All of these may contribute towards supporting retention (and success). There is also some evidence that providing students with financial aid may encourage and motivate students as they feel that the institution is making an investment in them and that they should persevere as a result.

187. A wide range of factors affect student retention, and decisions to leave HE are likely to be more complex than simply lack of finance. Financial aid alone may not be sufficient to prevent students leaving HE, but financial problems may be the 'final straw' for students who are struggling with other difficulties.

188. The impact of the NSP upon retention is likely to be dependent upon the configuration of the NSP, specifically the type, amount and timing of support offered by the university. For those institutions offering a fee-waiver and/or allocating the award in the first year only, the impact on retention for students is likely to be minimal, given that the NSP award would act to offset future debt, rather than address direct costs and pressures encountered by students on their course. This accounts for some of the variation in perceptions among institutions about the impact of the NSP upon retention.

Impact of the NSP upon student success

189. Again, our evaluation has found equivocal views with regard to the impact of the NSP upon student success. It is difficult to directly attribute any impact upon success rates to the NSP, given that final degree classifications of students entering HE at the outset of the programme (2012/13) were not known at the time of commencing fieldwork in the final year of the evaluation.

190. However, our interviews with institutions and students support the idea that the NSP and financial aid may play a role in supporting student success. The provision of cash bursaries that lessen financial pressures on students may indirectly support better achievement, by enabling students to purchase books and resources and devote adequate time towards study with a reduced need to undertake part-time employment. The latter, in particular, was seen by a number of students as detrimental to their studies, and so it follows that alleviating financial pressures may support students in this regard.

Impact of the NSP upon student experience and wellbeing

191. Our evaluation has found evidence that the NSP, and financial aid more generally, can positively contribute towards an enhanced student experience and wellbeing. Students interviewed during our Year 4 evaluation indicated that financial aid had supported their overall wellbeing by reducing stress and worry while they studied. Additionally, the provision of other types of support, such as accommodation discounts or food vouchers enabled students to participate to a greater extent in student life and increased their opportunity for social interaction. Financial support can help disadvantaged or under-represented students feel more integrated with better-off peers.

192. However, despite the financial support provided, several students participating in our research still found themselves in financial difficulties and felt that this impacted upon their state of mind and ability to engage with their course. Some were unaware of the full costs involved in studying and living away from home. In particular, students with dependents, those studying in London, students undertaking work placements and Visual Arts students found they had additional costs to meet, particularly in their final year, which they had not fully anticipated. In the case of Visual Arts students, there was a strong perception that spending more on materials would lead to better grades. Students were determined to continue with their studies and resorted to family, friends, pay-day loans and credit cards to meet their financial commitments.

Recommendation: Future financial aid initiatives should consider providing enhanced support for students whose study and living costs are likely to be higher than other students' due to the need to purchase materials or other requirements and/or weighting the financial aid towards the final year.

Supporting part-time and mature students

193. Numbers of part-time and mature students have declined over recent years. While part-time and mature students have benefitted from the NSP, overall the programme was not designed to encourage or support this particular group of students. Many part-time students were not eligible for the NSP and some institutions chose not to offer the NSP to part-time students for administrative reasons. If, as it appears, financing HE is a particular challenge of part-time students, more tailored financial support for this group may be worth considering further, in addition to the reforms that have enabled eligible part-time students to access loans.

Recommendation: Further research to understand the financial support needs of part-time and mature students is required, including the extent to which lack of financial aid and/or cost has led to the decline in participation among this group. Further consideration should then be given to developing financial support packages that are tailored to meeting the needs of mature and part-time students.

Progression to postgraduate study

194. Postgraduate study is important to the UK economy and society, providing benefits to individuals and employers. Employers value postgraduates' specialist knowledge and their

skills are vital in addressing business challenges, generating innovation and driving growth.⁹⁶ Postgraduate study offers the opportunity for students to further their interest in a subject and to enhance their skills and qualifications. For some, it is important or even essential to entering their chosen career or profession.⁹⁷ Among disadvantaged students who are motivated to take up postgraduate study, finance is the key barrier. The main options currently are securing a scholarship (limited availability means competition and uncertainty), taking time off from study to work and save or studying part-time while working to fund the course. The absence of tuition-fee funding at the moment means finance is much more of a barrier to access than at undergraduate level. The availability of adequate financial support is likely to encourage and enable more students to take up postgraduate study. The introduction of tuition-fee loans in 2016/17 could make a difference in this regard. However, it is possible that some disadvantaged students may still be deterred because of the increased debt. It will be important to monitor characteristics of students who take up the loans in order to understand the impact on progression particularly among those groups defined as disadvantaged at undergraduate level.

Delivering financial aid

195. The NSP had clear guidelines and parameters for delivery while offering institutions choices in terms of local eligibility criteria, format, timing and use of match-funding. Institutions have also adapted and refined their offer in response to changes in funding and policy, student feedback and to make it easier to administer. A defining feature of the NSP has been the degree of variation in how the programme has been implemented between different institutions and how it has changed and evolved over time. Given this diversity it has not been possible to define a few clear and distinct delivery models for the NSP. But we have been able to identify some lessons about the format and timing of providing financial aid which should inform any future schemes.

196. Institutions welcome flexibility to design and tailor their financial support packages to their students' needs and their own priorities for WP. Some institutions felt that they could have used the government funding in more innovative or appropriate ways without the restrictions of the NSP. A plethora of different schemes in operation does make comparison across institutions difficult. However, this is arguably more important if the purpose of financial aid is to improve access to HE. There is limited evidence for the impact of financial aid on access. But there is potential for financial aid to support student engagement, wellbeing and success.

Recommendation: Financial aid to support student retention, success, wellbeing and enhance the student experience should be devolved to institutions to design and deliver, giving maximum flexibility to ensure it meets their particular priorities and students' needs.

⁹⁶ Department for Business, Innovation & Skills (2010) *One step beyond: Making the most of postgraduate education* BIS

⁹⁷ The Panel on Fair Access to the Professions (2009) *Unleashing Aspiration: The Final Report of the Panel on Fair Access to the Professions* London: Cabinet Office

197. Students are concerned about covering their living and study costs while in HE. Immediate benefits rather than fee-waivers are more useful in this regard. And cash is more flexible than university services or discounts allowing students choice and freedom to use as they see fit. It is also more equitable than discounted services, which not all students may need or access, and avoids potential stigma associated with the use of vouchers. Cash is also easier for institutions to administer than complex menus of options.

Recommendation: Future financial aid schemes should strongly consider offering support in the form of cash. Some students may also benefit from support with budgeting and managing their finances.

198. The financial responsibilities of students do not diminish as their courses progress. In some cases they may even become greater as students wish to reduce reliance on paid employment.

Recommendation: There is an argument for spreading financial aid across all years of study. The ideal payment profile is likely to vary by course. Students may need larger amounts in later years to allow them to focus on their studies and/or meet additional costs only incurred in the final year such as for a final show or exhibition. Similarly, some courses have substantial upfront costs.

The legacy of the NSP

199. Our research with institutions suggests that the NSP has added value to existing forms of support, and generally has not duplicated or displaced existing financial aid and WP activity. Most institutions continued to offer some form of financial aid alongside the NSP.

200. Small institutions in particular appear to have benefitted most, particularly in the final year where many have received additional government funds without the requirement to match-fund. This is clearly appealing to small institutions as evidenced by the increased take-up of the programme in this final year.

201. Small institutions also appear most likely to be affected by the ending of the NSP. Although most institutions will offer some form of financial aid after the NSP, the 10 per cent of survey respondents who will not offer any financial aid are small institutions. Small institutions responding to the survey are also most likely to offer financial support to fewer students following the ending of the NSP.

202. The fact that institutions are continuing with some form of financial aid suggests that they see the value of this as a means of encouraging and/or supporting students from disadvantaged backgrounds.

Lessons for policy

203. Beyond a general aim to benefit disadvantaged students in HE, the NSP lacked more precise objectives and there were differing views among stakeholders and institutions as to what these should be. Better defined objectives might have helped with the creation of a scheme better designed to address these – both nationally and locally. Clearer articulation of the problem to be addressed and the intended outcomes might have led to different choices in delivery. There is a tension between providing a programme with national, uniform

entitlements (see Paragraph 185) and allowing institutional flexibility (see Paragraph 198). Yet, as set out above, different approaches may be more or less appropriate depending on the objective sought. The tension can be resolved by being clear about primary objectives and designing a scheme accordingly.

204. Similarly, clearly defined target populations will also enable bespoke solutions to be designed. This may need to happen at national or local level depending on the initiative. However, if interventions are to be developed to meet local needs, institutions need sufficient autonomy and flexibility to allow them to do this.

Recommendation: Financial aid initiatives should be clear about the intended purpose and desired outcome – whether this is to widen access, improve retention, support student wellbeing or something else – and key beneficiary groups.

205. More specific objectives would also help with monitoring and evaluation, suggesting key indicators of success to be measured. Monitoring and evaluation of the NSP at institutional level has been patchy. Some particularly smaller institutions will need support and resources to carry out robust evaluations as they do not currently have this capacity. Institutions with small numbers of financial-aid beneficiaries may also need to collaborate with other institutions on evaluations in order to draw reliable conclusions. The National Network for Collaborative Outreach may offer the possibility of larger institutions supporting smaller institutions in their network to evaluate their schemes and/or identifying suitable comparator groups.

Recommendation: HEFCE may wish to consider making local evaluations a requirement of future funding. Methods that include comparison groups should be considered. This has implications for how initiatives are designed and implemented, for example by piloting approaches initially in some institutions only.

Glossary

BIS	Department for Business, Innovation & Skills
FEC	Further education college
FSM	Free school meals
FTE	Full-time equivalent
HE	Higher education
HEA	Higher Education Academy
HEFCE	Higher Education Funding Council for England
HEI	Higher education institution
HESA	Higher Education Statistics Agency
IFS	Institute for Fiscal Studies
NSP	National Scholarship Programme
OFFA	Office for Fair Access
PGT	Postgraduate taught
PGR	Postgraduate research
POLAR	Participation of Local Areas
PSS	Postgraduate Support Scheme
WP	Widening participation