

From opportunity to OFFA: discretionary bursaries and their impact

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ABSTRACT

This article presents a summary of findings from a five-year longitudinal study of a cohort of full-time students from low-income backgrounds holding the national Excellence Challenge Opportunity Bursaries and similar institutional bursaries at a post-1992 university. This group was found to have higher levels of retention and success, exhibiting particularly positive attitudes towards their studies and their institution. These findings are then placed in the wider context of government policy on widening participation and student financial support between 1997 and 2006, considering whether any lessons learned are relevant to the post-2006 system of university-specific bursaries monitored by the Office for Fair Access (OFFA).

KEYWORDS

social disadvantage, bursaries, retention, Higher Education, poverty

Widening the pool: policy context from 1997 to 2001

Eighteen months after coming to power, the Labour government announced firm plans to resume the expansion of higher education which had been halted in the mid-1990s (DfEE, 1998). While this expansion was justified in terms of social justice and economic competitiveness, it could only be achieved by reaching out to those groups that had not traditionally engaged in higher

education, as participation within professional families was already reaching saturation point (Dearing, 1997).

This policy shift crystallised into a commitment to raise progression rates into higher education to 50 per cent for 18–30-year-olds by 2010. The objective was first announced by the then Prime Minister at the Labour Party Conference on 28 September 1999 (Blair, 1999) and later repeated in both the 2001 and 2005 General Election Manifestos (Labour Party, 2001, 2005).

From the 1998/9 academic year, maintenance support for students was constricted. The previous package comprised a non-repayable grant and a repayable loan in roughly equal measures. This was replaced with a 100 per cent repayable loan. Tuition fees of £1,000 per year were also introduced for most undergraduate courses, being partly or wholly offset by an additional grant for students from lower-income backgrounds (i.e. those with a gross annual income of less than around £30,000). The majority of households would therefore be expected to increase their financial contributions.

While these changes were coupled with an increase in the safety net provided through government hardship funds and bursary schemes to attract mature students, the financial package for the target group of young students from lower-income backgrounds declined in value. While the total funding offered to students remained broadly constant, the switch from grants to loans caused the average debt on graduation to rise sharply to around £10,000. This, coupled with widespread misunderstanding about liability for tuition fees (Archer, Hutchings and Ross, 2003; Stuart, 2006), led to fears that students from lower-income backgrounds might actually be dissuaded from applying to university at a time when their increased participation was sought (Callender and Kemp, 2000; Scott, Lewis and Lea, 2001; Pennell and West, 2005).

It was to be a further three years before the government was to attempt to reconcile its long-standing policy objective to widen participation with the level of financial support provided to the target group of prospective students. October 2000 saw the publication of *The Excellence Challenge* (DfEE, 2000), detailing the extra financial incentives that were to be offered to the young students from lower-income backgrounds; those which the government needed to attract in order to meet its 50 per cent participation target. Alongside funding and structures to promote aspiration-raising and outreach work with young people from under-represented groups, the document announced plans for the newly named 'Opportunity Bursaries' to be introduced from the 2001/2 academic year. This additional financial support was targeted at full-time students:

- aged under 21 on 1 September prior to their entry to university;
- from families with a gross annual income of less than £20,000 (broadly comparable to those not paying tuition fees); and

- who had attended a school or college within an Excellence in Cities (EiC) consortium; at the request of the sector, this was later broadened to encompass those educated within the Education Action Zones (EAZs).

The Opportunity Bursaries were conceived as a pilot scheme to abut with the Education Maintenance Allowances (EMA) which many of the pupils had received while at school or in further education. Access to the Opportunity Bursaries was limited to students drawn from selected urban and semi-urban areas which were neither necessarily those of the greatest socio-economic deprivation nor the lowest progression rates into higher education (discussed in Hatt, Baxter and Harrison, 2003).

A number of universities (as reported in DfEE, 2000) were already promoting similarly targeted bursary schemes at this point, often using money drawn from government hardship funds to do so. The impetus created by the Opportunity Bursaries and the need to build administrative systems to allocate them led more to follow suit, although this remained a minority pursuit within the sector.

Methodology

This research is based in a large multi-site post-1992 university in the south of England which took the decision in 2001 to offer additional discretionary bursaries alongside the national Opportunity Bursaries. The research reported in this article was initiated in 2002, with the intention to investigate the impact of the new bursaries on students' attitudes and the impact on their academic experience. Interim findings from this research have been reported previously (Hatt, Baxter and Harrison; 2003; Hannan *et al*, 2005; Hatt, Hannan and Baxter, 2005), but this article draws the project to a conclusion and sets the findings in a wider policy context. Two main data collection tools were used:

- **Cohort tracking:** the institution's student record system was used to track the 3,329 full-time UK undergraduate students¹ aged under 21 entering in the 2001/2 academic year. Their withdrawal and attainment rates were monitored over a five-year period across a range of demographic variables, including parental income and possession of a discretionary bursary.
- **Interviews and focus groups:** a total of 37 students from different entry cohorts were interviewed between 2003 and 2005, either individually or in focus groups. These were drawn from students holding discretionary bursaries (25 students) or those from low-income backgrounds not receiving bursaries (12 students). The interviews and focus groups typically lasted for one hour.

The 2001/2 bursary cohort and their academic outcomes

In common with other universities, the institution in this study began offering Opportunity Bursaries to full-time students starting in the 2001/2 academic year. These offered students £2,000 spread over three years, with £1,000 in the first year and £500 in each subsequent year. In addition, students living outside the EiC/EAZ areas were given the opportunity to apply for one-off 'Start-Up Bursaries' of £300, provided they met the other criteria for Opportunity Bursaries (i.e. that they were aged under 21 on entry and were from a low-income household, defined at this time as being under £20,000 gross per year).

Students had to make a proactive decision to apply for a bursary; they were not awarded automatically to those from lower-income backgrounds. To encourage application, all students were sent forms and guidance notes immediately after they confirmed their offer of a place, and, in theory, 944 entrants from low-income backgrounds could have been eligible for a bursary. However, only 332 students applied for and were offered bursaries, of which 83 were the more generous Opportunity Bursaries. The bursary holders therefore represent 10 per cent of the total intake of 3,329 students.

As can be seen from Table 1, aside from financial circumstances, the bursary-holding population broadly mirrored that of the wider cohort, although it contained relatively more female students, younger students (within the 18–20 age range) and students from black or minority ethnic backgrounds.

Table 1: The bursary-holder population

	Bursary holders (n = 332)	Non-bursary holders (n = 2,997)
Female	187 (56.3%)	1,359 (45.3%)
Aged 18 on entry	170 (51.2%)	1,326 (44.2%)
Aged 19 on entry	120 (36.1%)	1,231 (41.1%)
Aged 20 on entry	41 (12.3%)	430 (14.3%)
White ethnicity	260 (78.3%)	2,660 (80.1%)
Black or minority ethnicity	46 (13.8%)	334 (9.6%)
Disabled	20 (6.0%)	193 (6.5%)
From the local area	42 (12.7%)	384 (12.8%)
From the sub-region	69 (20.8%)	547 (18.3%)

Note: some categories do not add up to the column total owing to missing data.

After one year, it was found that bursary-holding students were significantly more likely to successfully progress into a second academic year than stud-

ents from low-income backgrounds who had not received a bursary (Hatt, Hannan and Baxter, 2005). This triangulates with the national evaluation of the Opportunity Bursary scheme, which found that the first-year retention rate for Opportunity Bursary holders was 2.6 per cent higher than for lower-income students who had not been offered a bursary (West *et al*, 2006).

A similar analysis has now been repeated after five full academic years. At this point, 68 per cent of the total 2001/2 entry cohort has completed an award. 25 per cent withdrew, transferred outside the university or were academically failed during that period. The remaining 7 per cent were still registered for study, including students who have transferred within the university, those retaking one or more years and those temporarily suspending their studies.

Table 2: Income levels, bursaries and completion

	Withdrawn/ failed	Completed	Still studying	Total
Lower-income students – bursary holders	52 16.8%	240 77.7%	17 5.5%	309
Lower-income students – no bursary	190 29.9%	388 61.1%	57 9.0%	635
All lower-income students	242 25.6%	628 66.5%	74 7.8%	944
All other students ¹	575 24.1%	1,646 69.0%	164 6.9%	2,385
Total	817 24.5%	2,274 68.3%	238 7.1%	3,329

There was no significant difference ($X^2 = 2.132$, 2 d.f., $p = 0.344$) in educational outcome after five years between students from lower-income backgrounds and those with more affluent families. However, within the lower-income background group, students holding bursaries were significantly ($X^2 = 25.513$, 2 d.f., $p < 0.001$) less likely to have withdrawn and more likely to have completed their studies within five years than those without bursaries. For example, only 17 per cent of bursary holders withdrew during this period, compared with 30 per cent of other students from lower-income backgrounds and 25 per cent of the cohort as a whole. Possession of a bursary was therefore found to be associated strongly with persistence and completion, both in comparison to other lower-income students and to the cohort as a whole.

Table 3: Income levels, bursaries and degree performance

	First or Upper Second	Lower Second, Third, Pass or lesser award	Total
Lower-income students – bursary holders	163 67.9%	77 32.1%	240
Lower-income students – no bursary	218 56.2%	170 43.8%	388
All lower-income students	381 60.7%	247 39.3%	628
All other students	957 58.1%	689 41.9%	1,646
Total	1,338 58.8%	936 41.2%	2,274

Similarly, there was no relationship between family income and degree classification for those students who had successfully completed their course ($X^2 = 1.199$, 1 d.f., $p = 0.273$), but bursary-holding students from low-income families were significantly more likely ($X^2 = 8.552$, 1 d.f., $p = 0.003$) to have gained a first or upper second class degree than their peers without bursaries. Of the bursary holders 68 per cent achieved a high-graded degree, compared with 56 per cent of lower-income students without bursaries and 58 per cent of the cohort as a whole.

To summarise: students from lower-income backgrounds who had successfully procured a bursary were significantly less likely to have withdrawn from their course than students from similar backgrounds who had no bursary and, once completed, they were more likely to achieve a first or upper second class degree. These findings strongly suggest that some aspect of being a bursary holder is related to academic persistence and success. However, they do not illuminate the nature of this relationship nor the direction of its causality.

Interviews were therefore undertaken with 25 bursary holders and 12 students from lower-income backgrounds who had not applied for or received a bursary. Based on these interviews, three initial hypotheses presented themselves:

- 1 That the provision of targeted funding reduces the risk of withdrawal and potential for success by relieving students' financial concerns, especially in the first term.**

This was the most common rationalisation made by students for the efficacy of bursaries. They explained that it enabled them to purchase one-off high-cost items (e.g. books or travel cards) or that it removed the need for them to find part-time work immediately after starting their studies, thereby enabling them to settle in more easily. This is supported by national research (West *et al*, 2006), which found that students holding Opportunity Bursaries were less worried about financial difficulties and part-time employment than other low-income students.

This hypothesis is challenged by the fact that there is no significant difference ($X^2 = 0.036$, 2 d.f., $p = 0.982$) in outcomes between students receiving an Opportunity Bursary (£1,000 in the first year and £500 in subsequent years) and those receiving a Start-Up Bursary (£300 in the first year only). In fact, the outcomes for students holding the two different types of bursary were very similar overall. This would suggest that it is the possession of a bursary which is salient, not the size of that bursary.

2 That the provision of a bursary establishes a particular ‘attachment’ between the university and the student, where the student rationalises the offer as a sign that the university has a positive attitude towards them and their peers from a similar background.

A small number of students felt that the bursary schemes demonstrated a commitment to reaching out to students from groups not traditionally associated with higher education. While the Opportunity Bursaries were a national scheme, they were administered by individual institutions who were asked to generate publicity materials, distribute application forms, assess eligibility and make comparative decisions where demand outstripped supply. Students therefore tended to associate the bursaries with their university, rather than with a governmental initiative. The Start-Up Bursaries were unique to the university in this study, though a small number of other institutions had similar schemes.

Interviewees were generally very conscious of their status as ‘first-generation’ entrants to higher education and that they differed from the traditional student body, particularly in terms of parental expectations and financial circumstances. Many of the students had become mentors or ambassadors in order to take an active role in widening participation further.

It is therefore hypothesised that the correspondence between the student and the university in the six months prior to arrival was instrumental in creating an ‘attachment’ around the act of applying for and being awarded a bursary. This projected a respect for their social background and an inclusive institutional *habitus* (as outlined in Thomas, 2002). This effect of building a relationship between a student and a university before they arrive may also promote a type of reciprocity where the student feels duty-bound to respond to the bursary with increased motivation and commitment towards their studies

(Yorke and Thomas, 2003) or a more positive attitude in general (West *et al*, 2006). It has been reported that these are two essential components in defining withdrawal patterns (Johnston, 1997; Bennett, 2003; Universities UK, 2003).

3 That the students applying for and securing bursaries are highly motivated and organised; attributes which later predispose them towards academic success.

It is estimated that only between a third and a half of students eligible for a bursary successfully secured one, despite all students in the cohort being sent information by the institution and a government information campaign to schools and colleges. This tended not to be due to selective decision-making, but to the apparent existence of a limited propensity to apply amongst students eligible to do so. Under this hypothesis, the possession of a bursary would essentially act as a marker for a certain type of student, who was diligent in reading information sent by the university, correctly analysed their eligibility for a bursary, was motivated to apply and took the time to compile an application within the deadline.

This was illustrated by the interviews with bursary holders. They were a group with high levels of focus and application, both in individual interviews and focus groups. They felt that they had had to overcome more significant barriers to get as far as they had and there was a degree of resentment or 'class jealousy' of students who they perceived to have had an easier route (Skeggs, 1997; Bloomer and Hodkinson, 2000; Archer, Hutchings and Ross, 2003; Reay, David and Ball, 2005). They appreciated the chances which they had been given and were determined to make the most of them, making a proactive decision to enter higher education (Ball *et al*, 2002), and seeing the bursaries as a positive tool to this end. In contrast, none of the low-income students not securing a bursary had any recollection of being invited to apply for a bursary.

A slight variant of this hypothesis was suggested by a small number of interviewees who talked about peers from their school who had not applied. They suggested that a sense of class-based pride may have underpinned a positive decision not to seek additional financial support. In addition, some bursary holders had delegated responsibility for completing all finance-related forms to their parents. In this instance, it is the diligence of the parents and their ability and willingness to engage with a bureaucratic process which is at issue.

It should be noted that these three hypotheses are not mutually exclusive and, indeed, the second could easily have a reinforcing effect on the third.

From opportunity to competitive market: policy context from 2001 to 2006

The previous section has argued that even small bursaries provided valuable financial support which may have contributed to the retention of this group of

lower-income students. Added to this, the policy itself also helped students to identify with the institution and to see it as a place for students like themselves. Bursaries may also have acted as a marker for characteristics which lead to success, while appreciating there could be non-financial reasons why students did not apply for them, not least due to the agency of their parents. This final section will examine what the study can tell us about the new student support system being developed by universities for the 2006/7 academic year.

In January 2003, the White Paper, *The Future of Higher Education* (DfES, 2003a), revealed the government's intention to deregulate significant aspects of the higher education sector from 2006/7 onwards, not least the permitting of flexibility in the tuition fees chargeable. Universities were to be permitted to charge up to £3,000 per year for most undergraduate courses, provided that an undefined proportion of the additional income was ploughed back into attracting and retaining students from under-represented groups. Further policy details were provided three months later (DfES, 2003b). The White Paper also signalled the extension of the Opportunity Bursary principle to all lower-income students (including those aged over 21 on entry) as a 'Higher Education Grant' from 2004/5 onwards.

The management of this system was passed from universities to the Local Education Authorities and the Student Loans Company, with all students automatically receiving support if their (or their parents') income was below the relevant threshold. It should be noted that this administrative change largely isolated universities from the act of providing discretionary support to lower-income students; an important component in the reaction of bursary holders identified in the interviews and focus groups.

Changes were also announced to student maintenance funding from 2006/7 onwards. The details were later amended to placate Labour 'top-up fee rebels' in the run-up to the Higher Education Bill (Clarke, 2004a; DfES, 2004). A new 'Higher Education Maintenance Grant' (HEMG) was announced for full-time students of all ages from low-income backgrounds (i.e. less than £33,000 gross per year²), totalling £2,700 per year for students from the very poorest backgrounds. Meanwhile, students were given the option of paying their tuition fees up front or deferring them with an additional loan which is added to their total borrowing. The debt to the Student Loans Company on graduation for a student receiving the full student loan and deferring their tuition fees of £3,000 would thus rise to over £22,000.

In exchange for deregulating tuition fees, the White Paper sought to commit universities to 'robust and challenging' Access Agreements which will 'safeguard and promote' access to higher education (DfES, 2003a). One aspect of these agreements was that universities would be expected to provide additional financial support to their lower-income students and those from under-represented groups in the form of bursaries. Little detail of expectations was provided at this point, but examples were later given of

perceived good practice at Oxford, Cambridge, Nottingham and Warwick (DfES, 2003b).

This lack of detail sparked a period of uncertainty and debate. Ministers were reportedly applying pressure on universities to commit to contributing at least one-third of the top-up fee income to bursaries (Sanders, 2003), while a number of influential figures were making a case for a national bursary scheme in contrast to the free market implied by the White Paper (e.g. Thorne, 2003; Sanders, 2004). Post-1992 institutions were concerned that their funds would necessarily need to be spread across their wider pool of students, with the result that they would need to plough a higher proportion of their additional income into bursaries or risk the offers made to individual students being significantly less generous than those made by the pre-1992 institutions (Thorne, 2003).

This debate finally collapsed into a clumsy compromise that would see all universities supplementing the HEMG for students from low-income backgrounds with a statutory national bursary of £300,³ to be enforced by the fledgling Office for Fair Access (OFFA) through institutional Access Agreements (Clarke, 2004b). Combined with the HEGM, this theoretically made top-up fees cost-neutral for this group of students.⁴ The concept of a defined proportion of the top-up fee income to be recycled through institution-specific bursaries was also dropped, with the strong steer that universities would be expected to do more than the £300 bare minimum and with the rejoinder that the Secretary of State would use reserve powers 'if necessary to protect the poorest students' (Clarke, 2004b).

In OFFA's guidance on the preparation of their Access Agreement (OFFA, 2004), universities are invited to 'go beyond the minimum bursary requirements and offer a wider range of financial support', but are warned that this can only be counted in the context of the Access Agreement where this is 'appropriately targeted with the specific intention of encouraging and supporting students who are under-represented in HE'. Universities were thus given a free hand to decide how much to invest in bursaries to promote access, while also not being prevented from creating controversial bursaries without a specific access brief or with a conspicuously elitist brief which would not be reflected within the Access Agreement (Hill and Baty, 2004).

With nearly all universities charging tuition fees of £3,000 for all courses in 2006/7, the government's aim of making 'student choice a much more powerful force' (DfES, 2003a) through the levying of differential fees appears to have foundered at the first hurdle. Instead, the main financial differentiation, and thus competition, is being expressed through a 'volatile market' (in the words of Sir Martin Harris, Director of OFFA, quoted in Hill, 2005) in university-specific bursaries. Amounts varying between £300 and £4,000 a year are thus on offer, although there is clear market segmentation between recruiting and selection institutions.

Across the HE sector as a whole, 29 per cent of the estimated £429 million additional income generated by top-up fees is going to be ploughed back into access-related initiatives (Goddard, 2005), a figure which is surprisingly close to the government's original intentions. However, there is wide variation around this figure, with universities allocating anywhere between 11 per cent and 78 per cent. Alongside the variation in proportion of additional income being recycled, there are significant differences in the targeting and administration of bursaries.

The government had begun with an intention to deregulate the tuition fee market within higher education in order to increase choice while generating additional funding for the section. Bursaries were seen as primarily a tool in widening participation and in ameliorating some of the negative views around increased fees. However, universities had, in the final analysis, been given almost complete freedom to devise and implement discretionary bursary schemes. Thus, the final system for 2006/7 presented little differentiation in tuition fees, but a wide variety of competing bursary schemes; opportunity, access and competition had become inexorably linked.

The future of bursaries post-2006

A number of interesting distinctions can therefore be drawn between the Opportunity Bursaries and the new post-2006 bursaries:

- 1 *The rationale for Opportunity Bursaries was specifically focused on attracting (and retaining) students from lower-income backgrounds from specific target neighbourhoods into higher education in general, rather than to particular institutions.*
- 2 *The criteria for awarding Opportunity Bursaries were set nationally within this social justice agenda, although individual institutions had a degree of latitude around implementation; this was generally exercised through student services or finance departments.*
- 3 *The criteria, size and administration of the post-2006 bursaries rests within institutions, where an agenda around recruiting students to that specific institution has ensured the involvement of senior managers, marketers and those responsible for admissions.*

It is therefore little wonder that many of the post-2006 bursary schemes bear little resemblance to the Opportunity Bursaries which preceded them. A comprehensive survey of the schemes across all institutions is beyond the scope of this article. However, some recurring themes can be drawn out through examining the Access Agreements, which, after approval, have been publicly stored on the OFFA website (OFFA, 2005); additional information is also generally available through externally facing university websites.

- *Income-contingent.* Nearly all planned bursary schemes have a component of means testing, although the mechanics vary considerably between institutions. Some offer a flat-rate bursary to students whose families are below a certain threshold (e.g. Sheffield Hallam), while others have a tapered (e.g. UWE) or pound-for-pound system which tracks the HEMG (e.g. King's). There is considerable difference in the size of bursaries on offer, with Oxbridge and other pre-1992 universities tending to offer more lucrative packages than newer universities, e.g. £10,000 over three years at Oxford with £1,000 per year at Thames Valley.
- *Universal support.* A small number of HEIs (e.g. Sunderland, Winchester) offer bursaries to all new undergraduates, essentially discounting the fee from the headline level of £3,000 without being seen to be offering lower-priced courses. Central Lancashire's means-testing threshold of £60,000 family income is so high that their bursary scheme is almost universal, whereas Coventry are attempting to provide a taper at the point at which the HEMG ends, such that students whose parental income is between £37,425 and £47,425 actually receive a slightly higher bursary than those from low-income households.
- *Regionally-focused* – The mission of some institutions to attract more local students is reflected in specific bursaries for students drawn from particular areas. In some instances, these are low participation postcodes (e.g. Leeds), while in others (e.g. Bristol), they merely reflect a geographical catchment area in the context of increased localism in student recruitment.
- *Franchise/compact-based* – Related to the previous category are those bursary schemes which target students recruited through either franchise/partner colleges (e.g. Bolton) and/or schools which are part of an institutional 'compact' arrangement (e.g. Kingston, Plymouth).
- *Academic potential or success* – Around a fifth of HEIs have sought to incorporate some form of academic criteria into their bursary (or more usually termed 'scholarship') schemes, alongside means testing. In some instances (e.g. Birmingham, Hertfordshire), all students achieving a certain number of UCAS points or A-level scores are rewarded, while other schemes (e.g. Brighton, East London) have a competitive edge and are focused on a restricted number of the 'most promising' or 'most able' applicants. Many institutions are intending to extend academic bursaries/scholarships to the more traditional student groups, but these are not detailed within the Access Agreements.
- *'Under-represented' groups* – Some HEIs have sought to extend the concept of access beyond students from low-income backgrounds, focusing on particular groups with barriers to entry into higher education or which are otherwise under-represented (e.g. Loughborough [age], Keele [ethnicity], Winchester [care leavers], Bristol [disability]). Some of these schemes will

rely on active self-declaration by students, which may prove problematic in terms of both administration and penetration.

- *Successful progression* – One noteworthy characteristic of a relatively small number of bursary schemes is the need for the student to show appropriate progression, either in terms of a baseline first-attempt pass (e.g. East London), a particular grade average (e.g. Lancaster – over 55 per cent) or as a specific requirement for a bursary targeted at high achievement (e.g. Liverpool's *Attainment Scholarships* for those averaging 70 per cent and above).

The sheer diversity of this 'bewildering range of bursaries and scholarships' has been noted (Tysome, 2006), such that OFFA-backed awards are now available to institutions which offer 'something that stands out in the crowded market' in terms of the targeting students from under-represented groups and how the effectiveness of the bursary scheme is monitored.

Perhaps most noteworthy is how the deliberate degree of institutional autonomy in the creation of bursary schemes has fuelled such diversity of practice, not all of which necessarily meets the government's agenda to widen participation at first inspection. It would appear, for example, that a number of institutions have used the bursary primarily to enhance their reputation as a centre of excellence. Parallels can be drawn between this aspect of the implementation of government widening participation policy and that surrounding the use of the 'postcode premium' in the HEFCE funding mechanism, where 'light-touch' monitoring also offered significant institutional autonomy.

Conclusions

The data presented above suggest a number of clear messages relevant to the current government policy, which will see the proportion of students holding discretionary bursaries rise sharply in the coming years.

First, that even small sums of additional money appear to have reassuring effect for students from low-income backgrounds, helping them to meet first-year start-up costs and to feel less pressured to take on part-time work. Given the importance which has been placed on the student's first term or first year (Yorke *et al*, 1997; Ozga and Sukhnandan, 1998), this effect of relieving anxiety is likely to pay dividends for longer-term retention and success (Andrews and Wilding, 2004; Robotham and Julian, 2006). This is likely to be of growing importance at a time when students' perceptions are that higher education is becoming increasingly expensive and that their ability to manage their money successfully is declining (UNITE, 2005).

However, the nature of the cash flows to universities may work to undermine this gain for the post-2006 bursaries. The money processed by the Student Loans Company in the form of loans taken to offset tuition fees is to

be paid on to universities in two instalments; in February and May. As this is the income stream from which the bursaries are paid, most institutions have felt unable to make bursary payments before February; five months after most students start their course. This sub-optimal arrangement means that the value of bursaries for meeting start-up costs and relieving initial financial anxiety will therefore be much diminished, limiting their practical utility.

Meanwhile, it would appear that the actual size of bursary offered may not be that important to students' retention or success and it is questionable whether prospective students will make decisions on this basis (Whitehead, Raffan and Deaney, 2006). This approach, where financial concerns are less important than other choice mechanisms, could well undermine (or even pervert) the competitive market between institutions which the government has set to create. It is particularly questionable whether the pre-1992 universities, who are generally able to offer larger bursaries, will see a payback in terms of widened participation. Meanwhile, institutions offering large bursaries may find that the 'return' for their investment is no larger than those offering more modest amounts, especially if students from lower-income backgrounds use their bursaries to direct funds to their families (Sanders, 2006). The rational financial market for bursaries is likely to be further undermined by the finding that 'working-class students prioritise the local and the familiar' (Reay, David and Ball, 2005, p 95) when making educational choices, limiting their possible financial gain by seeking entry only to local universities.

Secondly, that there may be problems with ensuring that bursaries reach the students that are entitled and need them most, based on the experiences detailed in this study. There is an implicit assumption (e.g. to be found in West *et al*, 2006) that all students will act rationally and apply for all the support available to them. However, the sheer complexity of the new bursary system and baffling array of choices challenges the ability of young people to make well-informed choices when considering bursaries, with two-thirds reporting that they are unaware whether they would be entitled or not (Shepherd, 2006a). Only between one-third and half of the students in this study applied for a bursary for which they were eligible.

Many of the proposed systems are linked directly to the HEGM means test and will therefore be automatically awarded. However, those reliant on competitive application or self-declaration run the risk of passively excluding some students who might be eligible to receive support. This will be exacerbated for working-class students for whom interaction with bureaucracy or competitive application procedures may be problematic or anathema (Archer, Hutchings and Ross, 2003; Reay, David and Ball, 2005). While a 2002 Universities UK report (Woodrow *et al*, 2002) into widening participation argued for a simplification of financial support for students from lower-income backgrounds, the post-2006 bursary system has moved in a diametrically opposite

direction. Those post-2006 bursaries which are focused on specific under-represented groups (e.g. care leavers) may suffer particular difficulties with self-identification and administration. There are also fears that students who choose not to permit electronic data-sharing between the Student Loans Company and universities will also be disadvantaged, with their bursary entitlement delayed or jeopardised (Shepherd, 2005).

There is, therefore, a real danger that some of the most under-represented groups may not be aware of their entitlement or may otherwise find themselves excluded from receiving their discretionary bursary. They will then not benefit from the positive outcomes with which the Opportunity Bursaries are associated.

Thirdly, that bursary schemes send strong messages about the nature of that institution which are relevant to the issues of recruitment and retention of students from groups which have not traditionally engaged with higher education. Students historically receiving Opportunity Bursaries or other discretionary bursaries on the basis of their status as 'low-income' and/or 'first-generation' formed an early institutional attachment which has been found to be associated with high levels of retention and success. From interviews with students, this appears to be tied to the university's lead role in administering the schemes, where the student feels that being offered a bursary legitimised their presence at the university; even if the university is in reality administering funds on behalf of the government, as with the former Opportunity Bursaries.

In the context of the post-2006 system, it is hypothesised that this uplift in positive attachment to the institution may not be felt through the centrally administered Higher Education Maintenance Grant, or through institution-specific bursaries where the administration is subcontracted to the Student Loans Company. One of the positive outcomes of the Opportunity Bursary scheme could potentially be lost.

New messages will be generated by the post-2006 bursaries, with their myriad of criteria and conditions. Some have a strong regional flavour or one which seeks to develop or concrete compact arrangements with particular schools or colleges. Others seek to emphasise academic attainment or potential. The results of this study suggest that the nature of the bursary scheme will contribute to the student's construction of the institutional habitus (Thomas, 2002) and its portrayal to applicants from the targeted groups.

Students entering higher education from 2006 onwards will have different responses to the various university-specific bursary schemes, which may be more or less positive than those summarised in this article. Institutions should consider this when reviewing and marketing their bursary schemes to each successive cohort of students.

In conclusion, a key feature of the student financial support system introduced in September 2006 is a competitive (but potentially illusory) 'market'

based around bursaries – and not tuition fees, as the government had intended. But is it a market in any real sense, and how will it impact on the government's own agenda to widen participation? Does the market model, with its assumptions of financial rationality, informed decision-making and freedom of movement, support or fail the students from lower-income backgrounds which it is designed to assist? Does devolved implementation and institutional autonomy offer the most effective means of implementing government policy around widening participation?

This article has argued that the implementation of the post-2006 bursary system has not learned from the lessons of the Opportunity Bursaries, with a real danger that potential gains in access, retention and success have been placed in jeopardy. With progress towards the government's 50 per cent participation target faltering badly, wobbles from the Director of Fair Access (Meikle, 2007) and renewed concerns about social mix and withdrawal (Fazackerley, 2006; Shepherd, 2006b), it would seem timely to look again at how the bursary system can offer maximum benefits to students, universities and policy makers.

NOTES

- 1 Excluding healthcare students, who fell under a different funding regime. They have been excluded from this analysis on the basis that no data are available for their parental income and so lower-income students cannot be identified.
- 2 This figure has since risen to £37,425.
- 3 Or potentially less if the student is being charged less than £3,000 in tuition fees.
- 4 This was actually illusory, as the detail of the conversion between the Higher Education Grant (2004 to 2006) and the Higher Education Maintenance Grant (2006 onwards) meant that most students from lower-income backgrounds were effectively £1,000 per year out of pocket. This loss will be exacerbated by a reduced student loan entitlement for students receiving the Higher Education Maintenance Grant. The post-2006 bursaries will go some way to meeting this gap, but most are insufficiently large to replace the full amount. As a result, the majority of students from lower-income backgrounds will be worse off in 2006/7 in terms of their total support package than they would have been had they entered higher education in 2004/5. This is not included in Pennell and West's (2005) otherwise comprehensive analysis of changes in student support. As in the late 1990s, the Labour government has from 2006/7 reduced funding for students from lower-income backgrounds at the same time as holding a policy objective to widen participation from this same group.

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