

# National Scholarship Programme (NSP)

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## Key Features of the National Scholarship Programme

**Announced 2010**

**Operated 2012–13 to 2014–15**

**Target Population: Home/EU undergraduates from low-income families studying in England**

**Purpose: To provide support (financial and other) that would encourage people from currently under-represented parts of society to study for a degree, even though maximum possible fees were increasing in 2012 by almost 300 per cent.**

## Introduction

Even before fees for UK undergraduates were introduced in the 1990s, the extent to which such charges would deter university applicants was being widely debated (NCIHE 1997). Intuitively it was assumed that the prospect of making a contribution towards fees would disproportionately discourage applications from those parts of society for which the participation rate was already lower, such as young people from low-income households and mature students.

This concern, and evidence that graduates can expect social, health and financial benefits from their time at university, made it a political imperative for any proposals to introduce undergraduate fees to be accompanied by measures intended to cushion their impact on such potentially cost-sensitive applicants; if these safeguards were in place, it was argued, the benefits of higher education would be equally accessible to all. With each fee-increase at universities in England, from £1000 in 1998, to £3000 in 2006 and then £9000 in 2012, packages of means-testing, student support and regulatory requirements were therefore introduced – each a compromise between the government's desire to contain the costs it was incurring from an expanding higher education sector with then-current thinking about barriers to participation.

In parallel, the impact of these fee and funding changes on access to, and widening participation in, higher education has been tracked increasingly closely, with the government's Director for Fair Access and Participation requiring detailed annual monitoring reports from each provider. Within a few years of the initial introduction of fees, independent research and institutional data both showed that perceptions of cost and debt among applicants were not a major factor in their decisions about whether to apply (Callender and Jackson 2005, Callender and Mason 2017, Harrison and Hatt 2012). Nevertheless, political and public discourse continued to focus on the assumption that this was the case. We can see there is a substantial policy history here. But who remembers it? Is there anything worth remembering? And if we choose to forget it, does that matter?

## Those who cannot remember the past are condemned to repeat it

David Watson (2011) highlighted the lack of 'policy memory' amongst policy makers as being a key problem in English higher education policy making. Considering the policy programme of the new Coalition government in 2011, while reflecting on successive new frameworks for higher education since the Robbins Report of 1963, Watson suggested that every time Ministers and Civil Servants have a good idea, it would be better if they contemplated "what happened last time we tried this?". This was not happening— a cause of this Watson noted was that civil servants did not remain in post in the same (or equivalent) department long enough to acquire an "institutional memory".

Institutional memory is the knowledge within an organisation that can act as a repository of information about past successes and failures. Considering the UK government overall, Pollitt (2000; 2009) found institutional memory was in decline because of a range of factors including, the rotation of civil servants between departments, electronic systems replacing traditional archiving, frequent organisational restructuring, and the use of fashionable management techniques.

The rise in institutional amnesia resulted in the topic receiving greater attention with research investigating the causes of institutional amnesia, such as critically examining 'how bureaucracies remember' (Corbett et al., 2020; Stark, 2019), and the effects, where suboptimal policy choices lead to the reduced effectiveness of government agencies and poorer service delivery. These negative effects remind us of the value of learning from the past. Moreover, the lack of memory within government places more responsibility on those outside to do the remembering. Here, organisations and individuals can play a constructive role sharing their knowledge of policy histories and feeding this into policy debates.

In making such a contribution, this Learning from the Past paper seeks to refresh the memory of the National Scholarship Programme (NSP), a student support scheme designed to address the perceived 'problem' that higher fees deter university applicants, in particular those from already under-represented groups in society. It considers the rise and fall of the NSP which took place within a period of just three years and identifies some of the lessons we can learn.

## National Scholarship Programme

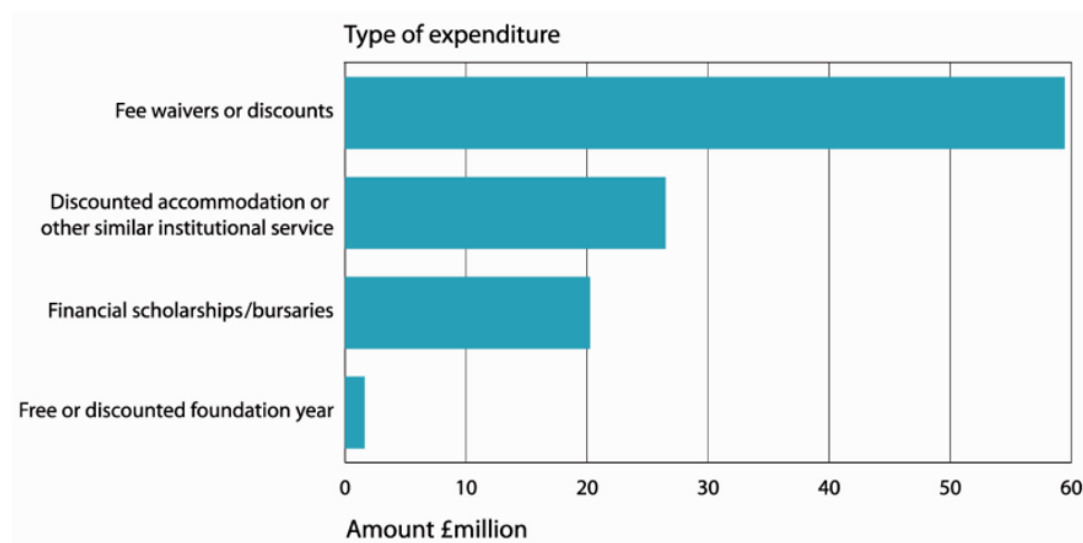
In the first year of the 2010-2015 Conservative – Liberal Democrat UK Coalition government it was decided the cap on undergraduate fees for home/EU students at English universities would increase from £3,290 to £9,000 in 2012. This was politically embarrassing for the Liberal Democrats, the smaller party in the coalition, who had made a manifesto pledge to abolish fees entirely (Atkins 2018; Hillman, 2016). As a concession to their coalition partner, the Conservatives, therefore, agreed that a rise in fees would be accompanied by a 'student premium'. Nick Clegg, Liberal Democrat leader and Deputy Prime Minister, declared this would support "the least advantaged students, representing a commitment of at least £150 million a year by the end of the spending review period. Our goal is clear: to tear down the barriers that prevent poorer young adults from entering university" (Clegg, 2010). This was the spending review period from 2011/12 through to 2014/15. The 'student premium' became the National Scholarship Programme (NSP).

The NSP was launched for the 2012 cohort of university entrants:

- NSP funds were distributed by the government to individual higher education providers for them to allocate to students
- NSP scholarships were worth at least £3,000 for eligible full-time first-year undergraduates in England, mainly aimed at students coming from households with a maximum income of £25,000
- No more than £1,000 of the support offered under the NSP could be in cash – with the rest to be given ‘in kind’ –for example through fee waivers or accommodation discounts
- Providers were expected to match the government’s financial contribution
- NSP funds were not to be used towards outreach programmes

As Figure 1 shows, more than half the money distributed through the NSP in its first year of operation was through fee waivers:

**Figure 1:** How institutions delivered NSP awards to the 2012/13 cohort in 2012–13 (OFFA/HEFCE, 2014: 16)



In deciding which students were eligible for this support, universities were able to add criteria in addition to the core means-testing laid out in the NSP, as figure 2 shows:

**Figure 2:** Additional criteria used by institutions to determine NSP eligibility 2012–13 (OFFA/HEFCE, 2014: 34)

Criterion	Number of institutions using this criterion	Number of those where this criterion was mandatory
Income-related	95	83
Care leaver	68	11
Other	47	22
Disability	35	1
Achievement-related	29	16
POLAR/low-participation neighbourhood	29	5
Tuition fee resident in England	28	27
Tuition fee	27	27
Full-time/part-time	26	25
School/college	24	6
First generation higher education	21	10
Firm choice	15	11
In receipt of other benefits	14	2
Timely application	14	11

Within a year of its introduction, the inconsistent eligibility criteria and complex variety of benefits offered through the NSP led to doubts about its effectiveness in reducing the deterrent effect of higher fees for possible applicants from lower-participation groups. At the start of 2013 the distribution of NSP funding was revised. Later in 2013, the Government announced as part of its Spending Review that it would refocus the funds that had been used for the NSP towards postgraduate students (HM Treasury, 2013 p.40). This transfer of funds was intended to encourage graduates from 2015 onwards to continue to higher study, even though they would already have a substantial student debt and resulted in the demise of the NSP. The NSP lasted three years, during which it provided support to 90,000 undergraduates across 225 providers.

## Lessons from the NSP

### 1. When allocating funding to providers, consider the profile of the student intake

The number of government-funded NSP places that a provider received was determined solely by home/EU undergraduate numbers; no consideration was given to the existing profile of intake and hence likely number of students from households with income under £25,000. On this basis, for the 2012 entry, both Oxford and Oxford Brookes were allocated 133 NSP places (Carasso and Gunn, 2015).

This meant providers that recruited more students from disadvantaged backgrounds had to spread the NSP money they received from the government more thinly across a greater number of eligible students than providers of a similar size that served a more affluent student body. Moreover, higher-tariff providers – that are more likely to have a more affluent student body and who are better resourced – were able to contribute more of their own resources (per student) than lower-tariff providers (Chowdrey et al., 2012).

By not allocating money according to anticipated need at different providers, the NSP unintentionally placed pressure on providers with larger proportions of potentially-eligible students to introduce a form of “rationing” by introducing additional criteria that applicants had to satisfy.

### 2. Decide whether you are establishing a coherent national scheme or enabling local solutions to local circumstances

One feature of the NSP was the extent to which eligibility criteria varied between providers. For example in 2012–13, out of 181 providers, 154 added at least one of their own criteria for eligibility (in addition to the national maximum income level set by the government). This was often a method to prevent over subscription of the NSP at providers with a student profile that would lead to higher levels of eligibility (see Lesson 1 above). Another feature of the NSP was the variability in the support given to recipients, as this was determined locally by each provider. For example, some offered discounted accommodation as part of the NSP while others did not.

Several difficulties flowed from these two factors. First, the NSP was very difficult for applicants to understand as there was no consistency in either criteria or support. This problem was amplified by evidence that applicants could not obtain definitive information on the benefits they might expect (or not) from the NSP at different providers – thus contributing to ‘information asymmetry’ between providers and applicants. Second, it resulted in disparities between providers and among students studying within the same provider. For example, two students coming from households with identical income, enrolled at the same provider could receive different NSP benefits. This made the scheme appear unfair. Third, the NSP did not achieve ‘brand recognition’, as it was absorbed within bursary provision at each individual provider. This lack of visibility also meant the good Public Relations the scheme was designed to create, which was intended to address the Liberal Democrats embarrassment (the reason the NSP was created), was not achieved. So the NSP was not a ‘National Programme’, as it varied widely across the nation. Nor was it a ‘scholarship’, as this term is typically used to refer to financial support that is allocated on prior academic achievement, while the large majority of NSP awards were allocated on the basis of socio-economic criteria. So the ‘National Scholarship Programme’ was, in fact, not national; neither did it offer scholarships, nor a coherent programme (Carasso and Gunn, 2015).

### 3. Design the financial support you are providing in the context of a student's wider income and expenditure

The NSP was introduced into the English system where students pay nothing up front, but enter into an income-contingent loan arrangement. The money borrowed – for fees and cost of living - is paid back after graduation. The NSP supplemented these financial arrangements as a benefit at the point of use. However, the NSP was not a good example of such a scheme because a large proportion of NSP benefits were given in fee waivers. Unlike cash given to students towards their living costs, fee waivers provide no financial help whatsoever to students in need of support when there are studying, as they simply reduce the size of the fee-loan they can access. So students are merely less indebted on paper and may pay back less money in loan repayments as graduates many years in the future (Carasso and Gunn, 2015).

For this reason, it could be argued the NSP added a dimension of unfairness to the system – as two graduates who earned the same amount at the same time could end up repaying different amounts of money for the same course. In addition, because much of the NSP was given in fee waivers, it benefited the government immediately, rather than the students that were meant to be beneficiaries. This is because reduced fees decreased the amount of money being distributed as fee loans, and hence the deficit on the government's balance sheet (Hughes, 2011).

The NSP experience did however demonstrate that applicants during its lifetime were well-informed about how the income-contingent student loans scheme worked, understanding it in terms of a form of graduate tax. Furthermore, applicants were acutely aware of things such as the pros and cons of fee reductions vs. cash-in-hand bursaries. The totality of financial offer to undergraduates (in terms of costs, loans and financial support) created a market in which price sensitivity was barely evident, and premium pricing of degree courses was interpreted by many applicants as an indicator of higher quality.

Applicants were making rational, if to many observers counter-intuitive, decisions about where and what to study, with only limited consideration given to any differences in fees (Carasso, 2014). This suggests that, even if those who designed the NSP did not understand how the wider context in which it sat would impact on its effectiveness, communications from universities, student unions, the Student Loans Company and in the wider media succeeded in explaining this complex message to applicants.

## Conclusion and looking ahead

As we have discussed here, the NSP was the wrong answer to the wrong problem. It was a political concession developed at speed that was 'bolted on to the side' of a wider set of reforms; there was no attempt to tailor it to an accurate assessment of a clearly stated policy concern. So new initiatives need to appreciate the intricacies of how the higher education sector and student funding work and context into which policies will be implemented.

But the NSP was based on a false premise – that debt-aversion is a significant barrier to widening participation in higher education – contrary to, already substantial, research findings; its operating model was perhaps driven more by consideration of the balance sheet in HM Treasury than the bank balance of an undergraduate.

However, undergraduate fees in England remain a politically challenging topic that triggers lively debate (Andrews, 2021). It is regularly cited as an example of inter-generational inequity, as politicians who expect today's graduates to accept the prospect of debts of around £40,000 almost all had what is thought of as 'free' higher education themselves.

We are currently awaiting the introduction of the latest set of reforms to the size, shape and funding of higher education in England, following publication of the Augar Report in 2019 (Department of Education, 2019). Given that this panel was tasked to consider all post-18 education routes, we can only hope that the policy response will consider higher education within its wider context to develop evidence-based measures that support widening participation in the sector by addressing barriers that are real and clearly articulated. Let us hope that this time, student funding policy finds the right answer to the right problem.

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