
Financial Contingency Fund 2005/06: Guidance

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To: Heads of higher education institutions in
Wales;
Principals of directly funded further
education colleges

Summary: This circular provides guidance on the
Financial Contingency Fund 2005/06

Response by: To be confirmed

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TERMS AND CONDITIONS FOR PAYMENT OF GRANTS FOR THE PURPOSES OF FINANCIAL CONTINGENCY FUNDS 2005/06

1. This document sets out the terms and conditions for the payment by the Council to institutions of grant specifically earmarked for the purposes of providing assistance for students in particular need ("grant for Financial Contingency Funds") in respect of the academic year beginning August 2005. These Terms and Conditions supersede any previous Terms and Conditions imposed by the Council for the payment of grant for Financial Contingency Funds/Hardship Funds to institutions.
2. The Terms and Conditions set out below do not override the duties and powers of the Council under the Further and Higher Education Act 1992 ("the Act"). They are in addition to, and not in substitution for
 - (a) the Terms and Conditions set out in the Financial Memorandum between the Council and higher education institutions (HEIs) dated December 1996, and
 - (b) the general conditions as set out in the Schedule to the Funding Agreement between the Council and further education institutions (FEIs),and any revised versions thereof subsequently agreed and any guidelines or directions issued by the Council in respect of any of the individual functions, powers and duties of institutions.
3. The definitions in paragraph 2 of the Financial Memorandum, and paragraph 1 of Annex A to the Schedule to the Funding Agreement shall for the purposes of this document and, unless the context otherwise requires, expressions in this document shall have the meanings given to them in the Act.
4. Grant for Financial Contingency Funds shall be subject to such conditions and requirements as the Council may from time to time prescribe. The institutions shall ensure that any grant for Financial Contingency Funds is used only in accordance with the Terms and Conditions which apply to that grant. In addition, the Council will require institutions to have regard to the guidance set out in the attached document entitled: Financial Contingency Funds (HE): 2005/06 in relation to the use of grant for Hardship Funds.

Purpose of Grant

5. Any grant for Financial Contingency Funds is to be used by institutions to pay grants to provide financial help to those whose access to higher education might be inhibited by financial considerations or who, for whatever reason, including physical or other disabilities, face financial difficulties associated with their living costs. It may not be given to full-time students to help them meet tuition fees (with exception to that in 6.a of the attached guidance).

Accountability

6. In HEIs the designated officer, whose responsibilities are described in the Financial Memorandum, has been notified to HEFCW. In FECs comparable responsibilities are

assumed to be borne by the principal of the college. Specifically in respect of Financial Contingency Funds allocations, the designated officer shall:

- (i) advise the Governing Body on the discharge of its responsibilities under this document; and
 - (ii) ensure that the uses to which the institution puts grant for Financial Contingency Funds are consistent with the purposes for which such grant was given by the Council and comply with any Terms and Conditions attaching to it.
7. The institution shall take such steps as the Council may require from time to time for the purposes of ensuring that the systems of financial control and management are such as to enable it to fulfil its obligations under this document.

Payment of the Grant for Financial Contingency Funds to institutions

8. Grant for Financial Contingency Funds will be paid to institutions in September in respect of that academic year.
9. The amount of grant which the Council shall make available to institutions for the purposes specified in paragraph 5 above shall be in aggregate not less than the amount of grant for Financial Contingency Funds specifically earmarked by the National Assembly for Wales.

Terms and Conditions for payment of grant to institutions

10. The institution shall comply with these Terms and Conditions and shall have regard to any policy guidance or directions issued by the Council in making for the purpose specified in paragraph 5 above.
11. Payments to institutions funded by the grant for the purpose specified in paragraph 5 above in respect of each academic year shall be made by the Council in September of that year.
12. Grant for the purpose specified in paragraph 5 above shall be paid to institutions subject to Terms and Conditions which, subject to approval by the Assembly, shall be issued by the Council. The Terms and Conditions shall be in addition to the Financial Memorandum between the Council and the HEIs, and the Schedule to the Funding Agreement between the Council and FEIs. These Terms and Conditions shall include the following:
- (i) such grant is to be used only for the purpose specified in paragraph 5 above;
 - (ii) such grant is to be made available only to eligible students as defined in paragraph 15 below;
 - (iii) each institution shall operate a separate, interest-bearing account into which such grant shall be paid; and

- (iv) the interest on such grant may be paid to students, as part of the normal allocation of the resource available, used for publicity or administration costs or used to defray audit costs.
13. The Council shall require each institution to which it has paid grant for Financial Contingency Funds to present, by 31 December, audited accounts in respect of the previous academic year and such information as the Council shall from time to time prescribe, showing how grant for Financial Contingency Funds was used in the previous academic year. The Council shall ensure that each institution's audited accounts includes a note showing the receipt, any payments, any repayments and closing balance of the grant for Financial Contingency Funds provided by the Council. Auditors shall be required to certify whether the Funds provided by the Council and any interest earned on them have been applied in accordance with the Terms and Conditions of the grant. Where an institution makes a Financial Contingency Fund payment to a student in the form of a loan, repayments may only be used in furtherance of the purpose of the funds as set out in this guidance, or for further payments which shall be documented in the same way as original payments.
14. The Council shall, by the end of February each year, provide the Assembly with a report on the use of grant for the purpose specified in paragraph 5 above in the preceding academic year. This will include the information specified in Annex E of the attached document Financial Contingency Funds (HE): 2005/06.

Eligible students

15. Grant for the purpose specified in paragraph 5 above shall be used only to assist students falling within the following three groups:
- (i) Undergraduate students either full or part-time**, including distance learners, following a higher education course including sandwich courses and any periods of work placement and foundation degrees;
 - (ii) Postgraduate students either full or part-time**, following a course of higher education at a level above first degree. This may include, at the institution's discretion, those who are writing up their thesis for a maximum 6 month period from date of the end of course registration and are not therefore attending the institution.
 - (iii) Further education students either full or part-time**, following a course of further education at a higher education institution including sandwich courses and any periods of work placement, who are aged 16 or over.
16. In paragraph 15 a part-time student must be studying at least 50% of a full-time course in an academic year (e.g. 60 credit points, where the full-time equivalent is 120) to qualify for help. An exception to this limit can be made in the case of disabled students, whose disability prevents them from studying at least 50% of a full-time course. These students are not eligible for DSAs and may need some additional support. These students must be studying for at least 25% (30 credits) of a full-time course.
17. Grant shall **not** be used to assist those students eligible for a student loan in the relevant academic year but who have decided not to take one out. Except where a student is

applying for FCF support to cover a preliminary dyslexia diagnostic test, then it **may** not be necessary. However the student should show a need for financial help to pay for the cost of the test.

18. In each case a 'home' student is defined as one who meets the residence conditions for living costs set out in the Student Support Regulations, and includes students from Scotland, Wales and N Ireland but not the Channel Islands or the Isle of Man. Where a student is not in receipt of statutory student support, it is for the institution to determine their residency status.

Revision

19. After consultation with the Council the Assembly may at any time revise, revoke or add to any of the terms and conditions in this document. The Council itself may make representations to the Assembly for revision, revocation or addition to the Terms and Conditions of payment.

Interpretation

20. Questions arising the interpretation of the arrangements in this document shall be resolved by the Council after consultation with the Assembly.

Changes for 2005/06

There are no major changes to the Financial Contingency Fund Guidance for 2005/06. However administrators are asked to take account of the various changes within the statutory student support system as outlined below when assessing applications from the Fund.

- **Part time statutory support – part time fee bands.** In 2005/06 the statutory means-tested grant for fees will be up to a maximum of £885 depending upon the intensity of study, or the cost of the fees charged by the college whichever is the lower. This change will mean fewer students will be covered by the transitional arrangements operated in 2004/05 (see 6a).

It is expected that students will apply for all statutory support to which they are entitled (including tax credits and benefits). Administrators should consider eligibility for statutory support when assessing entitlement to FCFs regardless of whether the student has applied for and received any statutory support. Those students who 'appear' eligible but have not applied should be directed to do so. Administrators may wish to make a 'bridging payment' from the Fund while the application for statutory support is being assessed. Once the student has received their statutory support a full assessment can then be made.

- **Recognition of Civil Partnerships and same sex partners.** From 21 December 2005, partners of the same sex can form a civil partnership with one another in the UK and this will give them the same legal status as a husband and wife. Non UK Civil Partnerships will be recognised from the 5 December. As civil partnerships cannot be formed before December 2005, students starting a course before this date, who subsequently enter into a civil partnership, will not have their partner's income taken into account for the 2005/06 academic year.
- **Abolition of Lone Parents Grant.** The statutory Lone Parents Grant is being abolished from 2005/06. Administrators are asked to ensure that former LPG recipients receive the same amount of funding in 2005/06 as they did in 2004/05 and no student should be worse off as a result of the abolition of the Grant. It is estimated that the numbers affected will be low – less than 200 nationwide.
- **Treatment of maintenance payments.** From 2005/06 payments received by the student's parent/partner/spouse (as appropriate) under written agreement for the benefit of children will no longer be treated as household income for the purpose of assessing a contribution to statutory entitlement; and maintenance payments paid out by students for their own children will no longer be excluded from the assessment of the student's income. It is expected that this change will create more winners than losers and will be introduced for all new and existing students.

Main Guidance

Section 1

1. Purpose of Financial Contingency Funds

The Financial Contingency Fund is made available to institutions to provide discretionary financial help to support vulnerable students, in particular to help them access and remain in higher education.

Specifically it should be used:

- to assist those who need extra financial help to meet particular costs which are not already being met from statutory (or other) sources of funding
- to alleviate cases of financial hardship
- to meet unexpected financial crises
- to intervene in cases where a student may be considering leaving higher education because of financial problems

2. Who is eligible to apply?

The Fund is for home* students in one of the following categories:

- (iv) **Undergraduate students** either full or part-time**, including distance learners, following a higher education course including sandwich courses and any periods of work placement and foundation degrees;
- (v) **Postgraduate students** either full or part-time**, following a course of higher education at a level above first degree. This may include, at the institution's discretion, those who are writing up their thesis for a maximum 6 month period from date of the end of course registration and are not therefore attending the institution.
- (vi) **Further education students** either full or part-time**, following a course of further education at a higher education institution including sandwich courses and any periods of work placement, who are aged 16 or over.

A 'home' student is defined as one who meets the residence conditions for living costs set out in the Student Support Regulations, and includes students from Scotland, Wales and N Ireland but not the Channel Islands or the Isle of Man. Where a student is not in receipt of statutory student support, it is for the institution to determine their residency status. Full details on eligibility and residency rules are in **Annex A.*

****Part-time students**

A part-time student must be studying at least 50% of a full-time course in an academic year (e.g. 60 credit points, where the full-time equivalent is 120) to qualify for help. *An exception to this limit can be made in the case of disabled students, whose disability prevents them from studying at least 50% of a full-time course. These students are not eligible for DSAs and may need some additional support. These students must be studying for at least 25% (30 credits) of a full-time course.*

When deciding whether a course is 50% full-time equivalent (FTE) or not, institutions should consider how long it would take to achieve the relevant qualification if the course were taken full-time. The calculation used should be the same as that used to calculate FTE for the annual statistical return for HESA. If the part-time course would take more than twice as long to complete as a full-time course, it is unlikely that a course would qualify for a payment from the Financial Contingency Fund. It is recognised that it can be difficult to assess this 50% where no full-time equivalent course exists. In these cases, institutions may find it useful to compare the length of study to a more measurable course, perhaps in another institution if appropriate, or to determine separate criteria to define a part-time course. e.g. students registered for a minimum number of credit points depending on local arrangements.

NHS Bursary Holders

All students who receive a NHS bursary (both means-tested and non means-tested) are eligible to apply for help from the Financial Contingency Fund.

ITT and PGCE students

Students on initial teacher training courses must have applied for help from the Teacher Training Recruitment Scheme, if eligible, before applying for the Financial Contingency Fund. Postgraduate trainees eligible for teacher training incentives should expect to have these taken into account when making a Financial Contingency Fund application.

3. Eligibility of students from England, Northern Ireland and Scotland

Students from England, Northern Ireland and Scotland are eligible to apply for bursaries or for help from the Financial Contingency Fund. Institutions should take into account any support the student is receiving from their country of domicile.

4. Students in receipt of other significant support e.g. Assembly Learning Grant (ALG), HE Grant and part-time statutory support package.

Institutions should be aware that being in receipt of other significant financial support such as an ALG, HE Grant and the part-time statutory package, does not prevent the student from applying for or being awarded financial support from the Financial Contingency Fund. However the amount awarded should be taken into account when considering support given from the Financial Contingency Fund.

Institutions should also direct those students who 'appear' eligible for an ALG, Part-time statutory support package but have not applied for one, to do so before considering an application for support from the Financial Contingency Fund.

5. Priority groups for help from the Financial Contingency Fund

In line with the purpose of the fund, the Assembly Government expects institutions to give priority for help to students who fall into the priority groups as set out below.

The institution should ensure that its assessment process identifies students who have particular financial needs and those who are in unforeseen financial difficulty. The process should result in most of the available funding being directed to students with a low income and those who have exceptionally high costs.

- Students with children, especially lone parents
- Other mature students, especially those with existing financial commitments, including priority debts
- Students who need extra help with childcare costs
- Disabled students, in particular those where the DSA is unable to meet particular costs and the institution has no legal responsibility to do so
- Care Leavers
- Final Year Students, who are in financial difficulty (including those unable to work due to academic pressures)
- Foyer residents and other homeless students

6. General rules for FCFs

a) FCFs cannot be used to meet the cost of tuition fees for any full or part-time students. Except in cases where continuing part-time undergraduates received a FCF fee waiver in 2003/04 and are receiving the full amount of the statutory support package in subsequent years but whose fees exceed the maximum level of statutory support.

Note: the maximum amount of part-time fee grant has increased to £885 which should result in fewer numbers

b) Where eligible, students must have applied for their full entitlement of student loan and received the first instalment before receiving any payment from FCFs. In cases where a student is applying for FCF support to cover a preliminary dyslexia diagnostic test then it may not be necessary for the student to have taken out their student loan first, however he/she should show a need for financial help to pay for the costs.

c) Students can receive an **emergency short-term loan** from FCFs, where their first loan payment has been delayed beyond the start of the term.

The majority of students receive their student loan through the BACs credit transfer paid directly into their bank or building society account. Administrators will have the discretion to offer short-term loans to eligible students who have not received a loan instalment through no fault of their own e.g. applied for statutory funding after deadline – not to be confused with a student who has gone through clearance. It is for institutions to determine the amount of short-term loan to give. However it is recommended that this should not exceed four weeks worth of a loan. Payment should be recovered once the student loan payment is received. More detailed advice on making these loan payments is at **Annex B**.

d) **Hardship Loans:** Special consideration can be given, at the institute's discretion, to **existing students** (i.e. 3rd & 4th years) who previously qualified for a Hardship Loan and where there is clear evidence of hardship and no other financial resources being available. However, students should be advised that they should not expect to automatically be supported to the same level that they would have had in previous years from a combined Hardship Loan & FCF award.

e) The Fund should not normally be used to repay **arrears of student loan** repayments. However, where access to a further student loan is blocked because a student is in default on a previous student loan, institutions have the discretion to make a short-term loan from the Fund. Institutions should assess the benefit to the student of making such a loan. Payment of the loan would be conditional upon the student using the money to clear their student loan debt with the SLC and enable the student to access their full statutory support package.

f) Students in their second or subsequent year who have been receiving benefits during the **summer vacation** can receive a payment from FCFs before they enrol, to avoid a potential funding gap between the benefit payment stopping (usually in the first full week of September) and the loan payment arriving.

g) FCFs can be used to meet the following costs/circumstances:

- the general costs associated with being a student
 - living costs eg rent, mortgage payment, food, utility bills, clothing, laundry
 - course costs eg childcare, travel, books, field trips
- exceptional costs, such as
 - repairs to essential household equipment
 - emergency situation (including travel costs for family illness or bereavement and - hardship due to burglary or fire)
 - additional costs for disabled students, not met by the DSA **Note:** See paragraphs 11 & 14.
 - high costs for students dependent on continuing medication
 - assistance with priority debts

7. Students on franchised courses at FE colleges

Students who attend a franchised course at an FE college, or who are on a course provided jointly by an HE and FE institution, remain the responsibility of the “parent” HEI. Students on franchised or partnership courses should be able to apply for help from the Financial Contingency Fund just as easily as those at the parent HEI and wherever possible through the college they attend. This will prevent them having to make unnecessary journeys to apply for and collect money. Institutions might like to consider setting aside an appropriate proportion of their Financial Contingency Fund for franchised students, for their franchised or partner FE college(s) to administer. Institutions with distant campuses must also ensure that students there can apply for the Financial Contingency Fund. This should be at the campus they attend wherever possible.

8. Fee remission for part-time students studying at least 50% FTE who have lost their jobs

Should administrators receive any enquiries from part-time students for help with the cost of undergraduate part-time tuition fee support, the student should be directed to their local education authority (LEA) which administers the new statutory support package for part-time students i.e. fee support of up to £885 and a grant for books, travel and other expenditure of up to £250.

Transitional arrangements: Continuing students who received a FCF fee waiver in 2003/04 and who qualify for the maximum fee support in subsequent years but whose fee exceeds the maximum fee support available (£885) are eligible for the difference between the statutory fee support and the actual fee. These should be recorded as transitional fee waivers in **Table 1** of monitoring returns. New part-time students are **not** eligible for transitional protection.

Note: Where a student is studying less than 50 % FTE they should be directed to the 'Part-time Undergraduate Fee Waiver Scheme' operated through HEFCW.

9. Deciding whether a student should receive a payment

It is for institutions to decide an individual student's need, and they should have a fair and open system for making this decision. Institutions should consider whether the claimed shortfall between income and expenditure constitutes real need, and cannot be reduced to a more manageable level through action by the student. Institutions should also consider the availability of support from other sources.

Parental Contribution

Where students declare that the expected parental contribution is not met, genuine cases should be treated sympathetically. Institutions should not include the LEA assessed contribution in the assessment where a student has demonstrated a clear relationship breakdown (but where there is insufficient evidence to establish estrangement for statutory support purposes).

It is recommended that the student should be asked to complete a supplementary form or provide a letter, outlining the circumstances surrounding the relationship breakdown and why the contribution is not being made. This should be taken as sufficient evidence for administrators to look at the actual rather than the expected contribution. It may also be appropriate for such additional evidence to be marked as confidential for consideration by a senior member of staff only.

Maintenance Payments

From 2005/06 payments received by the student's parent/partner/spouse (as appropriate) under written agreement for the benefit of children will no longer be treated as household income for the purpose of assessing a contribution to statutory entitlement; and maintenance payments paid out by students for their own children will no longer be excluded from the assessment of the student's income. It is expected that this change will create more winners than losers and will be introduced for all new and existing students. Institutions are asked to take account of these changes when considering applications from the Fund.

10. Financial advice for students

The DfES in conjunction with HEFCE have produced a Good Practice checklist which is available from the DfES website. It recognises that Money advisors can be particularly helpful in enabling a student to manage a budget (e.g. debt counselling) and in maximising their available resources (e.g. ensuring that they claim benefits to which they may be entitled). Students who make repeated application for support from the Financial Contingency Funds should be advised to seek money management advice and where an institute does not have money advisers, it should direct students to local agencies that can offer specific advice, eg CABs.

11. Making payments to students

The minimum individual payment should not normally be less than £100, unless the institution believes this is appropriate. e.g. emergency short-term loan.

We recommend the maximum total payment to any student should not exceed £3,500 in any one year, but institutions may make exceptions to these levels in exceptional circumstances, such as disabled students who are not eligible for a DSA, where a payment larger than £3,500 may be merited.

However, those responsible for administering the Fund should ensure, as far as possible, all vulnerable groups having fair access to the Funds. Institutions should not commit themselves to large year on year levels of awards to students.

Financial Contingency Fund awards can be agreed in principle prior to the start of the academic year, although they cannot be paid until the student has started the course. They can be offered in addition to other Bursaries. Payments from the Financial Contingency Fund can be made in instalments at the institute's discretion. This can help students to manage their budgets, and can also help institutions to manage theirs - if a 'students' circumstance change, or if there are more resources in the budget than first envisaged, then the level of payment can easily be reviewed. However, for students eligible for benefits it is better for the payment to be made as a lump sum, in line with the advice on treatment of student income by the DWP (**at paragraph 13**).

Students can apply more than once during the academic year for help from the Fund. However the level of any subsequent award(s) should take into account the amount awarded previously.

To prevent unnecessary drop out due to hardship, the Assembly expects students to be able to receive the help they need in a timely fashion. It is recommended that the process of approving aid, where all relevant documentation has been provided, should take no longer than 15 working days. Institutions should also consider including student representation in the decision making process. Clear procedures should be formulated for dealing with appeals, and all applicants should be aware of their right to appeal.

12. Making payments to third parties

Payments can be made directly to a student, or to a third party, through the provision of items for the student (e.g. a PC), or through a short-term repayable loan. It may also be provided through the loaning of equipment (e.g. a PC, or wheelchair) which would remain the property of the institution.

Where a student owes money to the institution, the Fund can be used directly to reimburse the institution but only with the student's consent. Institutions must not make payments from the Financial Contingency Fund conditional on a student first settling their debt to the institution, nor should they require the student to use any payment from the Fund to settle the debt. Institutions may, however, take into account any outstanding short-term loan from the Fund which the student has not repaid, when determining how much to give a student from the Financial Contingency Fund.

13. DWP Disregards

Any payment from the FCFs for course-related costs, such as childcare, will be fully disregarded by the DWP for benefit purposes. Payment in instalments for these costs will not affect benefits.

It is recommended that payments for living costs are made as a lump sum for students on benefits, e.g. paying an electricity bill, as such payments will be disregarded provided the student's capital holding does not exceed £3,000.

Where payments from FCFs are for everyday living costs such as rent, food, utilities or clothing, and are not paid as a lump sum, they will be taken into account for benefit purposes with a £20 a week disregard. This disregard will include the £10 a week disregard of the student loan if applicable.

It will help students who have received a payment from FCFs in claiming benefits if they are given a document to present to their local JobCentre Plus. A suggested form of words is at **Annex C**.

14. Help for Disabled Students (including diagnostic test costs)

The Fund is not intended to provide additional study support that is available from the Disability Students' Allowance (DSA), unless the DSA is insufficient to cover the whole cost or the cost cannot be met from the DSA. Disabled students, especially those with dyslexia, who wish to apply for a preliminary diagnostic test, prior to applying for a DSA, may have difficulty meeting the cost of that test. The cost cannot be provided by the DSA. Assistance in meeting the cost of the test, and associated costs such as travel to the assessment centre, may be provided through the Financial Contingency Fund. In this circumstance it may not be necessary for a student to have taken out a student loan however, he/she should show a need for financial help to pay for the costs of the test. (See 6 b).

Institutions also have a duty under the Disability Discrimination Act to provide certain facilities or assistance for disabled students to enable them to access their course and to take part in the university 'experience'. Specific funding (disability premium funding) has been provided by DfES to help institutions in modifying or adapting buildings or buying specialist equipment. The FCF should not be used to fund facilities/services etc where it is the institution's legal responsibility to provide this.

Students can also receive help for other disability costs from the Financial Contingency Fund. Students who face financial difficulty because they have disabled dependant children may also need additional help. *Disabled students who have to study for less than 50% fte because of their disability are also eligible for the Financial Contingency Fund provided that they study at least 25% fte.*

Where the Institute has made a purchase of equipment for a disabled student from FCF provisions that equipment should normally remain the property of that Institute.

15. Students who are not attending because they are sick or unable to attend their course for health or caring reasons or other unavoidable circumstances

Where students are ill and absent for up to 60 days, they are treated as if they are still attending the course and therefore entitled to receive any instalments of student loan and allowances (if applicable) during that time. They can also apply for and receive help from the Financial Contingency Fund. Where students are absent for any other reason, i.e. bereavement, family illness, caring duties or pregnancy, it is at the discretion of the LEA whether the student continues to receive any instalments of loan or allowances. In these circumstances institutions have discretion to make a payment from the Financial Contingency Fund, provided the LEA has not decided that the student has withdrawn from the course and stopped the payment of any instalments of loan.

At the end of the statutory 60 days absence for illness, LEAs have the discretion to continue to pay any remaining instalments which may be due. Again, if they exercise this discretion, institutions may make a payment from the Financial Contingency Fund. However, if the LEA decides that the student has withdrawn from the course, and stops the payment of any further instalments of loan or allowances, the student should not receive a payment from the Financial Contingency Fund.

If a student is unable to return to the course until the following academic year, but has recovered from their illness, or no longer has any caring duties, they will be able to claim Job Seekers Allowance (JSA) for the period until they return to the course. Students in this position who are claiming JSA, are not eligible for a payment from the Financial Contingency Fund.

In exceptional circumstances, if a student is unable to return to the course and the LEA has stopped payments of student support, but the student is unable to claim JSA, e.g. if they are pregnant, institutions may, at their discretion, make a payment from the Financial Contingency Fund, if they judge that the student may not be able to rejoin the course unless they receive such help.

16. Summer vacation funding

It is recommended that institutions set aside an amount at the beginning of the year to provide support for students over the summer vacation. Students who apply for help from FCFs before the summer can be reassessed for an additional summer vacation payment, if they demonstrate need.

Institutes can hold back up to a maximum of 15% of their FCF allocation for summer vacation funding. They are reminded however that only 10% of the total allocation can be carried forward.

17. Discretionary Bursaries

In 2005/06 Institutions continue to have discretion to award other Bursaries to reflect local conditions and individual circumstances. Institutions should earmark an appropriate amount from their FCF allocation for such Bursaries.

18. What the Financial Contingency Fund cannot be used for

The Financial Contingency Fund should not be used to help students meet their tuition fees. Except in cases where continuing part-time undergraduates received a fee waiver in 2003/04 and are receiving the full amount of the statutory support package in subsequent years but whose fees exceed the maximum level of statutory support. Neither should it be used to make adaptations to buildings nor be used to provide communal facilities such as a crèche or mini bus.

19. Guidance on dealing with Students in receipt of Opportunity Bursaries awarded by Institutions in England.

Existing students studying at a school or college in one of the designated 'Excellence in Cities' local education authorities in England may be eligible for one of the Opportunity Bursaries of £2,000 over 3 years. Opportunity Bursaries are made available for young students aged 18 to 21 from families with low income and where there is little or no experience of higher education within the family. This is to encourage them to apply.

Where an existing student has been awarded an Opportunity Bursary by a higher education institution in England, but that student then subsequently enrolls at a HE institution in Wales (having perhaps taken up their 'insurance' offer or been offered a place as a result of the clearing process), the HE institution in Wales may need initially to cover the Opportunity Bursary from its Financial Contingency funds. The Welsh institution would then be reimbursed once DfES had retrieved the allocation made to the awarding institution in respect of the Opportunity Bursary.

Note: Opportunity Bursaries are **not** available to students who started their courses after 2003/04.

20. Appeals from students

Institutions should have an appeals procedure in place for cases where students have applied unsuccessfully for help from the Financial Contingency Fund. This procedure should be clear, and students must be informed of their right to appeal. It is for institutions to consider each case and resolve appeals; cases should not be referred to the Council or the Assembly. Institutions are, of course, welcome to contact the Council for clarification of policy or procedure when deciding applications.

21. Information about payments from the Financial Contingency Fund

The Assembly asks the Council to submit an analysis on the use of the Financial Contingency Fund at the end of each academic year. This provides useful information for the Assembly on how the Fund has been spent, the main recipients and reasons for payment, and informs future policymaking. Both the Assembly and the Council are grateful for the time spent by institutions in completing these returns. The summary for 2003/04 is attached at **Annex D**.

Section 2

Total amounts available in the Fund

1. The sums of money which the Council is allocating to institutions for 2005/06 is as follows:

- **£5.103 million** is available for the Financial Contingency Fund. This amount includes a **notional** amount of £103,000 (an additional resource provided in 2003/04) for non-means tested NHS bursary students.
- Institutions will continue to be allowed to use up to 2.5 per cent of their total allocation or £500 (whichever is the greater) to ensure that the Funds are effectively publicised and administered.

Payment to institutions

2. Institutions will be paid the **Financial Contingency Fund** in September.

Financial conditions and auditing requirements

3. Institutions must observe the following:

- (i) the Funds must only be used for the purposes specified in this Guidance
- (ii) the Funds must only be made available to eligible students as specified in this Guidance

(iii) any interest gained on the Funds must be either paid to students, as part of the normal allocation of the resources available, used for publicity or administration costs or used to defray audit costs.

4. Each institution shall present to the Council by 31 January audited accounts in respect of the Financial Contingency Fund for the previous academic year and such information as the Council shall from time to time prescribe, showing how grant was used in the previous academic year. The Council shall insure that each institution's audited account includes a note showing the receipt, any payments, any repayments and closing balance of the grant for the Financial Contingency Fund provided by the Council. Institutions must identify in their monitoring returns any interest accrued on Financial Contingency Fund. Auditors are required to certify that Funds, and any combined interest earned on them, have been applied in accordance with the terms and conditions of the grant, and this Guidance.

Carry forward of unspent Funds (for Financial Contingency Fund)

5. Institutions may carry forward a proportion of their total allocation of Funds at the end of each academic year without reference either to the Council or to the Assembly. This is not intended to encourage institutions to under-spend, but to encourage them to plan ahead. Institutions can set aside some Funds in order to help them meet commitments in future years for students to whom they have provided Bursaries, and can also ensure they have sufficient funds to help students over the summer vacation period and at the beginning of the following academic year.

6. Institutions will be allowed to carry forward up to 10% of the total of their allocations and interest each year without reference to the Council or the Assembly. However, the Council will review this periodically to ensure that institutions are making use of the Funds carried forward and are not simply carrying forward an unused surplus each year.

7. Institutions will be able to carry forward any unspent Funds up to 10% of the total of their allocation and interest at the end of 2005/06.

ANNEX A: RESIDENCY REQUIREMENTS

Normal eligibility criteria for FCF support:

To be eligible for FCFs the student must normally be able to satisfy three standard residence requirements relating to the residence and immigration status on the first day of the first academic year of their course (for example, for a course starting in the Autumn this date is 1 September). On that date they must:

- Have been ordinarily resident in the United Kingdom and Islands throughout the three year period preceding that date other than wholly or mainly for the purpose of receiving full-time education;
- *Be ordinarily resident in England, Wales, Scotland or Northern Ireland;
- Be settled in the United Kingdom under the terms of the Immigration Act 1971, in other words ordinarily resident here without being subject to any restriction on the period for which he may stay (see paragraphs below for exceptions).

*Students from the Channel Islands and the Isle of Man are ineligible for support.

In the majority of cases LEAs or the relevant Scottish or Northern Irish administering bodies will have determined the residence criteria. There will be instances, however, where the administrator must make the decision when determining eligibility for FCFs. Guidance on the residence requirements for statutory support can be found at www.dfes.gov.uk/student-support/administrators, LEA Guidance Chapter, assessing eligibility guidance chapter although, for FCFs purposes, the following differences should be noted:

- Students from Scotland and Northern Ireland are eligible for support from ALF, subject to satisfying the other eligibility conditions outlined in this guidance;
- EU students who are eligible only for tuition fee support are NOT eligible for support from FCFs

The information contained in DfES guidance on nationality, immigration and asylum etc represents the Department's understanding of the situation. Administrators should satisfy themselves that they have understood the applicable law and practice when making their assessments.

Statutory Support

Alternatives to the standard eligibility criteria for statutory student support

It should be noted that for certain student groups there are alternative standard residence requirements to the eligibility criteria for statutory student support. These groups are:

- EU nationals;
- Refugees, their spouses/civil partners, children or step-children; or
- Persons who have been informed by the Home Office that although they do not qualify as a refugee, they have been granted exceptional leave to enter or remain (ELE/ELR) in the

UK, or Humanitarian Protection or Discretionary Leave, their spouses/civil partners, children or step-children; or

- EEA and Swiss migrant workers, their spouses/civil partners and children and step-children; or
- Nationals of the Republic of Ireland.

Further details of these alternatives are covered in [www.dfes.gov.uk/student support/administrators](http://www.dfes.gov.uk/student-support/administrators), LEA Guidance Chapter, assessing eligibility guidance chapter.

Accession of New EU States

From 1st May 2004 the following countries joined the European Community:

Cyprus
Czech Republic
Estonia
Hungary
Latvia
Lithuania
Malta
Poland
Slovakia
Slovenia

Further details can be found at [www.dfes.gov.uk/student support/administrators](http://www.dfes.gov.uk/student-support/administrators), LEA Guidance Chapter, assessing eligibility guidance chapter.

ANNEX B

ADVICE ON ISSUING SHORT-TERM LOANS FROM THE FINANCIAL CONTINGENCY FUND

Institutions will need to make some checks before making a Financial Contingency Fund payment to these students. A suggested checklist is below:

- full name, contact address, telephone number and proof of identity
- student is registered or enrolled on a designated course
- student has applied for a loan (or at least requested an application form from the LEA)
- if student has changed course since original application, that he has informed LEA
- basic eligibility (see below)

If these checks suggest a payment should be made, the student should be asked to sign a declaration of eligibility, if their eligibility as a home student has not already been established by the LEA. Some wording is suggested here:

"I, [name of student] hereby certify that to the best of my knowledge I fulfil the following criteria:

Either

- (i) There are no restrictions on my stay and I am therefore "settled" within the United Kingdom (UK) (i.e. have the Right of Abode in the UK or have Indefinite Leave to Enter/Remain (ILE/R) in the UK.)

Or

- (ii) I have been recognised by the UK Government as a Refugee and have Full Refugee Status/ILE/R as a result.
- (iii) I have Exceptional Leave to Enter/Remain in the UK (ELE/R) Humanitarian Protection (HR) or Discretionary Leave (DL).
- (iv) I began my course of study before 1 September 1997.
- (v) I am the child/spouse of an EEA Migrant Worker.

**settled' – on the first academic year of your course.

Plus

I have been 'ordinarily resident' within the United Kingdom or Islands for three years immediately before the start of my course. (*Anyone with ELE/R or HP/DL or anyone recognised by the UK Government as a Refugee should have maintained 'Ordinary Residence' from the date this status was granted.*)

(vi) None of this time was wholly or mainly for the purposes of receiving full-time education.

And

I confirm that I am registered and in attendance on the course described in the application for support from the Financial Contingency Fund.

If a student gives inconsistent information, or if the institution is aware of contradictory evidence, it should not make a payment. In these circumstances, the student could be asked, for example, to return later, to allow time for further checks, for example with the LEA, to be made. Where necessary, institutions could make a very small payment to tide such students over until the date of the next interview.

Institutions should also ask the student to sign a declaration that they will repay the loan. Some recommended wording is below. This gives institutions the flexibility to pursue the non-repayment of loans if a student leaves the course or does not receive a student loan:

“ I acknowledge receipt of cash/cheque/(other....) of [£] from [name of institution]. I hereby promise to repay this amount in full (i) within 10 days of receiving the first instalment of my main student loan; or (ii) at the end of the academic year, or (iii) when I leave the course, whichever is the earlier. “

ANNEX C:

Form of words for students to give to their JobCentre Plus Office or Local Authority Housing Benefit Office

[Name of student] has received a payment of [£amount] from the Financial Contingency Fund provided by the Government.

Delete as appropriate:

(i) It is a single payment

(ii) It is part of a series of [*number of payments*] payments which will be made during the period [*enter period*].

(iii) The payment is a short-term loan which is repayable when the student receives the first instalment of the student loan.

To the best of my knowledge the student has not applied for this payment to meet every day living costs.

----- (signed)

on behalf of [stamp or other identification of institution]

HARDSHIP FUNDS: COMPARISON OF 2002/03 to 2003/04

2002/03

Allocation: £5,000,000

	Assistance with disability costs	Fees	Books & Equipment	Accommodation	Childcare	Transport	Utility costs	Personal bank overdrafts	Other	Bursary	Total
Expenditure	161,302	7,350	453,650	1,026,172	393,297	402,191	543,545	769,690	1,536,756	21,750	5,315,703
%	3.03	0.14	8.53	19.3	7.4	7.57	10.23	14.48	28.91	0.41	100
Awards made	445	15	1,485	1,983	521	1,053	876	1,620	1,419	37	9,454
%	4.71	0.16	15.71	20.98	5.51	11.14	9.27	17.14	15.01	0.39	100

Numbers applied for funds	9,975
Numbers allocated funds (PG)	587
Numbers allocated funds (UG)	7,184
Numbers allocated funds (FE)	96
Total numbers allocated	7,867
Numbers refused assistance	2,108

2003/04

Allocation: £5,000,000

	Assistance with disability costs	Fees	Books & Equipment	Accommodation	Childcare	Transport	Utility costs	Personal bank overdrafts	Other	Bursary	Total
Expenditure	118,343	4,666	405,700	978,532	297,511	272,984	575,123	615,936	1,418,305	0	4,687,100
%	2.52	0.1	8.66	20.88	6.35	5.82	12.27	13.14	30.26	0	100
Awards made	501	10	1,107	1,808	422	825	955	1,125	1,744	0	8,497
%	5.9	0.12	13.03	21.28	4.97	9.71	11.24	13.24	20.52	0	100

Numbers applied for funds	9,295
Numbers allocated funds (PG)	541
Numbers allocated funds (UG)	6,836
Numbers allocated funds (FE)	92
Total numbers allocated	7,469
Numbers refused assistance	1,880

Note:

Awards made exceed numbers of students to whom funding was allocated as students can be made awards under more than one category

STUDENT DETAILS**NUMBERS SUCCESSFUL**

	Undergraduate	Postgraduate	FE
Full time	6,645	431	73
Part time	191	110	19
Total	6,836	541	92
% Young mature students	39	47	10
% Mature students	29	52	40
% with dependants	16	16	23
% with disabilities	9	9	12

DETAILS OF PAYMENTS

Grant		
	Number of payments	Amount paid (£)
Less than £100	130	7,384
£100 - £499	3,549	793,008
£500 - £999	3,039	1,963,401
£1,000 - £1,999	1,184	1,513,965
£2,000 - £2,999	191	252,784
£3,000 and over	37	129,230
Total	8,130	4,659,772

Loan		
	Number of payments	Amount paid (£)
Less than £100	27	1,011
£100 - £499	252	58,988
£500 - £999	89	53,844
£1,000 - £1,999	7	7,750
£2,000 - £2,999	0	0
£3,000 and over	0	0
Total	375	121,593

REASONS FOR REFUSING ASSISTANCE

Reason	Numbers
Insufficient evidence of financial hardship	1,221
Application did not meet priorities for use of Funds	363
Student loan not taken out	15
Hardship loan not taken out	43
Access fund allocation exhausted	59
Other	179
Total	1,880

LOANS FOR REPAYMENT**Amount of funds disbursed to students as loans for repayment**

	Amount (£)
Amount paid as emergency short-term loan for student without a loan cheque at the beginning of the term	101,959
Amount loaned for other reasons	41,505
Total	143,464

Funds received as repayment of short-term loans made in the academic year

	Amount (£)
Amount paid as emergency short-term loan for student without a loan cheque at the beginning of the term	68,608
Amount repaid which was paid for reasons other than no loan cheque	7,533
Total	76,141

PERIODIC INFORMATION ON AMOUNT SPENT AND INTEREST EARNED

	1 Aug to 31 Dec £	1 Jan to 31 Mar £	1 Apr to 31 Jul £	Total £
Amount allocated	2,867,889	1,242,075	797,430	4,907,394
Amount disbursed	1,772,965	1,609,767	1,396,833	4,779,565
Interest earned	21,795	15,491	8,145	45,431

REASONS FOR PAYMENTS

Expenditure

	Undergraduate			Postgraduate			FE			Total		Grand Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	
	£	£	£	£	£	£	£	£	£	£	£	£
Assistance with disability costs	103,744	7,126	110,870	3,477	607	4,084	3,119	270	3,389	110,340	8,003	118,343
Fees	4,666	0	4,666	0	0	0	0	0	0	4,666	0	4,666
Bursary	0	0	0	0	0	0	0	0	0	0	0	0
Books and equipment	317,505	19,360	336,865	26,545	14,590	41,135	26,250	1,450	27,700	370,300	35,400	405,700
Accommodation	815,943	5,300	821,243	120,620	13,202	133,822	22,517	950	23,467	959,080	19,452	978,532
Childcare	228,627	16,707	245,334	18,179	5,483	23,662	21,905	6,610	28,515	268,711	28,800	297,511
Transport	225,591	18,213	243,804	19,865	5,585	25,450	2,300	1,430	3,730	247,756	25,228	272,984
Utility costs	545,593	12,090	557,683	9,240	3,610	12,850	3,500	1,090	4,590	558,333	16,790	575,123
Personal bank overdrafts	560,445	4,475	564,920	44,146	4,170	48,316	2,700	0	2,700	607,291	8,645	615,936
Other	1,339,900	6,425	1,346,325	65,170	6,810	71,980	0	0	0	1,405,070	13,235	1,418,305
Total	4,142,014	89,696	4,231,710	307,242	54,057	361,299	82,291	11,800	94,091	4,531,547	155,553	4,687,100

Student Numbers

	Undergraduate			Postgraduate			FE			Total		Grand Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	
Assistance with disability costs	452	16	468	20	3	23	8	2	10	480	21	501
Fees	10	0	10	0	0	0	0	0	0	10	0	10
Bursary	0	0	0	0	0	0	0	0	0	0	0	0
Books and equipment	860	51	911	91	46	137	53	6	59	1,004	103	1,107
Accommodation	1,554	12	1,566	193	27	220	19	3	22	1,766	42	1,808
Childcare	345	22	367	30	10	40	8	7	15	383	39	422
Transport	706	44	750	43	20	63	9	3	12	758	67	825
Utility costs	902	28	930	15	6	21	2	2	4	919	36	955
Personal bank overdrafts	1,031	10	1,041	68	10	78	6	0	6	1,105	20	1,125
Other	1,641	27	1,668	63	13	76	0	0	0	1,704	40	1,744
Total	7,501	210	7,711	523	135	658	105	23	128	8,129	368	8,497

Annex E:

2005/06 Monitoring Requirements

HEFCW is asked to provide the Assembly with a commentary on the use of the Financial Contingency Fund, consulting institutions as necessary. This information will be used to assist in evaluating the performance of the Funds and to inform future decisions on the purpose of the Funds.

In table 1: The number of students to whom assistance from FCFs was given with total amounts disbursed for the following categories of students:

- a) Undergraduates
- b) Postgraduates
- c) FE students

Also record details of full-time and part-time, including the amount given within each of the categories of support.

In table 2: Student details including numbers of applications made and the numbers to whom assistance was given. Broken down by age, numbers in receipt of an ALG and amounts paid from FCFs.

In table 3: The total amount of FCFs disbursed during the academic year, and the range of payments made, including the number of grants made in each range group.

In table 4: The number of students whose application for assistance from FCFs was refused and reasons for refusal.

In table 5: The amount of Funds distributed to students in the form of loans for repayment, and whether this was paid as an emergency short-term loan for students with no other support at the beginning of term who did not have a loan cheque, or for other reasons.

Also:

- amount repaid within year
- amount repaid from previous year
- amount outstanding

In table 6: Details of carry-over calculation including funds used for administration/publicity (if not possible to apportion separately record all against Financial Contingency Fund).

In table 7: Arrangements made for improving targeting of FCFs to students in real need

FINANCIAL CONTINGENCY FUNDS MONITORING INFORMATION: 2005/06 ACADEMIC YEAR

Please complete this form and return to HEFCW by 31 January 2007 for submission in summary to the National Assembly for Wales by the end of February 2007.

Institution:	
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Table 1: Reason for Payment

a) Undergraduate students

<u>Categories of support</u>	Numbers of successful F/T	£	Numbers of successful P/T	£	Total amount of support
Assistance with Disability costs					
Fee remission-transitional arrangements (see 8.)					
Books & equipment					
Accommodation					
Childcare					
Transport					
Utility costs					
Other or unspecified hardship					
Bursary scheme					
Totals					

b) Postgraduate students

<u>Categories of support</u>	Numbers of successful F/T	£	Numbers of successful P/T	£	Total amount of support
Assistance with Disability costs					
Fee remission – transitional arrangements (see 8.)					
Books & equipment					
Accommodation					
Childcare					
Transport					
Utility costs					
Other or unspecified hardship					
Bursary scheme					
Totals					

c) FE students

Categories of support	Numbers of successful F/T	£	Numbers of successful P/T	£	Total amount of support
Assistance with Disability costs					
Fee remission – transitional arrangements (see 8.)					
Books & equipment					
Accommodation					
Childcare					
Transport					
Utility costs					
Other or unspecified hardship					
Bursary scheme					
Totals					

Table 2: Student details (including payments made as loans)

Level	Mode	Number of applications	Number of successful applications			Numbers in receipt of an ALG	Payments made (£)
			Under 21	21 to 24	25 +		
Undergraduate	F/T						
	P/T						
Postgraduate	F/T					N/A	
	P/T					N/A	
F/E	F/T						
	P/T						
Total							

Table 3: Total FCFs distributed by number and amount

	Number of students	Amount (£)
Under £100		
£100 - £999		
£1,000 - £3,499		
£3,500 and over		
Total		

Table 4: Reason for Refusal and numbers

Reason	Numbers
Insufficient evidence for financial hardship	
Did not meet institution's priority for use of funds	
Student in receipt of support from other sources	
Institution's FCF allocation exhausted	
Other	
Total	

Table 5: Loans for repayment

	Number successful	Paid out (£)	Repaid within year (£)	Repaid from previous year (£)	Outstanding within year (£)
Loans to students whose loan cheques from the SLC is delayed					
Other loans					
Total					

Table 6: Financial Data

Add	i	Funds allocated in 2005/06	£	
Add	ii	Plus funds brought forward	£	
Add	iii	Plus interest earned	£	
Less	iv	Less funds distributed (plus loans)	£	
Less	v	Less expenditure on admin & publicity	£	Up to 2.5% of total allocation or £500 (whichever is the greater)
Add	vi	Plus loans repaid	£	
	vi i	Total funds remaining	£	
	vi ii	Funds to carry forward	£	No greater than 10% of the total income (i + ii + iii)
	ix	Funds to be returned to HEFCW	£	

Table 7. Arrangements for improving targeting of FCFs to students in real need.

Please provide a brief outline of your arrangements for improved targeting of FCFs