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**STUDENT SUPPORT : STATISTICS OF STUDENT AWARDS IN ENGLAND AND  
WALES, ACADEMIC YEAR 1998/99**

**INTRODUCTION**

This statistical first release presents provisional figures on student awards in England and Wales in the academic year 1998/99 and also shows comparable data for the previous academic years 1988/89 and 1994/95 to 1997/98 inclusive.

Figures in the first release include the first information from Local Education Authorities on the new student support arrangements in higher education which were introduced from the start of the 1998/99 academic year. Further information on the new arrangements is given in the Notes for Editors.

Up to and including academic year 1997/98 students were funded under the system which was introduced in 1990/91, when non income-assessed student loans were introduced for higher education students to provide extra resources towards living expenses and to partially replace grants. The main grant rates were frozen at their 1990/91 values until 1994/95 when the shift from grant to loan was accelerated by reducing the level of grant rates and increasing loan rates. Broad parity between the main



rates of grant and loans was achieved in the academic year 1996/97.

New student support arrangements in higher education came into effect on 12 August 1998. In 1998/99, new entrants to full-time higher education courses were, with certain specified exceptions, expected to contribute up to £1,000 a year towards the cost of their tuition. The amount depended on their own and, if appropriate, their parents' or spouse's income. The exceptions were treated as existing students and so were entitled to pre-1998/99 support arrangements. For the first year of the new scheme (1998/99), eligible new entrants received support for living costs through both grants and loans. Grants, which were assessed against family income, on average formed about a quarter of the support available. All students were entitled to a non income-assessed loan, which comprised the remaining three quarters of support available.

Statistical first release 37/1999 published on 30 November 1999 provided statistics on loans to students in higher education in the United Kingdom in financial year 1998-99 and academic year 1998/99 and earlier years.

#### **KEY POINTS**

- The balance between expenditure on mandatory awards and student loans changed sharply in 1998/99 because it was a transitional year between the last year (1997/98) of the old system of mandatory awards and the first year of the new system of contributions towards tuition fees and increased loans for living costs, which came fully into effect for new entrants in 1999/00. Expenditure on mandatory awards therefore reduced while expenditure on student loans increased.

- The maximum amounts available under the system for both existing students and new students under the transitional arrangements (for students living away from home and studying outside London) through the basic mandatory grant and full-year loan were 32% higher in cash terms (2% in real terms) than the maximum rates for those students in 1990/91 when student loans were introduced;
- For existing students, full-year student loans accounted for between 47% and 49% of the total resources available to mandatory award holders compared to between 14% and 16% in 1990/91; for new students, the figures are between 72% and 83% of the total resources;
- The total number of award holders (mandatory and discretionary) in England and Wales was 860 thousand in 1998/99, representing an increase of 47% over 1988/89 but a fall of 5% since 1997/98. Of these, 766 thousand were mandatory award holders, an increase of 79% compared with 1988/89 and a decrease of 2% compared with 1997/98. Much of the fall since 1997/98 is because the 1998/99 numbers exclude students who, although eligible to be assessed for financial support, did not apply to Local Education Authorities for assessment. Some will have received loans from the Student Loans Company having applied to their HE Institution;
- The number of mandatory award holders eligible to be supported under the previous year's funding arrangements (mainly existing students) was 539 thousand; some 227 thousand students were supported under the new arrangements;

- Total expenditure on mandatory awards was £1,465m of which 79% was in support of existing students. This represented an increase of 18% in real terms compared with 1988/89 but a decrease of 26% compared with 1997/98. The Local Education Authorities' level of support was reduced in 1998/99 by the new system of students' contribution to fees and by the replacement of banded fees with a standard flat rate fee. For existing students, the average fee paid by LEAs was £1,000, whilst for new students the average (after financial assessment) was £640. Average maintenance payments to existing award holders was £1,190 and £730 for new students;
- In addition to maintenance grants, 68% of eligible higher education students in the United Kingdom took out a student loan in 1998/99 compared with 64% in 1997/98. The average student loan for existing students (repaid on a mortgage style basis) was £1,520 in 1998/99; that for new students (repaid on an income contingent basis) was £2,580;
- The total number of discretionary award holders was 94 thousand of which 90 thousand were to students in further education, a decrease of 40% compared with 1988/89 and of 20% between 1997/98 and 1998/99. Total expenditure was £47m (£39m to further education students) in 1998/99, a decrease of 81% in real terms since 1988/89 and of 35% since 1997/98. The average level of maintenance grant paid to award holders fell by 63% in real terms since 1988/89 and decreased by 16% since 1997/98; and
- The total number of maintenance allowances awarded to post 16 school pupils was 22 thousand in 1998/99, a fall of 28% compared with 1988/89 and of 13% since the previous year.

Corresponding expenditure fell by 48% in real terms compared with 1988/89 and by 18% since 1997/98 to £9m in 1998/99.

## **TABLES**

Table 1 shows the maximum resources available to mandatory award holders through the grants and loans schemes for the academic years 1988/89; 1990/91 (the start of the student loans scheme); and 1994/95 through to 1998/99 including the differentiation in 1998/99 for existing and new students.

Table 2 is divided into three and shows:

- a) the number of, and expenditure on, mandatory awards in academic years 1988/89 and 1994/95 through to 1997/98;
- b) the number of, and expenditure on, mandatory awards in academic year 1998/99 showing separate information for existing and new students; and
- c) the number and take up of student loans, the amount borrowed and the average loan.

Table 3 gives the number of, and expenditure on, higher and further education discretionary awards and educational maintenance allowances in academic years 1988/89 and 1994/95 through to 1998/99.

## **NOTES FOR EDITORS**

1. The statistics on student awards in this first release were obtained from the Local Education Authorities (LEAs) in England and Wales on Form 503G.
2. The provisional data in this statistical first release are based on returns from 125 (out of 172) authorities who have so far returned data on mandatory awards and 133 authorities for discretionary awards. Data have been grossed to national figures to compensate for missing returns and for missing items where authorities have been unable to supply all of the data requested. Two grossing procedures are employed. Both are based on percentages calculated from the data received from responding authorities. For some fields, the previous year's data for the missing authority are increased (or decreased) by the percentage change reported this year by authorities which did provide data. Other fields - usually sub-fields - are calculated as a percentage of main fields. For example, the total number of awards is estimated by the first method whilst the number of new awards is estimated by the second method (in order to ensure that

the number of new awards does not exceed the total number of awards).

3. Final data will be published in November 2000 in the Statistics of Education: Student Support Volume 1998/99.

4. Details of the amounts of loans and grants available have been taken from the DfEE booklet 'Financial Support for Students - A Guide to Grants, Loans and Fees in Higher Education 1998/99'.

#### **PRE- 1998/99 STUDENT SUPPORT ARRANGEMENTS (FOR STUDENTS ENTERING HIGHER EDUCATION UP TO, AND INCLUDING THOSE ENTERING IN, 1997/98)**

5. The financial support arrangements in 1998/99 for existing mandatory award holders and other students on courses which began before 1 August 1998, and those new students who are treated exceptionally as existing award holders for the purposes of the Mandatory Awards Regulations (e.g. gap year students), remain largely unchanged. Tuition fees continue to be paid in full by LEAs where the student is eligible for a mandatory award and such students also receive a grant towards their maintenance, depending on income, for the duration of their course. All existing students remain eligible for loans repayable on a mortgage-style basis.

6. Loans under the scheme up to and including academic year 1997/98 are available to most 'home' students in full-time non-postgraduate higher education (and students on full-time and part-time postgraduate courses of initial teacher training) who are aged less than 50 when their course starts. They are available to eligible students whether or not they receive a mandatory award.

7. The maximum loan and grant facilities for the academic years 1988/89; 1990/91; and 1994/95 through to 1998/99 are given in Table 1. Most students in the final year of a course receive a lower rate of loan because the loan does not cover a summer vacation following the end of the course. As with the grant, there are different rates of loan based on whether the student is living at home, and, if not, on whether the student is studying in London or elsewhere. Loans are not income-assessed.

#### **NEW STUDENT SUPPORT ARRANGEMENTS FROM 1998/99**

8. New student support arrangements in higher education came into effect from the start of the 1998/99 academic year. For new entrants to higher education, 1998/99 was a transitional year. They were, with certain specified exceptions, expected to contribute up to £1,000 a year towards the cost of their tuition. The amount depended on their own and, if appropriate, their

parents' or spouse's income. For the first year of the new scheme (1998/99), eligible new entrants received support for living costs through both grants and loans. Grants, which were assessed against family income, on average formed about a quarter of the support available. All students were entitled to a non income-assessed loan, which comprised the remaining three quarters of support available, and which will be repayable on an income contingent basis.

9. In the transitional year of the new arrangements some students who were not expecting to receive a contribution to their fees from public funds did not make an application to their Local Education Authority. **These students, estimated to number about 15,000, are therefore excluded from table 2B.**

10. There was a change in the arrangements for the payment of tuition fees to higher education institutions in 1998/99. A flat rate (of £1,000 for full time study) was paid irrespective of the course (plus any additional payments for college fees and examination fees). This replaced earlier arrangements of banded fee payments to institutions (plus additional payments for college and examination fees) ranging from £750 to £2,800 per academic year.

11. Statistics of loans to students in higher education in the United Kingdom in financial year 1998-99 and academic year 1998/99 were published in statistical first release 37/1999 on 30 November 1999.

12. New entrants to higher education in 1999/2000, together with those who started in 1998/99, will receive support for living costs solely through loans which will be partly income-assessed. Grants for living costs will no longer be available except for some limited allowances, e.g. for students with dependants; single parent students; and disabled students. Grants for students with dependants and single parent students will be income-assessed but the Disabled Students' Allowance will not.

13. The amount available to students through loans will be increased to compensate for the reduction in grants. Repayment of these loans will be linked to income after leaving university or college so that leavers only repay as and when they can afford to (whilst the loans of those who started their course before 1998/99 are repayable on a mortgage style basis).

14. The total amount of Access Funds available to higher education institutions for discretionary spending has been increased from £45.7 million in 1998/99 to £62.6 million in the 1999/2000 academic year. An additional £12m is being made available during 1999/2000 to provide help to mature students in

particular. Many of those who would have benefited from LEAs' discretionary awards will get support through Access Funds.

15. New arrangements will replace the existing scheme of LEA further education discretionary awards and were in place for September 1999. The new arrangements centre on expanded access funds delivered by colleges to FE students and by a new access fund for 16-19 year olds in schools delivered by LEAs. There will also be support to colleges for childcare and study away from home and funding available to LEAs for the integration and co-ordination of post-16 transport in their areas. LEAs and colleges will also take a strategic role through new Learning Partnerships which will be asked to agree a local framework to promote consistency and co-ordination on issues such as home to school/college transport. The School Standards and Framework Act 1998 gives LEAs the power to continue to make awards to new FE and HE students and to post-16 pupils in schools from September 1999 if they wish to use it. LEAs will need to decide annually whether to make use of this power.

16. Educational Maintenance Allowance (EMA) pilots for the 16-19 age group targeted on students from low income families in schools and colleges will operate in selected areas from September 1999 for three years. The aim of the pilots is to evaluate the effectiveness of a means-tested allowance, payable to 16-19 year olds in full-time education, in encouraging more young people to stay on at school or college and improve their qualifications. If successful, the EMA could be extended nationally as the main form of student support for this age group.

#### **DEFINITIONS**

17. Mandatory awards are made by Local Education Authorities in England and Wales to students who are ordinarily resident in their areas, who attend 'designated' higher education courses in the United Kingdom and who satisfy the conditions of the Education (Mandatory Awards) Regulations. 'Designated' courses are principally those leading to a first degree or equivalent qualification, all approved initial teacher training qualifications (including the Postgraduate Certificate in Education), a University Certificate or Diploma, Higher National Diploma and the Diploma of Higher Education. Apart from courses of initial teacher training, only courses of full-time study and sandwich courses can be designated.

18. Discretionary awards are made either under Section 1(6) or Section 2 of the Education Act 1962 (as amended). Section 1(6) awards are made at the LEA's discretion to students on designated courses who are personally ineligible to receive a mandatory

award (perhaps because they have received a mandatory award in the past or because they are not ordinarily resident in the UK). In such cases these awards must be at the same rate as a mandatory award. Section 2 awards are made at the LEA's discretion to students on courses not designated for mandatory award purposes.

19. Higher education (HE) courses are those of a level higher than GCE A level or ONC/OND.

20. Further education (FE) courses cover all other post-school courses. They include City and Guilds courses and BTEC National Awards (as distinct from Higher National Certificates and Diplomas) as well as GNVQs (General National Vocational Qualifications) and NVQs (National Vocational Qualifications). In addition, General Certificate of Secondary Education (GCSE) and GCE A and AS level courses are also offered by most colleges.

#### **Enquiries**

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**Table 1 : Awards and Loans provision academic years 1988/89, 1990/91 and 1994/95 to 1998/99  
Basic rates of standard maintenance grant and full year loan [1]**

£				
Academic years	Standard maintenance grant (cash terms)	Maximum amount of loan (cash terms)	Standard maintenance grant plus student loan (cash terms)	Standard maintenance grant plus student loan (constant prices) [2]
<b>1988/89</b>				
Elsewhere rate [3]	2,050	.	2,050	3,077
London rate	2,425	.	2,425	3,640
Home rate	1,630	.	1,630	2,447
Free board and lodging [4]	895	.	895	1,343
<b>1990/91</b>				
Elsewhere rate	2,265	420	2,685	3,478
London rate	2,845	460	3,305	4,281
Home rate	1,795	330	2,125	2,753
<b>1994/95</b>				
Elsewhere rate [3]	2,040	1,150	3,190	3,567
London rate	2,560	1,375	3,935	4,400
Home rate	1,615	915	2,530	2,829
<b>1995/96</b>				
Elsewhere rate [3]	1,885	1,385	3,270	3,546
London rate	2,340	1,695	4,035	4,376
Home rate	1,530	1,065	2,595	2,814
Special rate [5]	1,530	1,530	3,060	3,318
<b>1996/97</b>				
Elsewhere rate [3]	1,710	1,645	3,355	3,534
London rate	2,105	2,035	4,140	4,361
Home rate	1,400	1,260	2,660	2,802
<b>1997/98</b>				
Elsewhere rate [3]	1,755	1,685	3,440	3,527
London rate	2,160	2,085	4,245	4,353
Home rate	1,435	1,290	2,725	2,794
<b>1998/99 [6]</b>				
<i>Elsewhere rate [3]</i>	<i>1,810</i>	<i>1,735</i>	<i>3,545</i>	<i>3,545</i>
<i>London rate</i>	<i>2,225</i>	<i>2,145</i>	<i>4,370</i>	<i>4,370</i>
<i>Home rate</i>	<i>1,480</i>	<i>1,325</i>	<i>2,805</i>	<i>2,805</i>
<b>1998/99 [7]</b>				
<i>Elsewhere rate [3]</i>	<i>810</i>	<i>2,735</i>	<i>3,545</i>	<i>3,545</i>
<i>London rate</i>	<i>1,225</i>	<i>3,145</i>	<i>4,370</i>	<i>4,370</i>
<i>Home rate</i>	<i>480</i>	<i>2,325</i>	<i>2,805</i>	<i>2,805</i>

. = not applicable

Source: DfEE; ONS

[1] The rate of maintenance grant is applicable to students normally domiciled in England and Wales. Student loans are available to students domiciled in the United Kingdom.

[2] In 1998/99 prices based on the September RPI, excluding mortgage interest payments, at the beginning of each academic year.

[3] The 'elsewhere' rate of grant and loan is applicable to students living away from home and studying outside London.

[4] This rate of grant was discontinued after 1988/89.

[5] Introduced for 1995/96 for students living away from their parents' home and studying in London but who receive the "home" rate of grant because the Local Education Authority has decided that they could conveniently live at home.

[6] Rates of grant and loan applicable to 'existing' students who are eligible to receive grants and loans under the previous years' funding arrangements.

[7] Rates of grant and loan applicable to new entrant students in 1998/99 (except those who fall into one of the groups treated exceptionally as existing students).

**Table 2A : Mandatory awards in England and Wales: academic years 1988/89 and 1994/95 to 1997/98**

Academic years	1988/89	1994/95	1995/96	1996/97	1997/98
<b>All mandatory awards</b>					
- new awards (000s)	152	286	290	285	292
- all awards (000s) [1]	428	779	788	781	786
<b>- Local Education Authority (LEA) expenditure (£m cash)</b>					
fees [1]	285	970	984	978	987
maintenance	547	1,159	1,075	948	932
<b>total LEA expenditure [2]</b>	<b>832</b>	<b>2,129</b>	<b>2,059</b>	<b>1,926</b>	<b>1,918</b>
- average LEA fee expenditure per award holder (£) [1][3]	670	1,250	1,250	1,250	1,260
- average LEA maintenance expenditure per award holder (£) [3] [4]	1,320	1,520	1,390	1,240	1,210

**Table 2B : Mandatory awards in England and Wales: academic year 1998/99 (provisional)**

	Existing Students [5]	New Students [6]	All students	percentage change [7] (all students)	
				88/89-98/99	97/98-98/99
				(expenditure in real terms) [8]	
<b>All mandatory awards</b>					
- new awards (000s)	31	227	258	69	-12
- all awards (000s) [1]	539	227	766	79	-2
<b>- Local Education Authority (LEA) expenditure (£m cash)</b>					
fees [1][9]	536	146	682	61	-33
maintenance [10]	616	166	783	-5	-18
<b>total LEA expenditure [2]</b>	<b>1,153</b>	<b>312</b>	<b>1,465</b>	<b>18</b>	<b>-26</b>
- average LEA fee per award holder (£) [1][3][9]	1,000	640	890	-10	-31
- average LEA maintenance per award holder (£) [3][4][10]	1,190	730	1,050	-47	-15

Source: Form 503G

**Table 2C : Student Loans in the United Kingdom [11]: academic years 1997/98 and 1998/99**

	1997/98	1998/99		All students
		Existing Students [5]	New Students [6]	
<b>Number of loans taken out (000s)</b>	615	444	216	659
<b>Take up of loans by eligible students (Percentage)</b>	64	67	69	68
<b>Total sum borrowed (£m)</b>	941	676	557	1,233
<b>Average size of loan (£) [3]</b>	1,530	1,520	2,580	1,870

Source: Student Loans Company Limited

[1] Includes placement year sandwich students.

[2] Totals may not add through due to roundings.

[3] Rounded to the nearest £10.

[4] Excludes placement year sandwich students.

[5] Students who entered higher education up to 1997/98 and those who entered in 1998/99 to whom existing arrangements applied.

[6] Students starting their course in 1998/99 under the new arrangements. Note that, in Table 2B, this excludes students who, because they did not expect to receive a contribution to their fees from public funds, did not make an application to their local authority. These are estimated to account for 15,000 of the fall in award holders between 1997/98 and 1998/99.

[7] Note that, as explained in the commentary, there have been extensive changes to the funding of the student support system from academic year 1998/99.

[8] Expenditure percentage changes in 1998/99 prices based on the annual GDP deflator (issued in March 2000) for fee expenditure and the RPI (excluding mortgage interest payments) of September each academic year for maintenance expenditure and average maintenance expenditure per award holder.

[9] Most new students in 1998/99 were expected to contribute up to £1,000 to their fees depending on family income.

[10] New students in 1998/99 received support for maintenance through means-tested grants (comprising about a quarter of the support available) and non income-assessed student loans (comprising about three quarters of the support available). (The ratio for existing students is roughly 50 per cent means-tested grant and 50 per cent non means-tested student loan.)

[11] Student loans are available to eligible students normally domiciled in the United Kingdom. Data in table 2C are shown on a United Kingdom basis and therefore relate to a different student population from that shown in tables 2A/B.

**Table 3 : Discretionary awards and Educational Maintenance Allowances in England and Wales:  
Academic years 1988/89 and 1994/95 to 1998/99 [1]**

Academic years	1988/89	1994/95	1995/96	1996/97	1997/98	1998/99 (provisional)	percentage change	
							88/89-98/99 (expenditure in real terms) [6]	97/98-98/99
<b>Higher education discretionary awards</b>								
- new awards (000s)	16	8	5	3	2	2	-88	-15
- all awards (000s) [2]	27	14	9	6	5	4	-84	-17
Local Education Authority (LEA) expenditure (£m cash)								
- fees [2]	25	14	11	8	6	4	-89	-38
- maintenance	45	14	9	6	5	4	-93	-15
Total LEA expenditure [3]	70	28	20	15	11	9	-92	-27
- average LEA fees per award holder (£) [2][4]	930	1,040	1,280	1,360	1,230	950	-31	-25
- average LEA maintenance per award holder (£) [4][5]	1,700	1,010	1,030	1,170	1,070	1,090	-57	-1
<b>Further education discretionary awards</b>								
- new awards (000s)	87	126	101	93	78	63	-27	-19
- all awards (000s)	131	180	147	135	113	90	-31	-21
Local Education Authority (LEA) expenditure (£m cash)								
- fees	27	25	16	11	8	5	-89	-46
- maintenance	74	90	73	65	52	34	-69	-35
Total LEA expenditure [3]	101	115	89	76	60	39	-74	-37
- average LEA fees per award holder (£) [4]	200	140	110	80	70	50	-84	-32
- average LEA maintenance per award holder (£) [4]	560	500	500	480	460	380	-55	-18
<b>Educational maintenance allowances</b>								
- Number of awards (000s)	31	35	31	30	25	22	-28	-13
- LEA expenditure (£m cash)	11	12	11	12	10	9	-48	-18
- Average LEA expenditure per award holder (£) [4]	360	350	350	390	400	390	-28	-6

Source: Form 503G

[1] 1998/99 data are provisional.

[2] Includes placement year sandwich students.

[3] Totals may not add through due to roundings

[4] Rounded to nearest £10

[5] Excludes placement year sandwich students.

[6] Expenditure percentage changes in 1998/99 prices based on the annual GDP deflator (issued in March 2000) for fee expenditure and the RPI (excluding mortgage interest payments) of September each academic year for maintenance expenditure and average maintenance expenditure per award holder.