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An evaluation of financial support for students in Further Education in Wales *Strategic Report*



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Strategic Report

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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Glossary of acronyms

ALG (FE)	Assembly Learning Grant – Further Education
EMA	Education Maintenance Allowance
FCF	Financial Contingency Fund
FE	Further Education
FEI	Further Education Institution
FSM	Free School Meals
GCSE	General Certificate of Secondary Education
GNVQ	General National Vocational Qualification
HE	Higher Education
LC	Learning Centre
NEET	Not in Education, Employment or Training
SFW	Student Finance Wales
SLC	Student Loans Company
WfA	Welsh for Adults
WGLG (FE)	Welsh Government Learning Grant (Further Education)

1 BACKGROUND

Introduction

- 1.1 Old Bell 3 Ltd, in conjunction with the Wales institute of Social and Economic Research, Data and Methods (WISERD) and Dateb, was commissioned by the Welsh Government to undertake an independent evaluation of Further Education (FE) student finance across Wales¹ with a particular emphasis upon reviewing the Education Maintenance Allowance (EMA) and the Assembly Learning Grant (Further Education) (ALG (FE)²) funding schemes.
- 1.2 This report is the third of three reports prepared as part of this evaluation and is intended to provide an overarching strategic report covering student finance across Further Education in Wales. The first report focused upon the EMA Scheme³ whilst the second focused upon the ALG (FE) Scheme⁴. This report also draws upon the findings of a previous evaluation undertaken by Old Bell 3 for the Welsh Government on the Financial Contingency Fund (FCF)⁵.
- 1.3 The specific aim of this report is to present a comprehensive overview of the current situation in Wales in respect of student financial support outside of higher education and make recommendations for future delivery. The objectives for this report, paraphrased from the invitation to tender, are to:

¹ In the context of this report, references to further education student finance should be read as including financial support to pupils aged 16 – 19 studying in school sixth forms.

² From Academic Year 2014/15 it is known as the Welsh Government Learning Grant (Further Education) (WGLG (FE))

³ <http://gov.wales/statistics-and-research/evaluation-education-maintenance-allowance-assembly-learning-grant/?lang=en>

⁴ <http://gov.wales/statistics-and-research/evaluation-education-maintenance-allowance-assembly-learning-grant/?lang=en>

⁵ <http://gov.wales/statistics-and-research/evaluation-financial-contingency-fund/?lang=en>

- Explore the extent to which the package of further education student finance support contributes towards the widening participation agenda;
- Synthesise the findings of the three evaluation studies on the EMA, ALG (FE) and FCF (FE) schemes to estimate the overall effects of further education student financial support;
- Explore the extent to which the package of further education student financial support contributes towards and fits with Welsh Government priorities and policies;
- Draw upon the literature review of similar financial support available to English, Scottish and Northern Ireland domiciled students;
- Consider areas for improvement and make recommendations for future delivery.

Structure of this Report

1.4 In this brief report we firstly (in Section 2) present an overview of the three Welsh Government financial support schemes available across the further education sector, drawing upon the latest available data. We then (in Section 3) discuss the key findings of the research undertaken on these three financial support schemes, re-iterating the recommendations made for each individual scheme. Finally (in Section 4), we present our overall conclusions and make recommendations for future delivery.

2 AN OVERVIEW OF FURTHER EDUCATION FINANCIAL SUPPORT SCHEMES IN WALES

2.1 This section presents an overview of the three financial support schemes, namely the EMA, ALG (FE) and FCF (FE) Schemes.

The EMA Scheme

2.2 The EMA is a financial allowance available to 16, 17 and 18 year olds living in Wales to incentivise them to continue in education after compulsory school leaving age. It was first introduced in the 2004/05 academic year. It is currently a weekly allowance of £30 per student, linked to satisfactory attendance and achievement of agreed learning goals, and paid fortnightly to eligible students attending recognised schools or further education institutions (FEIs) in Wales or elsewhere in the UK.

2.3 The EMA Scheme aims to provide a financial incentive to young people from low-income households to remain in full-time education beyond compulsory education, thus addressing the current link between low income and educational progression. In order to be eligible, students must satisfy particular criteria including being aged 16,17 or 18 years old on the 31 August prior to starting the academic year, and be studying on a full-time basis at a school or for at least 12 guided hours a week at a recognised FEI and be domiciled in Wales. Eligibility is also determined by household income. Students are only able to receive funding if their household income is £20,817 or less (if they are the only dependent child in the household), or £23,077 or less if there are one or more additional dependents aged 16 or under, or aged 20 and under and in full-time education or training and eligible for child benefit in the household.

- 2.4 Around half of all full-time students who fall within the EMA age criteria are supported via the Scheme, with this proportion varying from around a third (32%) within schools to nearly two-thirds (59%) in FEIs. Just over half of all EMA recipients are female. Nearly three quarters (72 per cent) of all applications made for the EMA allowance were from applicants with a household income of £20,817 or less whilst a quarter (28 per cent) were from claimants with a household income of between £20,817 and £23,077.
- 2.5 £25 million was spent on the EMA Scheme in Wales during 2012/13 supporting just over 30,000 recipients, equating to £826 per student supported.
- 2.6 The administration of the EMA Wales Scheme is delegated to the Student Loans Company (SLC) via an annual Notice of Appointment with Service Level Agreements agreed between the SLC and the Welsh Government. Students apply directly to the SLC (under the Student Finance Wales brand) for support, and those who are awarded an EMA grant enter into a learning agreement with their school or college.
- 2.7 The EMA evaluation found that EMA recipients are more likely to be female and to have been entitled to Free School Meals (FSM) as well as less likely to have achieved relatively high levels of attainment at GCSE when compared with non-EMA recipients in further education. 40 per cent of EMA recipients enrol for A-levels whilst 47 per cent enrol for vocational qualifications⁶ - 13 per cent for vocational qualifications at level 3 or 4 and 30 per cent for qualifications at Level 2 or below⁷.
- 2.8 Our evaluation found that the EMA supports and contributes towards a range of Welsh Government policies which are geared towards widening access to education, reducing the rate of young people who are NEET and addressing the current link between poverty and educational

⁶ Due to limitations of the data matching exercise for the study, the course of study could not be identified for most of the remaining 13% of recipients.

⁷ The remaining students studied sixth form vocational or other vocational combination courses.

attainment. It is less well-aligned with the Welsh Government’s objective of improving progression into higher education, although a third of EMA recipients do progress to HE⁸.

The ALG (FE) Scheme

2.9 The ALG (FE) is an administrative scheme, first introduced in the 2002/03 academic year to support adult learners aged 19 and over in further education. It is a mean-tested allowance awarded to adult students whose household income is £18,370 or below.

2.10 The aim of the Scheme is to provide financial support to adult students who might otherwise experience financial difficulties when undertaking further education courses and thereby incentivise those from lower-income households to remain in, or to return to, further education.

2.11 It is available to both full and part-time students domiciled in Wales and studying at a publicly-funded learning provider in the UK. Full-time students are currently eligible for up to £1,500 support whilst part-time students are eligible for up to £750 per annum. The amount of funding that a student can expect to receive depends upon their household income as well as whether they study on a full- or part-time basis, as shown in Table 1 below:

Table 1: Current ALG (FE) Awarding Criteria (2013/14)

Cumulative contact hours in academic year	Household Income			
	£0-£6,120	£6,121-£12,235	£12,236-£18,370	£18,371 and above
275-499	£760	£450	£300	Nil
500 or more	£1,500	£750	£450	Nil

Source: Student Finance Wales

⁸ The most recent data shows that 33 per cent of students last receiving EMA in 2011/12 progressed to higher education.

- 2.12 The household income which is considered in the awarding of the ALG (FE) grant depends upon whether the learner is a dependent or independent student. A student is considered to be an 'independent' student if they satisfy at least one of several criteria – including whether they are aged 25 or over, are responsible for a child, are living apart from their parents or have financially supported themselves for more than three years.
- 2.13 Only a very small proportion of all further education adult learners aged 19 and over (at 4 per cent during 2012/13) are in receipt of ALG (FE) support. This is striking given data on household incomes across Wales more generally which suggest that if adult learners were representative of the population as a whole and if all eligible learners applied for the allowance, then between 28 and 42 per cent of learners would be eligible on the basis of the household income threshold⁹. During the 2012/13 academic year 7,445 students were supported by the Scheme, with the vast majority of these (87 per cent) studying on a full-time basis. Just over half (57 per cent during 2013/14) of all ALG (FE) recipients were aged under 25 whilst the remaining 43 per cent were aged 25 and over. Nearly all ALG (FE) recipients studied at a Welsh institution.
- 2.14 The vast majority of ALG (FE) recipients (81 per cent of full-time and 85 per cent of part-time) during the 2012/13 academic year were from households with a residual income of £6,120 or less, thus qualifying for the full grant of £1,500 for full-time and £750 for part-time learners.
- 2.15 £8.2 million was spent on ALG (FE) recipients during the last academic year (2012/13) which equated to £1,090 per learner. Spend per learner has dropped slightly over the last seven year period (e.g. spend during 2006/07 stood at £1,149 per award made).

⁹ Based upon data available via the Family Resources Survey which suggests that 28 per cent of all households in Wales have a weekly income of below £300 (equivalent to £15,600 per annum) and that 42 per cent have a weekly income below £400 (£20,800 per annum) and in order to qualify for ALG (FE) a household income would have to be below £353 a week (calculated using the highest annual ALG (FE) household income threshold of £18,370 over a 52 week period).

2.16 The administration of the ALG (FE) Scheme is delegated to the Student Loans Company (SLC) via an annual Service Level Agreement agreed between the SLC and the Welsh Government. Students apply directly to the SLC (under the Student Finance Wales brand) for support under the Scheme and if awarded a grant, enter into a learning agreement with their school or college. The ALG (FE) grant is paid directly to recipients on a termly basis by the SLC. Typically students studying for a full academic year receive 40 per cent of the grant during the first term and 30 per cent thereafter during the second and third terms.

The Financial Contingency Fund (FCF)

2.17 The FCF is a discretionary scheme, first introduced in 1991 to support students studying in FEIs (but not school sixth forms) as well as HE students who faced financial difficulties and who, without support, were likely to leave their education. The aim of the Scheme is to provide financial help to students whose access to further education might be inhibited by financial considerations or who face financial difficulties during their studies.

2.18 The Welsh Government provides funding directly to individual further education institutions to administer FCF monies to their students on a discretionary basis. Over the last few academic years the FE sector has received some £7 million funding per annum. Of this, a small amount of funding (£64,000) has been ring-fenced within the FCF (FE) Scheme for use by Welsh for Adults (WfA) Centres to support their students. This approach was first adopted during 2008/9 when six new WfA Centres were established, five of which were based within HEIs and one within an FEI.

2.19 Across the FE sector 13,825 students were supported via the FCF (FE) Scheme during 2012/13 – the number of students supported by the Scheme has dropped significantly since its peak during 2008/09. In all,

23,055 individual awards¹⁰ were funded during 2012/13 amounting to a total of £6.9 million spend.

2.20 There has also been a drop in the number of applications being made for the FCF (FE) Scheme over the last few years – during 2012/13, 15,550 applications were made for FCFs compared for instance with 21,115 during 2010/11. A total of 1,725 applications were rejected by FEIs during 2012/13. The main reason applicants were refused funding was that they did not meet their institution's priorities for the use of the funds: this accounted for a little under half of all refusals made.

2.21 The vast majority (89 per cent or 12,350) of students supported by the Scheme during 2012/13 were full-time students whilst only 11 per cent (1,475) were part-time. Just over half of all supported students (54 per cent) were aged 16-18 years old, but in financial terms, awards to students aged over 19 accounted for some two-thirds of all funding allocated (at £4.6 million) with only one-third being allocated to students aged 16 - 18.

2.22 Two provisions accounted for nearly three quarters of all spend across the FCF (FE) Scheme during 2012/13, namely childcare (at 44 per cent) followed by transport (at 28 per cent) – despite childcare only accounting for 7 per cent of all awards made via the Scheme during that year. As would have been expected, most of the childcare funding was allocated to those aged 19 and over. Transport accounted for the largest single expenditure for students aged 16 to 18 – although in monetary terms the level of expenditure for those aged 19 and over was actually higher (at £1.1 million compared with £0.9 million for 16 – 18 year olds during 2012/13). Relatively small amounts were spent on provisions such as stationery and disability costs as well as exam and registration fees.

2.23 The average value of financial support provided to successful applicants via the FCF (FE) Scheme during 2012/13 was £500 – this compares

¹⁰ Multiple awards are awarded to some students.

with £395 during 2011/12 and £359 during 2010/11. During 2012/13 the average expenditure per award category was greatest for childcare (£1,750), followed by accommodation (£1,365).

3 KEY FINDINGS FROM THE EVALUATIONS

Introduction

- 3.1 This section presents the key findings and recommendations from each of the individual evaluations undertaken for the EMA, ALG (FE) and FCF (FE) schemes in Wales.

Evaluation of the EMA Scheme

- 3.2 The EMA Scheme evaluation revealed an overwhelming view amongst stakeholders that there was a definite need for the Scheme to provide financial support to students from low income families in post-compulsory education. There was also a strong call for the continuation of the Scheme in the future, although this was mixed with a view from some research participants that a discretionary system based on the assessment of individual needs would be preferable (and a view from some students that EMA should be universally available). It was felt that only a very small proportion of students were enrolling onto their courses solely to receive EMA, rather than to enable them to learn. A few of this group were thought to be disruptive to other students.
- 3.3 Whilst the EMA Scheme was thought to be well-aligned with other further education financial support on offer there was a strong call from the sector for the alignment of household income thresholds for schemes such as EMA and ALG (FE). In the main it was also thought that the household income threshold for the ALG (FE) Scheme ought to be increased in line with that of the EMA Scheme.
- 3.4 The changes implemented to the EMA Scheme in Wales over the last few years (notably the removal of lower allowances and bonus

payments¹¹) were not thought to have had a significant impact upon student participation in post-compulsory education. Contributors did however convey mixed views about the removal of the bonus payments previously available.

- 3.5 In the main the evaluation found that those students who were most at need were being supported via the Scheme although there was evidence to suggest that the Scheme could be better targeted in the future given that some recipients were using the funding for non-essential purposes. Whilst there was a strong call within the sector for the funds to be allocated via a more individualised assessment approach, it was widely recognised that household income means-testing was a practical and efficient method of allocating financial support.
- 3.6 The evaluation suggested that the current single rate of allowance of £30 was reasonable and there was no appetite to see this rate reduced in the future.
- 3.7 The research found that there was generally a good level of awareness of the EMA Scheme across both the school and FE sectors and that appropriate promotional efforts had been deployed by learning centres to promote the Scheme. The application process was in the main deemed to be fairly straightforward, albeit that parents and guardians appeared to take on most of the responsibility for the EMA application itself. The submission of original evidence to support applications however posed more difficulties for EMA applicants.
- 3.8 It was found that the EMA learning agreements signed between learning centres and EMA recipients were not regarded as particularly meaningful. Whilst attendance requirements to qualify for payments were felt by the majority of stakeholders, practitioners, students and

¹¹ Before 2011/12, there were a number of tiers of EMA, depending on the level of household income, much as with ALG. Bonus payments were also payable on completion of College terms.

parents to have a positive impact upon improving attendance and punctuality amongst recipients, we encountered significant differences between learning centres in terms of the attendance requirements set for students in order to receive payments. Furthermore, learning centres adopted different attendance monitoring processes. For instance not all students involved in our research were able to access their attendance records in advance of payments being made or withheld. Issues relating to lesson registrations (where this led to non EMA payment) were the biggest source of discontent for EMA recipients who participated in our research. Conversely learning centres identified the pressure put on them by EMA recipients and their parents to approve EMA payments despite issues of absenteeism.

3.9 Whilst EMA funds were found to be used for educational purposes in the main we did encounter some use of the funding for non-essential purposes, suggesting that the support could be a 'nice to have' for some students.

3.10 In terms of the difference made the evaluation found that whilst the potential offer of EMA was an important consideration for students, the majority of EMA recipients who contributed to the study would have enrolled on their course anyway – with those in sixth form more likely to have done so than those in further education. Contributors also thought that the EMA was making a positive contribution to widening participation (given its focus on those from low household incomes) and improving retention rates as well as having a positive impact upon attendance and punctuality. Interestingly the quantitative analysis showed that EMA recipients were more likely to enrol in further education more quickly than non-recipients in that they were more likely to enrol in the September following their year 11 studies.

3.11 More mixed views were conveyed as to whether the EMA was making a difference to student attainment and achievement – whilst the qualitative work did not present much concrete evidence in this respect, practitioners were keen to highlight the fact that existing research across

the student population more generally showed that higher attendance led to better achievement. The quantitative analysis however showed that the Scheme was having a positive effect in terms of attainment with EMA recipients more likely than non-recipients to continue their FE studies for longer when examining the study patterns of those undertaking qualifications other than AS/A-Levels within FE. Furthermore the quantitative analysis showed that EMA recipients who undertook qualifications other than AS/A-Levels within FE were more likely to achieve a Level 3 or higher award than non-recipients and were also more likely to achieve qualifications beyond their original entry aim.

3.12 Finally a third of EMA recipients are known to progress into higher education. There was no evidence from either the qualitative fieldwork or the quantitative analysis for this study, to suggest that the offer of the EMA impacts upon progression into higher education.

3.13 Our review of financial support for 16 to 19 year-olds outside Wales, including key findings from robust evaluations conducted across England¹², Scotland and Northern Ireland reinforced many of the main findings within the evaluation albeit in some cases the evidence from outside of Wales suggest that the EMA Schemes have not been as effective in terms of the difference made to student attainment. These evaluations from elsewhere in the UK suggest that:

- When first introduced, EMA had a positive impact upon participation rates, increasing participation by between 4 percentage points and 9 percentage points, depending on the year group and study. The lower (e.g. £20 or £10) rates were generally not effective at incentivising participation;

¹² E.g. Research Report 678: Evaluation of Education Maintenance Allowance Pilots: Final Report of the Quantitative Evaluation. Centre for Research in Social Policy (CRISP) and Institute for Fiscal Studies (IFS) for the Department for Education and Skills (2005), also EMA Evaluation of the East Ayrshire Pilot. Centre for Educational Sociology (CES), University of Edinburgh for Scottish Social Research: Summary (2002).

- EMA is an essential source of financial support for only a minority of students who receive it. A high proportion of recipients would have enrolled in post-compulsory education anyway, particularly within the school sixth form setting. In fact EMA may act as a perverse incentive for a small minority of students (i.e. they appear to attend further education only for the purpose of receiving the allowance, rather than claiming the allowance for the purpose of supporting their education);
- EMA Schemes generally make a positive contribution to student retention rates, and there is no suggestion that there is any stigma attached to receiving the EMA allowance;
- The evidence of the impact of EMA on attainment levels is inconclusive, and there is no evidence to suggest that the EMA leads to higher rates of participating in higher education, however the allowance does tend to reduce the need for recipients to work part-time while studying.

Evaluation of the ALG (FE) Scheme

3.14 The evaluation found that stakeholders believed that there was a definite need for the ALG (FE) Scheme to financially support adult students in post-compulsory education in Wales. This case was made on the basis that adult students tended to have greater financial commitments than their younger counterparts and students in particular were more likely to argue that they were struggling financially whilst in education.

Furthermore it was also argued that adult students tended to benefit less from other financial support such as subsidised transport costs. Indeed other than the FCF FE Scheme adult learners in FE are able to access very little other financial support.

3.15 The ALG (FE) evaluation strongly questioned the rationale for having two wholly separate administrative schemes in place and highlighted the resulting confusion that this creates amongst the student population – particularly for those progressing from EMA to ALG (FE). There was a

strong call from both students and practitioners for the support on offer via the current administrative schemes to be better aligned in terms of eligibility criteria (including household income thresholds for awarding funding), the level of funding made available (with a preference towards the higher EMA rate) and regularity of payment. As was the case with the EMA Scheme, feedback also suggested that recipients of the ALG (FE) Scheme also benefit from FCF (FE) support.

- 3.16 As was the case with the EMA Scheme, the evaluation found that generally the right students were being supported by the ALG (FE) Scheme and came to the conclusion that means testing based upon household income was an acceptable approach for allocating funding. One key point of concern related to the perceived impact of receiving ALG (FE) support as well as UK Government welfare benefits and the fear of losing such benefits – although it was found that the number of hours required for FE study had in fact a greater bearing upon this issue than receipt of the ALG (FE) which is disregarded by the Department of Work and Pensions.
- 3.17 One key issue to emerge from the ALG (FE) evaluation related to the cut off age (currently set at 25) for determining whether a student lived independently or not without the need to prove that they were doing so. Contributors to the study thought that adopting an arbitrary cut-off age to determine whether a student lived independently or not was inappropriate – some argued that any student over 19 ought to be regarded as living independently whereas others believed that all ALG (FE) applicants, regardless of their age, ought to evidence the fact that they lived independently.
- 3.18 The study found that the current maximum funding allowance of £1,500 was generally adequate for students living at home without any dependents but inadequate for those living independently or with other dependents. The evaluation also found that the lower payment allowances available via the Scheme were inadequate and there was a desire amongst contributors to see these amounts increased, in some

cases it was thought that a single rate of allowance ought to be provided via the Scheme.

- 3.19 The ALG (FE) funds were viewed in the main as an essential contribution to those in receipt of support and were used primarily for educational related purposes and general living costs.
- 3.20 Despite a wide range of promotional and information dissemination methods being adopted to market the ALG (FE) Scheme, there was generally lower awareness of its existence across the FE sector. Given that relatively few students receive funding via the Scheme it was perhaps not surprising that the study did not reveal any element of stigmatisation associated with its receipt.
- 3.21 Mixed experiences were reported around the application process. The main difficulties expressed by applicants related to terminology, the sourcing of original documentation and submission of original documentation by post.
- 3.22 The evaluation found that the value associated with using learning agreements was questionable and several methods of strengthening these were offered by contributors. In terms of attendance requirements, individual colleges adopted very different interpretations of the guidance set by the Welsh Government and were generally less demanding and more flexible than the requirements imposed upon EMA funded students.
- 3.23 The research suggested that ALG (FE) recipients would prefer to receive more regular payments than the current termly cycle and that they be notified in advance of the value and date which they could expect to receive payment.
- 3.24 In terms of the difference made, the study found mixed evidence in terms of the impact of the ALG (FE) Scheme upon students' decision to enrol in further education. A fair number of recipients had only come to hear about the Scheme after they had taken the decision to enrol on

their course and therefore could not have been influenced by its availability but its existence was a crucial consideration in the decision of a minority of recipients to enrol in further education.

3.25 Based upon the qualitative feedback of students and practitioners the study also concluded that whilst the Scheme had made a modest difference to further education attendance levels its impact upon retention levels was greater. The effect upon attendance levels appeared to be less pronounced than was the case for the EMA Scheme (because of a less rigorous system of enforcement) although it is important to note that the quantitative analysis within the evaluation of the EMA Scheme could not be mirrored for ALG (FE). . The research found, however, that the ALG (FE) Scheme was critical to a large number of students in enabling them to stay in further education and in many cases meet unanticipated costs associated with further education.

3.26 Furthermore the study did not reveal any concrete evidence either way to demonstrate whether the ALG (FE) Scheme was having an impact upon student attainment, achievement or progression into higher education owing to a lack of available data for analysis¹³

Evaluation of the FCF (FE) Scheme

3.27 The evaluation of the FCF (FE) Scheme found that there was a clear rationale for providing discretionary financial support to FE students at particular times of need during their studies and that its availability complemented the statutory support available via the EMA and ALG (FE) schemes. Having said this it was clear that the FCF (FE) Scheme was being used to 'plug' particular gaps within statutory provision and to iron out inconsistencies in the support available to students in FE settings compared to those in school sixth forms – particularly in the case of covering student travel costs and lunch vouchers.

¹³ It was not possible to undertake a matching exercise of SLC student records and the Widening Access Database for this purpose as had been undertaken as part of the EMA evaluation.

- 3.28 The evaluation found that – somewhat contrary to its original purpose - FCF was routinely used in the FE sector to fund foreseeable costs associated with studying for certain categories of students as opposed to supporting student financial emergency needs. Furthermore the allocation of FCF (FE) funding was typically done via household income means-testing (i.e. in the same manner as EMA and ALG (FE) Schemes), with any student from a household falling below the household income threshold set by that institution automatically qualifying for FCF support. Whilst the study did not suggest that the FCF (FE) Scheme was not fit for purpose it did suggest that the Welsh Government should recognise that FCF funds were being awarded and used in this way in the future.
- 3.29 One of the main findings of the evaluation was the significant differences adopted by individual FE institutions in terms of how they approached FCF, for example in terms of student eligibility (particularly household income thresholds). Student experiences of applying for funds also varied significantly. The report therefore made a specific recommendation for the sector to work towards a more common approach in their administration of FCF based upon current good practice. Having said this, the evaluation also suggested that institutions should be allowed to maintain the current flexibility in terms of setting priorities for the fund and administering the Scheme at a local level.
- 3.30 In terms of use of the funds, the range of provision funded was found to have narrowed in recent years due to the increasing pressure and demand placed upon the Scheme. It was found that childcare accounted for the largest spend across the Scheme and this had resulted in some institutions tightening their policies in recent years to accommodate the increased demand for funds for this purpose. Transport accounted for a significant share of the funding available and local authority policies on student transport were found to have a significant bearing upon whether FCF was used for this purpose or not at a local level.

- 3.31 The FCF Scheme was found to be marketed effectively by individual FEIs – although it was not always known locally by its name, but rather by the provision it funded e.g. the bus pass scheme.
- 3.32 The evaluation found that institutions adopted their own FCF application processes and that the majority of students who participated in the research had found the process relatively straight-forward. Those with more complex personal situations (e.g. estranged from parents) were the most likely to have found the application process challenging. Generally FEIs tended to operate FCF application deadlines (typically at the start of the academic year during September) and applications were assessed by a single member of staff (unless for more complex or for larger funding amounts). Direct payments to various providers and pre-paid vouchers were relatively common, rather than cash payments being made to recipients themselves.
- 3.33 Some dissatisfaction was conveyed by FEIs in relation to the Welsh Government funding formula adopted to calculate individual FEI funding allocation within the Scheme¹⁴. It was not felt that the formula for calculating funds was particularly responsive to changes in FE circumstances or student numbers and this argument was often evidenced by the fact that funding levels were generally maintained year on year. Furthermore the evaluation found that the Welsh Government tended to confirm the availability of the Scheme late in the day and uncertainties about individual institutional funding allocations were a source of concern for many FEIs. We also concluded that it was appropriate that an administrative fee (at the current level) continued to be made available to institutions towards the costs incurred in administering the FCF schemes.
- 3.34 In terms of the difference made we concluded that the FCF was largely fit for purpose across the FE sector and that the funding was being used

¹⁴ A system of rolling forward historic allocations has been used, as it proved problematic to agree a new formula.

by institutions to meet the objectives set out by the Welsh Government. Our evaluation showed views across the sector and from the FCF recipients that the funds did impact positively upon student participation and retention and that in the case of the FE sector the fund was making a difference to the enrolment, attendance and retention of students.

3.35 We concluded that the FCF (FE) Scheme ought to be maintained as a discretionary scheme although highlighted the point that there might be more effective ways of funding some of the provisions being accommodated by the scheme in the future – notably student transport and childcare.

Recommendations made within the three evaluations

3.36 The evaluation of the EMA Scheme recommended:

- Maintaining the current scheme broadly on the same basis, with payments of £30 a week to eligible students in both FE and in school sixth forms;
- Reducing the household income threshold to bring it into line with ALG (FE), and also to reduce the element of deadweight within the scheme;
- Redistributing savings from these changes to other parts of the student finance system;
- Streamlining the application processes across the FE finance system and aligning systems e.g. with an online application process and ‘passporting’ of eligibility, so that students do not have repeatedly to provide original documentation;
- Strengthening learning agreements and clarifying their relationship to institutional codes of conduct;
- Introducing more consistent processes with regard to attendance;
- Reviewing performance management arrangements to focus on more relevant outcomes such as completion and attainment.

3.37 The evaluation of the ALG (FE) Scheme recommended:

- That the Welsh Government continues to financially support Welsh further education adult learners via an administrative scheme targeted at those from low household incomes;
- That the funding allowances made available via the ALG (FE) Scheme be re-examined, arguing that, ideally, a single rate of allowance equivalent to the highest rate of £1,500 be offered to full-time students based in households with an income threshold of £18,370 or under but recognising that this might lead to an increase in demand compared to the present situation where 82% of recipients already receive this maximum amount;
- That the promotion of financial support for adult learners be improved;
- That the ALG (FE) application process be improved and streamlined with other financial support applications such as the FCF (FE) Scheme;
- That learning centres explore ways of enhancing the value of learning agreements adopted and communicating more clearly what is required of students in terms of attendance;
- That payments be made to students on a more regular basis than the current termly basis and students be notified in advance of when to expect their funding and the value of the payment due;
- That the Welsh Government adopts at least one key performance indicator directly for the ALG (FE) Scheme which reflects the aims and objectives of the Scheme i.e. around retention and attainment;
- That the Welsh Government takes further steps to explore the practicalities of establishing a loan fund to complement its package of financial support available for the sector;

3.38 The evaluation of the FCF Scheme made 16 recommendations in all – those that are of relevance to the FE sector are noted below:

- That the FCF (FE) Scheme is maintained but that the Welsh Government recognises that it is primarily being used to meet foreseeable costs for specific groups of students rather than on emergencies.
- That the underlying methodology for making funding available to individual institutions be reviewed;
- That a distinctive FCF Scheme for the FE sector (and HE sector) be maintained;
- That the Welsh Government issues more timely notifications of both that annual FCF scheme circulars and financial allocations to FEIs;
- That the Welsh Government continues to off-set some of the costs incurred by FEIs in administering the FCF schemes and that the current fee rates be maintained;
- That in the long-term the Welsh Government in conjunction with its partners explores alternative means of funding travel provisions for 16-18 year olds;
- That in the long-term childcare costs incurred by FE students would be better accommodated via statutory provision as is the case with HE students;
- That the Welsh Government maintains the priority groups identified within the scheme but considers including 'carers' as a new priority group;
- That the Welsh Government, in discussion with FEIs and HEIs, considers whether the needs of franchised HE students studying at FEIs would be better accommodated locally at the FEI itself and if so, funded accordingly;
- That the Welsh Government stipulates in its FCF scheme that all FEIs should be represented on the FCF FE Advisory Groups;
- That FEIs collaborate via the FCF Advisory Group as well as the

National Association of Student Money Advisers (NASMA) where relevant, to work together in developing a more consistent approach towards FCF;

- That institutions move towards adopting current good practice by stipulating that it would be *desirable* for FCF recipients to make a contribution towards the costs being funded via FCF;
- That the Welsh Government encourages FEIs via the Advisory Group to adopt an indicative maximum level of funding per student via the FCF Scheme.

4 CONCLUSIONS AND RECOMMENDATIONS

Conclusions

4.1 The Welsh Government spends over £40 million per annum on supporting further education students in Wales via three main financial support Schemes. Of these, the EMA Scheme accounts for the majority of spending whilst more modest investment is spent on the ALG (FE) and FCF (FE) schemes. The EMA Scheme supports the largest number of students - both in absolute numbers but also as a proportion of all FE students who fall within the age eligibility for the Scheme. On the other hand the ALG (FE) Scheme supports the fewest number of students and offers on average the highest level of funding per student of the three Schemes, as shown in Table 2 below:

Table 2: Summary of FE Financial Support Schemes

2012/13	Funding	No of students supported	Average funding per student
EMA	£25 million	29,761	£826
ALG (FE)	£8 million	7,445	£1,090
FCF (FE)	£7 million	13,825	£506
TOTAL	£40 million	n/a	n/a

Source: Taken from data presented within Old Bell 3 evaluation reports covering the FCF (FE), ALG (FE) and EMA Schemes

4.2 Two of these FE financial support schemes are administrative ones with very similar aims and objectives in terms of incentivising those of post-compulsory education age to continue in or return to further education. However the two administrative schemes target a specific cohort of students distinguished primarily by age, yet have very different policies and administration processes in place. The third scheme is a discretionary scheme and whilst it has been established to provide financial support to FE students at a time of need during their studies, in

reality the Scheme is being administered in a much more systemic way by FEIs to fund planned costs and provisions. As such the discretionary FCF (FE) Scheme parallels many aspects of the two administrative Schemes – largely as in the majority of cases the awarding of funding is often associated with similar eligibility criteria as the EMA and ALG (FE) Schemes.

- 4.3 In our view it is very difficult to make the case why the FE sector requires two distinct administrative financial funding schemes particularly given that much of the feedback from the sector and our subsequent set of recommendations for the ALG (FE) Scheme in particular points to the advantages of achieving a greater alignment between both the EMA and ALG (FE) schemes. We therefore conclude that it would be sensible for the Welsh Government to consider merging the current administrative schemes (EMA and ALG (FE)) into one and adopting a single brand for this new scheme across the FE sector. This would help achieve a number of recommendations made with regards to the provision of further education adult finance – including the benefits of marketing and promoting a single grant across the sector, achieving greater awareness of the availability of support and the awarding of more regular payments than is the current case for adult learners.
- 4.4 In principle, it is likely that establishing a common scheme with a common household threshold income (particularly if set at the current lower level of the ALG (FE) Scheme) would lead to some redistribution of support away from 16 – 18 year olds and towards older students within FE – and may indeed stimulate greater demand from older returners to FE. We believe that this would be an acceptable outcome of reform and would reflect the evaluation evidence that a higher proportion of those older students being supported by ALG (FE) are strongly dependent on the support to enable their participation than is currently the case for 16 – 18 year olds. This would also move Wales more towards the model of Scotland and Northern Ireland where income

thresholds for support for adult learners are generally higher than for EMA.

- 4.5 We also conclude that in principle it would be sensible to maintain both statutory and discretionary funding schemes across the FE sector. However we think that this rationale is somewhat undermined by the fact that the current discretionary funding scheme is administered in a very similar manner to the administrative schemes available across the sector. Given that the FCF (FE) evaluation showed that the funding was largely being used in a very systemic manner – awarded often on the basis of meeting household income threshold criteria and for upfront identified costs – we conclude that there is a strong case for reiterating some of our key conclusions from that review again, notably that there would be more effective ways of funding some of the provisions currently accommodated via the FCF (FE) Scheme as set out in 4.6.
- 4.6 Ideally, there would be a level playing field across Wales in respect of access to free transport and support for childcare costs for those from low income households studying in FEIs, rather than these being funded via the FCF Scheme. However, moving to an alternative system would involve, in the case of transport, exploring with local authorities alternative and more consistent methods of funding the costs of FE student transport as local authority policies have a direct bearing upon the use of FCF for this purpose. However we recognise that local authorities currently face significant financial pressures due to budget cuts and that these cuts have, in some cases, led to a review of existing post-16 education transport policies. We also recognise that the introduction of statutory provision for childcare (in the same way as for HE students) would incur significant financial costs.
- 4.7 We think that should these structural provisions be accommodated via alternative methods, rather than via the FCF (FE) Scheme in the longer term, then there would be scope for the FCF (FE) Scheme to become a significantly smaller, more targeted discretionary fund where support is

awarded specifically on the basis of individual need (rather than on a blanket basis to those from low income households). In the meantime however it is important to stress that our evaluation found that the FCF (FE) Scheme was under significant financial pressure at the time of our fieldwork with demand outstripping the funding available, and could in the short-term benefit from an increase in its overall funding level until elements such as childcare and transport are addressed.

- 4.8 Given that the awarding of the current three schemes is largely based upon falling below a household income threshold it follows that the same students are often supported by two of these schemes at the same time. In addition the awarding of funding does not take into account local circumstances, particularly local authority policies on transport and different circumstances for schools and FEI based students. As a result we take the view that there is significant inequality within the financial support system across the further education sector at present and that this be addressed as a priority. For instance an FEI student could be in receipt of both EMA and FCF allowances in one area as well as being entitled to free or subsidised transport. In another area, an FEI student who is only in receipt of the EMA could be expected to use that allowance to cover their travel costs. There is therefore a very strong case for any discretionary support scheme to be just that – a discretionary allowance which takes individual circumstances into consideration – as opposed to simply being determined on the basis of household income.
- 4.9 Finally, to conclude, based upon the feedback of practitioners and students and recognising that even at the highest level, the financial support available via EMA and ALG (FE) is very limited, particularly for those living independently, we do think that there would be merit in considering making available a modest further education loan fund in the future to complement the student support package on offer. The purpose of this loan fund however would be to support general living costs, as opposed to covering tuition fees as is the case with the English

Advanced Learning Loan Fund. There would be benefits in relation to assessing demand and costs of administering such as scheme in piloting this at a very small scale initially.

Strategic Recommendations

We make the following 14 strategic recommendations covering post-compulsory student finance:

Recommendation 1 Given the evidence that financial support is of critical importance to enabling at least a proportion of students from low income households to continue in or return to further education who would not otherwise be able to do so, and supports student retention and attendance, generating benefits both at the level of the individual and the institution, we recommend that the Welsh Government makes every effort to make available the same amount of annual funding for FE student support for the foreseeable future.

Recommendation 2 We recommend that the Welsh Government continues to make available this funding via both administrative and discretionary schemes.

Recommendation 3 We recommend that the Welsh Government funds a single administrative scheme for students engaged in post-compulsory education in both FE and school settings provided they meet the household income criteria. In our view, given that the EMA brand is well established and well known across the sector there would be significant advantages in modifying and extending this scheme to an all-age EMA Scheme for Further Education rather than adopt a new brand e.g. the Further Education Grant.

Recommendation 4 We recommend that the household income criteria for this new administrative scheme be set at a similar level as the current WGLG (FE) threshold of £18,370 or less, as this will ensure that funding

will be targeted to those who are most at need. We further recommend that a slightly higher rate of household income be adopted for those dependent students who come from households with other siblings still in education. We recognise that this threshold will be lower than that currently adopted for 16-18 year olds via the EMA Scheme and will thus generate some financial savings for the Welsh Government – however we believe that any savings made in supporting 16-18 year olds will need to be utilised in the greater take up of financial support amongst adult learners. Should any remaining savings be available, then we would recommend that these either be used to devise more satisfactory solutions to the problems of access to free transport and subsidised childcare or be directed into the FCF (FE) discretionary pot.

Recommendation 5 We recommend that the value of the financial award made available to students in receipt of the new administrative scheme be set at the rate currently adopted by the EMA Scheme, that is, £30 per week in education. However we would also recommend that a higher allowance be made available for students who are able to satisfy additional criteria relating to whether (a) they are living independently and/or (b) that they are responsible for other dependents. {In an ideal world we would recommend that a minimum an allowance of £40 per week be set for these students. We recommend doing away with the policy that students aged 25 and over are automatically considered as independent students but rather suggest that any student be required to provide evidence of living independently in order to have their personal income considered for their funding application. We also recommend doing away with the lower allowance awards currently available via the ALG (FE) Scheme – although would argue for the provision of a lower rate for part-time students ,set at half of the full-time allowance.

Recommendation 6 We recommend that many of the good practice principles currently adopted within the EMA Scheme be maintained within the new administrative scheme – particularly the fortnightly

payment of allowances as well as the effective promotional activity of the Scheme itself.

Recommendation 7 We further recommend that students in receipt of support via the new administrative scheme be awarded their allowance on the basis of attendance at their educational institution, in the same manner as is currently being adopted via the EMA Scheme. However we would strongly suggest that payments be linked to daily attendance records i.e. that a full-time student receives £6 or £8 per day in respect of each day they attend their place of education and are therefore not penalised, in that they miss out completely on their weekly allowance, should they miss one day per week of education. Aligned to this we reiterate some of our previous recommendations made in relation to the EMA Scheme and suggest again that learning centres adopt more consistent policies in relation to attendance for a new administrative scheme as well as greater consistency in their practices to monitor attendance. This would result in a more equitable provision to recipients, particularly around non-attendance resulting from illness or the illness of dependents.

Recommendation 8 A recommendation made as part of the EMA Scheme evaluation relating to the need to make learning agreements stronger and more meaningful would still apply in the context of a new administrative scheme. We reiterate our recommendation that these learning agreements ought to outline the role of learning centres (including the expectations on teaching staff in terms of registration) and how they relate to institutional codes of conducts. Future learning agreements also need to set out the requirements for recipients' attendance more clearly.

Recommendation 9 Sitting alongside this new administrative scheme we further recommend that the Welsh Government continues to fund the FCF (FE) discretionary support scheme to complement the new

administrative scheme in place. However we stress that in order for this discretionary support scheme to be most effective that:

- in the long-term the Welsh Government in conjunction with its partners explores alternative means of funding travel provisions for post-16 students where this is currently being paid for via the FCF (FE) Scheme.
- in the long term childcare costs incurred by FE students would be better accommodated via statutory provision as is the case with HE students in Wales and as is the case in further education in other parts of the UK.

Recommendation 10 We recommend that the discretionary scheme funding should continue to be made available directly to individual institutions to administer on a discretionary basis. However we would recommend that funding be awarded via this scheme to individuals on the basis of need as opposed to students qualifying on the basis of coming from households with an income below a particular threshold. We would strongly suggest that the discretionary scheme awards funding on the basis of income-expenditure analysis (and that as such consideration is given to the receipt of the new administrative allowance as a source of income). This, in our view, would address some of the inequalities currently evident within the system as well as supporting those with particular needs but who are just over the income thresholds set for the administrative scheme.

Recommendation 11 We recommend that the application processes, and particularly evidence requirements, for both the administrative and discretionary scheme be streamlined.

Recommendation 12 We recommend that the Welsh Government takes further steps to explore the practicalities of trialling a small further education loan fund to complement (as opposed to replace) the package of grant funding support for the sector in the future. The principal

objective of this loan fund would be to support the living costs of further education students (as opposed to cover further education course fees as is the case in England given that adult students there are required to pay for further education provision). We would strongly suggest that an upper limit be set on the maximum value of any loan that a further education student would be able to access whilst studying in further education and that this be capped at around £500 per student per year.

Recommendation 13 We suggest that the Welsh Government, in conjunction with its partner organisations, give due consideration to our recommendations for changing the landscape of student financial support within further education by modelling the cost and benefits of implementing any policy changes. Such modelling work would also help identify and understand any implications for particular groups including protected groups of students.

Recommendation 14 We finally recommend that the Welsh Government sets out appropriate performance indicators for both the administrative and discretionary further education finance schemes which will be in place. These performance indicators should better reflect the outcomes intended to be achieved around retention and attainment and suggest that the administrative scheme adopts a performance indicator relating to the proportion of recipients achieving the qualification (or a higher one) for which they enrolled whilst the discretionary scheme adopts an indicator relating to retention and/or completion of course for recipients. As has been previously recommended we would also expect learning centres to monitor and collect these outputs in order to be able to report upon the performance of the two schemes in operation.