

Report to the Cabinet Member for Children, Young People and Schools
Report submitted by: Interim Executive Director for Children and Young People
Date 7 November 2013

Part I

Electoral Division affected:
All

Financial Support for Care Leavers attending University

Contact for further information:

Ann Pennell [telephone: 01772 534237] Directorate for Children and Young People,
ann.pennell@lancashire.gov.uk

Alison Moore [telephone: 01772 538887] Directorate for Children and Young People,
alison.moore@lancashire.gov.uk

Executive Summary

All local authorities are required to provide financial support for their care leavers, with additional financial support for those who attend university. Following a review of the financial support that Lancashire County Council provides to care leavers, this report proposes a revision of the funding to those care leavers who attend university.

Currently, the level of funding provided by the County Council is above the statutory requirement. The statutory requirement is to provide a £2,000 bursary for care leavers over three years, and to fund vacation accommodation.

It is proposed that the authority replaces the current funding support for undergraduate course fees and term-time accommodation fees with a one-off bursary of £3,500 on course completion in addition to meeting our statutory responsibilities. This proposal has been considered by the Corporate Parenting Board.

Recommendation

The Cabinet Member for Children, Young People and Schools is recommended to approve this revision of financial support to care leavers attending university and to replace the provision of university course fees and term-time accommodation funding with the provision of a £3,500 bursary on successful course completion.

Background and Advice

Legislation in relation to care leavers attending university requires local authorities to provide a one-off higher education bursary of £2,000 and to provide vacation accommodation. Lancashire has always been more generous than statutory requirements and currently funds term time accommodation and undergraduate degree course fees alongside the statutory requirements. This has always been funded from within the existing budget allocation however from September 2012 the Government allowed universities to charge course fees of up to £9,000 per academic year which makes the current commitment unsustainable.

The fee increase by universities, together with an increase in the number of young people taking up courses has highlighted that the current level of financial support can no longer be met within the reducing funding for local government. It is proposed to cease funding of course fees and term-time university accommodation costs but to do more than meet our statutory requirements. This will enable young people to access support from alternative sources including loans from the student loans company.

Young people attending university full-time are able to apply for the following Government funding:

- a non-repayable maintenance grant of up to £3,354 (where household income is less than £25,000);
- a maintenance loan (means tested based on parental income and amount of Grant received);
- a tuition fee loan;
- an accommodation loan.

The young people will continue to receive support from a personal advisor who will support them in achieving the agreed goals within the statutory 'Pathway Plan'. The personal advisor will also ensure that any difficulties they may experience in living at university and seeking vacation accommodation are addressed in collaboration with the university or any other appropriate body.

The local authority does not currently provide care leavers attending university with a weekly income to cover living costs and therefore it is expected that care leavers will apply for the maintenance grant (which will also enable eligibility for other financial support from some universities at times of hardship). All care leavers are eligible to apply for the maintenance grant and some may also apply for a maintenance loan.

Whilst Lancashire's care leavers have previously not had to apply for the tuition fee or accommodation loans to enable them to attend university, doing so would place them in line with the large proportion of undergraduate students whose parents are unable to afford to fund this cost.

At present the maintenance loan, accommodation loan and tuition fee loan are repayable only when a graduate is earning over £21,000 a year. The debt ends after 30 years and as repayment levels are linked to income some graduates may never repay the full loan borrowed.

In recognition of our commitment to supporting improved outcomes for care leavers, it is suggested that, in place of the authority paying tuition fees and accommodation costs it is proposed that a one-off bursary of £3,500 (a graduation bursary) is awarded on successful completion of the course to provide financial support to care leavers immediately following graduation. The amount proposed has taken into account that a graduate care leaver may benefit from paying off a student overdraft, inclined to move into accommodation and will need to financially support themselves until they start earning an income.

As all care leavers are eligible for a 'setting up home allowance' of £2,050 (held within the leaving care budget) graduate care leavers will be given any outstanding amount left over from this allowance which they may not have been fully accessed prior to graduation.

This graduation bursary is not currently provided to care leavers although some may access financial support for a deposit / rent in advance and the setting-up home allowance before support from children's social care ceases.

A number of care leavers do not finish their university course, this bursary will also act as an incentive to remain at university and achieve.

If agreed this policy will take effect on 1st January 2014 and will apply to those care leavers who are planning to commence at university for the academic year 2014/15. The care leavers who are currently attending university or have applied to start university this year on the basis of the current financial support will receive that support until their studies are completed in 3 years (or less) time. Consequently the policy will only take full effect in 2016.

Consultations

A consultation event was held with children looked after. There was a divergence of views in that some of the young people thought the authority should continue to financially support care leavers, who attend university, at current levels. Others thought the new proposal was also acceptable particularly as it encouraged the completion of degree courses as the bursary, on completion, can act as an incentive.

The proposals were considered by the Corporate Parenting Board which was fully supportive.

A review was undertaken of a number of other local authorities in the north west and nationally. The current proposal is more generous than many other local authorities which, in the main, only provide the statutory minimum financial support.

Implications:

This item has the following implications:

Financial Implications

The local authority currently provides a greater level of financial support to students attending university than is required statutorily. In addition to funding a one-off Higher Education bursary and vacation accommodation at a cost of circ £9,300 per student for a typical 3-year course, the local authority has funded course fees and term-time accommodation costs. Total funding support can reach £27,900 per student for a 3-year undergraduate course. In some instances funding is provided and courses not completed by students.

A review of funding arrangements has been prompted by the fee increases introduced by the majority of universities from September 2012. The additional cost pressure of up to £6,000 per student per annum for course fees cannot be met from existing budgets.

The recommendations set out in this report to cease funding of course fees and term-time accommodations costs, and to introduce an additional one-off bursary of £3,500 on completion of the course will reduce funding to £12,800 for a typical 3-year course. Based on average intake levels this will present estimated annual savings of £0.166m.

Savings will be redirected to meet statutory duties including the recent requirement to fund a Staying Put arrangement for care leavers aged over 18.

The funding required to honour current commitments for course and term-time accommodation fees, including for students who started courses in September 2013, is presented in the table below.

	2013/14		2014/15		2015/16	
	No. YP	£m	No. YP	£m	No. YP	£m
Course fees		0.262		0.248		0.131
Accommodation costs		0.112		0.107		0.052
Total	38	0.374	34	0.355	16	0.183

There are currently no young people approved for courses where the financial commitment extends beyond 2015/16.

Risk management

Consideration was given to the impact of the proposed changes on young people's motivation to attend university. However, during the consultation the young people were very clear that they thought the introduction of a graduate bursary was a positive way to encourage university attendance and degree completion.

Paper

Date

Contact/Directorate/Tel

Reason for inclusion in Part II, if appropriate

N/A