



National Audit Office

Staying the course: The retention of students in higher education

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SUMMARY

1 Success in higher education will provide most students with greater opportunities for the rest of their life – over their working life graduates earn, on average, over £100,000 more (in today's terms) than similar non-graduates with A levels.² Employers, the economy and society as a whole also benefit when students complete their studies. The Exchequer receives associated tax from higher salaries of graduates, amounting to 11 per cent over and above the cost of higher education.

2 Around 28,000 full-time and 87,000 part-time undergraduates who commenced their studies in 2004-05 were no longer in higher education in 2005-06.³ Substantially less value is gained from institutions' investment in teaching undergraduates who do not complete their courses.⁴ The National Audit Office and the Committee of Public Accounts previously reported on the retention of students in higher education in 2002.⁵ In our current examination, we considered whether the sector is improving its already high level of

² Department for Innovation, Universities and Skills, unpublished analysis; PricewaterhouseCoopers/Universities UK (2007), *The economic benefits of a degree*.

³ National Audit Office calculation based on Higher Education Statistics Agency's individual student data for all undergraduates. By extrapolation, this level of non-continuation each year could represent a total cost of around £30 million in lost income over a lifetime, but this is only a rough estimate because of the uncertainty involved.

⁴ For example, the basic rate of Funding Council grant ranged from £2,521 to £13,684 per full-time undergraduate in 2006-07 (depending on course category), although this is not necessarily the same as the investment made by the institutions.

⁵ National Audit Office, *Improving student achievement in English higher education*, HC 486, Session 2001-02, January 2002; Committee of Public Accounts, 58th Report of 2001-02, *Improving student achievement and widening participation in Higher Education in England*, September 2002.

Summary text continued

performance in retaining undergraduates on their higher education courses (foundation degrees, honours degrees, undergraduate credits, higher national diplomas, higher national certificates and other higher education diplomas), focusing in particular on whether:

- the sector's performance on retention has improved since it was last reviewed by the Committee of Public Accounts (Part 1);
- the Higher Education Funding Council for England (the Funding Council) could do more to encourage the sector to improve retention of students (Part 2); and
- higher education institutions could do more to improve retention of students (Part 3).

As numbers grow, are more students completing their course?

3 The numbers of accepted applicants to higher education in the United Kingdom have increased in recent years: United Kingdom students entering via UCAS⁶ increased from 332,000 in 2002-03 to 346,000 in 2006-07.⁷ Applications for courses dipped in 2006, but have recovered in 2007. Between 2002 and 2006, there have been small changes in the types of subjects studied. The largest numerical increases in accepted applications have been in subjects allied to medicine and the creative arts, while the largest reductions were in mathematical and computer science, and engineering (Appendix 2, Figure 33 on page 44).

4 The sector has been seeking to both increase and widen participation to include more students from groups that have been less well represented in higher education, while bearing down on non-completion.⁸ There is a balance to be achieved between these priorities, as increasing and widening participation brings in more students from under-represented groups who may need more support to complete their courses. Between the academic years 1999-2000 and 2005-06, participation in higher education increased from 39 per cent to 43 per cent of people aged between 18 and 30 years. There have also been increases in the proportions of students from a black and minority ethnic group, students with a disability, and students from a background without a tradition of higher education (Appendix 2, Figure 30 on page 43).



5 **Figure 4 overleaf** illustrates the improvement in the rate of new undergraduates in 2004-05 expected to complete their course, compared with undergraduates who started in 1999-2000. While the rate of improvement is small, it needs to be placed in the context of the United Kingdom's higher estimated graduation rate than most other countries in the Organisation for Economic Co-operation and Development (Figure 10 on page 17) and the growth in participation in higher education over the same period. It is too early to say whether the introduction of higher tuition fees from 2006-07 (up to £3,000 a year) will affect retention.

6 There are variations between subjects in the percentages of 'continuations' – first-year students who continue into the second year of their course. Medicine and Dentistry courses have by far the highest continuation rates (98 per cent) and Combined Subject courses have the lowest (83 per cent) (Figure 15 on page 21).⁹ Similarly there are variations in average continuation rates between the different types of higher education institution, with The Russell Group universities¹⁰ having the highest average continuation rate and the universities created since 1992 having the lowest average rate overall (Figure 13 on page 19).

⁶ UCAS was formerly known as the Universities and Colleges Admissions Service.

⁷ In addition, part-time students apply to institutions directly, rather than through UCAS.

⁸ The target is: by 2010, to increase participation in higher education towards 50 per cent of those aged 18-30 and also make significant progress year on year towards fair access and bear down on rates of non-completion.

⁹ Based on the National Audit Office analysis of Higher Education Statistics Agency student data for all full-time undergraduate students starting their degree in 2004-05.

¹⁰ The Russell Group is an association of 20 major research-intensive universities of the United Kingdom, including the Universities of Cambridge and Oxford. Details of the different categories of institution are set out in Section 4 of Appendix 4 on page 50.

7 Our statistical analysis indicates that variations between subjects and types of institution are largely due to the characteristics of students, including their level of pre-entry qualifications. However, when all other factors are taken into consideration, the analysis appears to show that:

- a full-time, first-degree student is much more likely to continue their studies into a second year than a similar part-time student (with an ‘odds ratio’ of 3.3 – see explanation of odds ratios in Note 2 to Figure 16 on page 22);
- a full-time student with three A levels at grade A is much more likely to continue than a similar student with two A levels at grade D (odds ratio of 2.2); and
- a part-time student registered with a higher education institution but taught in a further education college is more likely to continue than a similar student in a higher education institution (odds ratio of 1.6).

Could the Funding Council do more to improve retention?

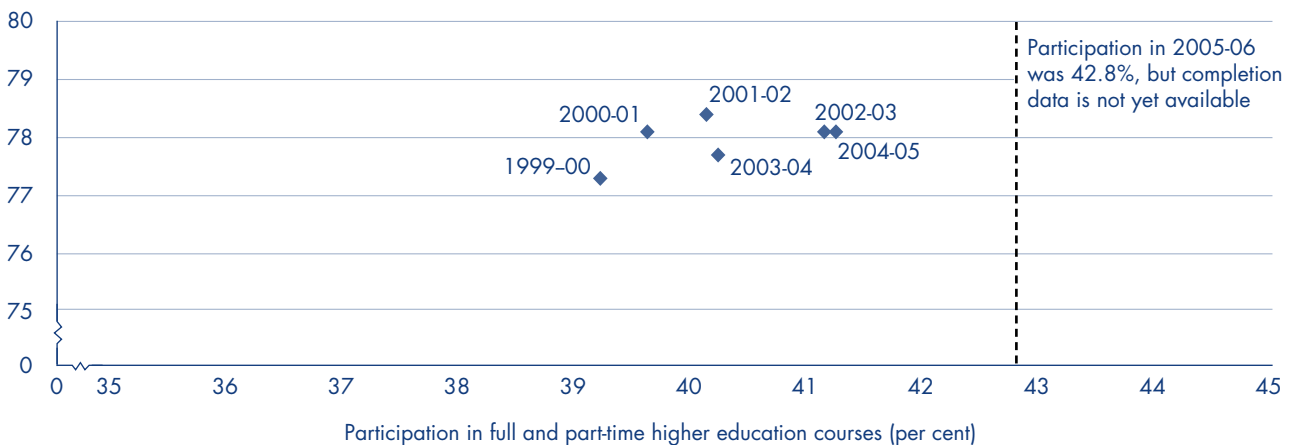
8 The Department for Innovation, Universities and Skills has overall responsibility for public spending on higher education in England and, pursuant to its objective of raising and widening participation, has set a key target to bear down on rates of non-completion. The Funding Council has been delegated responsibilities to account for the proper use of public money, and to provide assurance that the higher education sector is managed effectively and that value for money is being achieved. For the 2006-07 academic year, the Funding Council allocated £6.7 billion to the sector.

9 In its oversight of the sector, the Funding Council recognises institutions’ autonomy. Regulatory activity to maintain accountability for public funds is determined by design of the funding method and by whether institutions comply with the conditions the Funding Council attaches to their grant. The Funding Council also works as an enabler in partnership with institutions and other organisations. It aims to improve retention by incentivising and penalising institutions through its funding arrangements and by promoting improvements by publication of performance information, and by facilitating the sharing of good practice.

4 Progress on increasing participation and retention

The sector has made progress on increasing participation and, to a lesser extent, expected completion rates since 1999-2000.

Full-time, first-degree students expected to complete (per cent)



Source: National Audit Office analysis of Higher Education Statistics Agency indicators and the then Department for Education and Skill’s Statistical First Release 140/2007

NOTE

Participation is measured by the Higher Education Initial Participation Rate statistic which calculates the proportion of English 17-30 year olds participating in higher education in the United Kingdom for the first time.

10 One of the Funding Council's key performance targets is to maintain or improve the proportion of full-time, first-degree students in English higher education institutions who continue into their second year. The target includes only these students because of the lack of a suitable dataset for the other students: for example, the Funding Council considers that retention data is difficult to interpret due to a lack of inconsistent course structure.

11 In 2002, the Committee of Public Accounts recommended that the Funding Council should continue to bear down on wide variations in performance between institutions, focusing on underperforming institutions. Although institutions' continuation rates fell within a slightly narrower range in 2004-05 (Figure 5) compared with 2001-02, our tests showed no statistically significant difference in the distribution.¹¹ We examined how the continuation rate of each institution had changed between 2001-02 and 2004-05. Of the 117 institutions with data available for both years, 42 (36 per cent) increased their continuation rate by at least one percentage point. The continuation rate of 30 institutions (26 per cent) decreased by at least one percentage point and 45 institutions (38 per cent) remained about the same. If all of the institutions had achieved at least the same rate as in

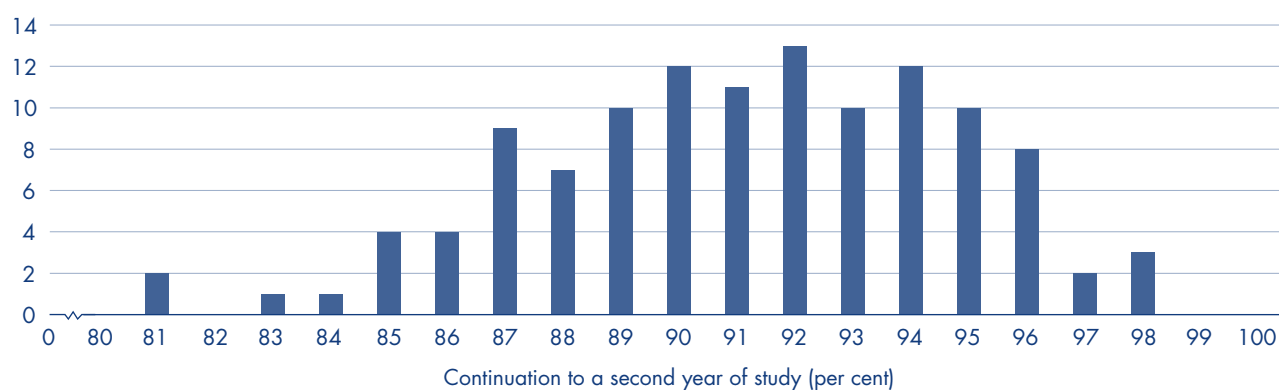
2001-02, then an additional 1,250 students would have continued into a second year of study and the national continuation rate for 2004-05 would have been 92.1 per cent rather than 91.6 per cent.

12 To inform a more meaningful assessment of performance, the Higher Education Statistics Agency¹² calculates a benchmark for each institution, which takes account of students' entry qualifications and subjects studied.¹³ Because the benchmark is an average based on students in all institutions in the United Kingdom, some institutions will be above the benchmark and some below. A small number of institutions with apparently low continuation rates but with larger than average numbers of students with, for example, relatively low entry qualifications, outperform their benchmark. For most institutions in 2004-05, actual continuation and benchmark figures were similar: 73 per cent of institutions in the top quarter for continuation rates remained in the top half after adjustment for their benchmark, while 13 per cent of institutions in the bottom quarter moved to the top half after adjustment. Nineteen per cent of institutions were at least two percentage points below their benchmark.¹⁴

5 Continuation rates in all institutions, 2004-05

Continuation rates at most institutions are between 85 per cent and 96 per cent.

Number of institutions



Source: National Audit Office analysis of Higher Education Statistics Agency student data

NOTE

This analysis is based on full-time, first-degree students.

- ¹¹ Based on Levene's Equality of Variance test, which is a reliable statistical test that compares variances in different sample groups.
- ¹² The Higher Education Statistics Agency is the official agency for the collection, analysis and dissemination of data about higher education. It is a company limited by guarantee and its members are the two representative bodies for higher education institutions in the United Kingdom – Universities UK and GuildHE.
- ¹³ The Higher Education Statistics Agency does this on behalf of the Performance Indicators Steering Group, which represents the sector, including the Department and the Funding Council, and is responsible for overseeing the development of performance indicators.
- ¹⁴ It is to be expected that some institutions are below their benchmark and others above, because the benchmark is an average based on students in all institutions in the United Kingdom.

13 Institutions have considerable flexibility in how they distribute their funding internally. And as the Funding Council is concerned with outcomes rather than inputs, it does not 'ring fence' the majority of its funding (the teaching grant) but allocates it as a block grant based on the numbers of students completing a year of study, the subject mix and other institutional and student-related cost factors. If the actual numbers vary widely from those on which the grant is based, then the Funding Council will hold back part of an institution's grant in-year and reduce it in the following year. However, institutions can recover the following year's reduction if they make good their position in the subsequent year.

14 Since 1999-2000, the Funding Council has allocated a small proportion of its teaching grant based on the types of students recruited, recognising that students from under-represented groups or with lower entry qualifications are likely to cost more to teach and retain, and counteracting a disincentive to recruit them. Most of this funding (£345 million in 2006-07) was reallocated from existing funding so it did not represent additional investment. In particular there was a large increase in widening participation funding in 2003-04 with the establishment of a new stream for improving retention, which was financed by a reduction in the rest of the teaching grant. This has resulted in some institutions gaining funding and others losing funding. Our analysis did not find conclusive evidence regarding the impact on institutions' continuation rates from this change in funding in 2003-04, owing to there being only a small number of years of data available.

15 The Higher Education Statistics Agency publishes a range of performance information on institutions, including the Higher Education Performance Indicators, listing institutions' retention of students. In addition, the results of the National Student Survey are available, along with other information, on the Teaching Quality Information website. As well as helping make institutions accountable, publication of the performance information provides an external incentive for institutions to improve retention because it affects their reputation and hence their student recruitment.

16 The Funding Council and some of its partners also have a role in encouraging the sharing of good practice on retention and related issues, which they aim to fulfil primarily through additional funding of certain institutions to share good practice. The sector has access to a wide range of advice on good practice in retention, although we found that there is relatively little evaluation of the impact and transferability of practice.

Could institutions do more to improve retention?

17 Students leave their courses early for a range of reasons, but there is rarely one single reason why a student gives up their course (Appendix 3). Reasons are likely to be a mix of personal (most common), institution and course related, and financial (case examples in Figure 17 on page 23).

18 Much of what an institution does is likely to affect the quality of the student experience and therefore student success and retention. However there are a number of specific activities that institutions are using to enhance retention, and important activities are set out in Figure 6. There are two especially important areas where we concluded that an institution can target their work and make a difference. These are:

- getting to really know their students and how, generally, they feel about their particular course of study and the culture and amenities offered in the institution; and
- developing a more positive approach to retention-related activities that recognises how they can also improve student success, and so attract students to take up services who might otherwise not do so.

These activities can involve extra costs that institutions may defray using the funding redistributed by the Funding Council (paragraph 14).

6 Actions to improve retention

Action	Description
Management information	Most institutions collate and disseminate internal information on withdrawal rates at course and faculty level. Others also use student level information, for example on attendance, to identify students at risk of withdrawal. A minority of institutions conduct periodic exercises to contact early leavers to help establish the real reasons why they left, particularly where some common issue affecting retention is indicated.
Strategic commitment to retention	<p>It is important for institutions to have a clear strategic commitment to retaining students that all staff understand and buy into, so that they can see how commitment to high levels of retention should affect the way they work.</p> <p>All the institutions we visited were undertaking some activities to improve retention, but not all were based on a clear strategy for the whole organisation. Even at institutions where the strategy was clear, senior managers acknowledged that some parts of their institution were demonstrating greater commitment than others.</p>
Commitment from students	Students need to commit to attending lectures and carrying out independent study. Universities can communicate this clearly to students and follow up cases where commitment seems not to have been secured.
Support through academic provision	Properly resourced tutoring systems help individual students to identify the extra support and facilities they can use to improve their chances of success. Institutions often offer pre-entry courses and learning support opportunities, but many institutions find it difficult to get students to take up services that would help them to 'stay the course' and succeed. This can be because students and academic staff may regard the services as being there to fill a 'deficit' in a student's ability, but institutions can increase take-up by promoting these services as positive options to take to improve the prospects of a good degree.
Broaden options for learning	Some institutions, and in particular those with higher numbers of non-traditional students, are being flexible in allowing students to choose learning options to fit their personal circumstances, for example through comprehensive modular systems.
Provide specialist support	<p>All institutions provide specialist support services, such as welfare. They are increasingly organised as a 'one stop shop', and student unions usually have an important role in their provision.</p> <p>Financial support, through bursaries and hardship funds, is available to assist students from disadvantaged backgrounds or in financial difficulty. Some institutions are more proactive in promoting financial support than others.</p>

Source: National Audit Office case study visits and literature review

19 We identified a common issue across institutions relating to students with disabilities. Some students with disabilities are entitled to financial assistance (Disabled Students' Allowances), with the funding coming from the Department. We found that students receiving an Allowance are much more likely to continue their course than other students self-declaring a disability and, indeed, than students who are not disabled.¹⁵ Although the number receiving an Allowance has increased, at some institutions an Allowance is obtained by less than 10 per cent of self-declared disabled students studying full time or at least more than half time, and at other institutions over 70 per cent obtain an Allowance. Organisations that provide institutions with support and advice in respect of students with disabilities include the Equality Challenge Unit and the Disability Rights Commission.

Overall conclusions and recommendations

20 Compared internationally, higher education in England achieves high levels of student retention. For the sector to improve even marginally on that level of performance while, at the same time, opening up higher education to both increased numbers and greater diversity of students is a big challenge. The improvements so far are a good achievement.

21 The gap between higher education institutions with the highest and lowest levels of retention (taking account of their student and subject profiles), and a minority of institutions' worsening continuation rates indicate, however, that there is scope for some further improvements in retention. The types of actions that institutions can take to improve retention need not be expensive and usually also improve the student experience and contribute to a better quality education, leading to better value for money for students and from public funds. Furthermore, these actions will become increasingly important as moves to further increase and widen participation bring in more students who are likely to need support.

22 As autonomous bodies, most of the impetus and actions for sustaining and improving retention rest with higher education institutions. The Funding Council will (where consistent with the remit and priorities in its annual grant letter from the Secretary of State for Innovation, Universities and Skills) collaborate with institutions to assist them in implementing our recommendations, outlined below. A major aim of the collaboration will be to consult with the sector on the most effective approaches to achieving improvement, and to stimulate the identification, evaluation and dissemination of good practice. We consider, and the Funding Council agrees, that it will be particularly important for the Funding Council to engage with those institutions that have suffered from declining retention in recent years. All institutions should consider the recommendations in the context of the particular retention issues that each institution faces. With the co-operation of the National Audit Office's study team, the Funding Council will draw on the information, analysis and lessons from the study in facilitating higher education institutions' responses, so that the maximum possible improvements to levels of student retention are achieved.

- a** Levels of student retention are an important indicator of institutional health. Building on existing performance indicators, all governing bodies should periodically review trends in retention, including across different parts of the institution and for different student groups, for example for part-time students, and for particular subjects. The frequency and depth of review should be proportionate to the seriousness of any retention issues that need to be addressed. Institutions can gain the maximum benefit from the review by also using the results to improve the student experience and develop their strategies for learning and teaching.
- b** Monitoring of retention should be carried out at student, faculty and course level, so that it underpins work at faculty and course level to improve student retention or sustain existing good levels of retention.

¹⁵ While the Allowances make it easier for disabled students to study, it may also be the case that successful applicants for the Allowances display greater persistence generally and so are more likely also to succeed in their studies.

- c** Where particular problems with student retention are indicated, early leaver surveys should be undertaken to improve institutions' understanding of why students leave and what might have been done differently to support them to stay.
- d** Student support, including tutoring systems that provide sufficient access to academic staff, should positively emphasise the opportunity to improve grades rather than simply addressing learning deficits. Academic and administrative staff should review systems and processes in this light.
- e** Institutions need to know whether their students who are likely to be eligible for Disabled Students' Allowances are obtaining it and, if not, how to provide students with better support to apply.
- f** Institutions can improve by adopting good practice from elsewhere in the sector, and by spreading good practice more widely within their own institution. In particular, institutions can explore differences in retention performance with other institutions that have broadly comparable recruitment, curriculum and retention benchmarks.

In addition, in the course of our study, we discussed the following three specific actions with the Funding Council, which the Council has agreed to take.

- g** The Funding Council will work with the sector to develop, if feasible, performance indicators with appropriate benchmarks for the retention of part-time students.
- h** Now that a longer time series data is available, the Funding Council will use the data to verify that the projections of expected completion rates are sufficiently close to the actual completion rates achieved by institutions.
- i** In the light of the National Audit Office's work, the Funding Council will commission research into how far the apparent differences between institutions in students' receipt of Disabled Students' Allowances reflect eligible students missing out on their entitlement. On this basis, it will then work with the Equality Challenge Unit and Disability Rights Commission¹⁶ to improve institutions' support to students to apply, and advise the Department for Innovation, Universities and Skills on how the Department may contribute to reaching and assisting potential applicants.

16 The Disability Rights Commission becomes part of the new Commission for Equality and Human Rights in October 2007.