

## Key performance measures 5 and 6: measure of disadvantage methodology

1. The measure of disadvantage is used to classify students by the extent of their economic disadvantage. It is used in both key performance measures (KPMs) 5 and 6. This document describes the methodology behind the measure.

KPM 5 measures the number of young, full-time undergraduate students entering higher education, by differing levels of individual disadvantage. The KPM disaggregates individual students into one of three groups: significantly disadvantaged, economically precarious, or other. We measure this on a yearly basis, starting with 2017-18.

KPM 6 measures the completion and employment from entrant data (CEED) rate over time for full-time undergraduate students at different levels of individual disadvantage.

2. This measure was developed by the Office for Students (OfS) for use with these KPMs. It may be used for other purposes in the future. For further information regarding why we have produced this, see the 'Why are we measuring this' section of the KPM 5 webpage.<sup>1</sup>

**We welcome further feedback on these statistics, which can be provided via email to [official.statistics@officeforstudents.org.uk](mailto:official.statistics@officeforstudents.org.uk).**

### Measure of disadvantage groupings

3. The measure was designed for use in KPMs 5 and 6. The main purpose is to classify students into the following three groups. This allows comparison of access and outcomes.

1. Significantly disadvantaged – Defined by commonly used measures of disadvantage. These include free school meal eligibility and care experience.
2. Economically precarious – Students from a financially disadvantaged background, but not captured by the 'Significantly disadvantaged' group.
3. Other.

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<sup>1</sup> See [www.officeforstudents.org.uk/about/key-performance-measures/kpm-5-access-to-higher-education/](http://www.officeforstudents.org.uk/about/key-performance-measures/kpm-5-access-to-higher-education/)

A fourth group, 'Not applicable', has been created for those students who could not be classified into the three groups above.

4. For this measure we are interested in the individual background of the student. There is a primary focus on data that relates to their financial background. The following data fields are used to create this:

- **School type:** The type of school the pupil attended in Key Stage 4. Either an independent school, state-funded mainstream school or special and alternative school. Data accessed from the Department for Education's (DfE's) National Pupil Database (NPD), which applies to schools in England.<sup>2</sup>
- **Free school meals (FSM) eligibility:** Whether the student was ever recorded as eligible for FSM in the six years up to GCSE year. Data available on the NPD.
- **Dependency status:** Whether the student is considered by the Student Loans Company (SLC) to be financially independent.
- **Household residual income (HRI):** The income of the student's household after certain allowances have been taken into account.<sup>3</sup> Recorded by the SLC as part of their allocation of student loans.

5. The starting population for this measure is England-domiciled, full-time, undergraduate students, under 21 on entry to higher education that can be linked to an NPD record. This is because of the availability of the data fields described above.
6. When we refer to students as 'Significantly disadvantaged' this is referred to in terms of the circumstances of their background.<sup>4</sup>
7. When a student is classified as 'Other', this means that we cannot classify them as disadvantaged using the characteristics included in our measure; however, they may be disadvantaged according to other metrics.
8. Table 1 details the different disadvantage subgroups we have produced, and why they have been placed in the larger disadvantage groups. The process of classifying students into the different groups is illustrated in Figure 1.

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<sup>2</sup> The DfE does not accept responsibility for any inferences or conclusions derived from the NPD data by third parties.

<sup>3</sup> See [www.gov.uk/student-finance/new-fulltimestudents](http://www.gov.uk/student-finance/new-fulltimestudents).

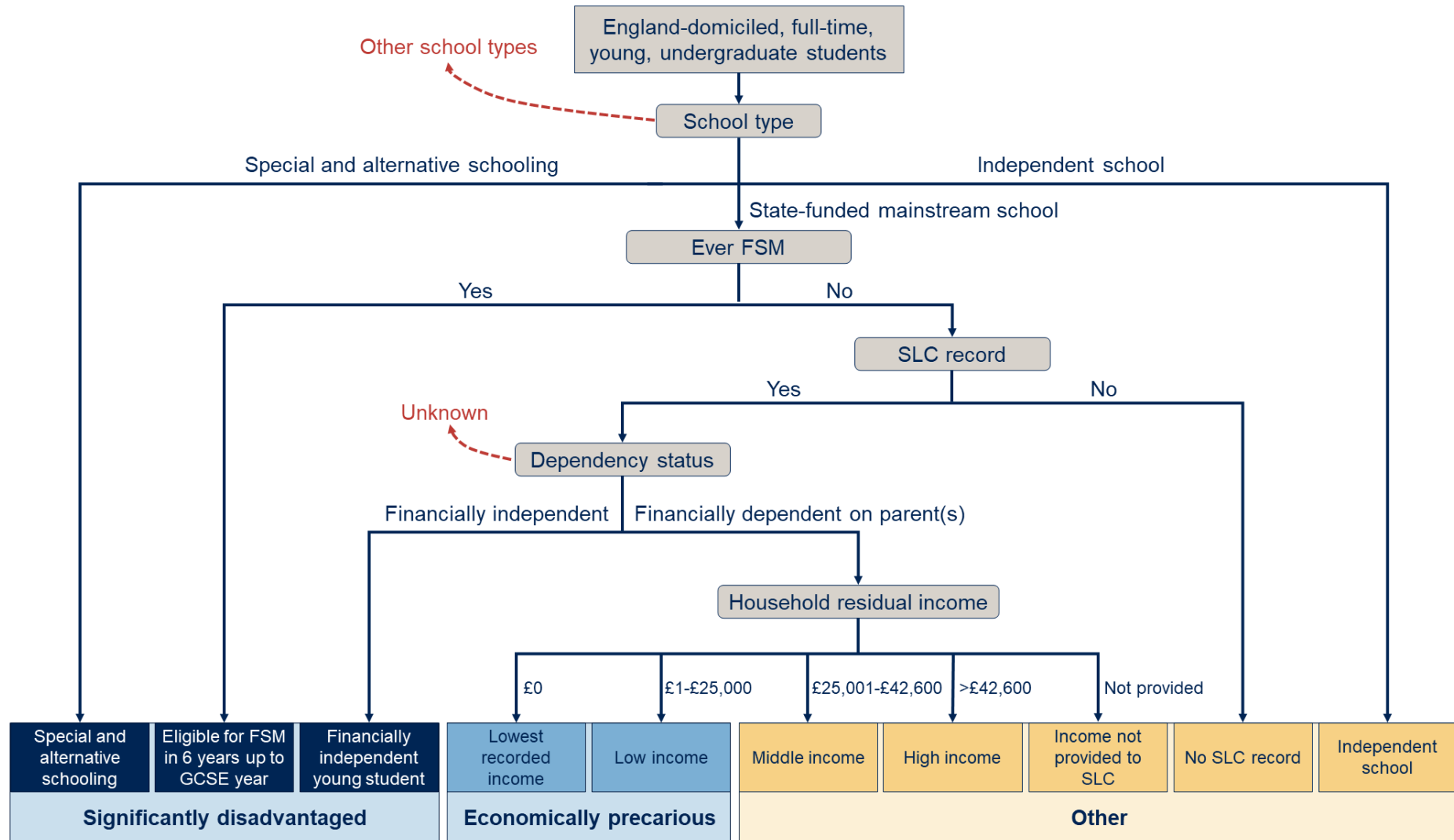
<sup>4</sup> Statistical significance testing has not been used in the creation of this group

**Table 1. Disadvantage measure and subgroups**

Disadvantage group	Subgroup	Description of subgroup
Significantly disadvantaged	Ever eligible for FSM	Ever eligible for FSM in the six years prior to GCSE.
	Financially independent young student who was not eligible for FSM	A student under 21 on entry to higher education who is financially independent due to circumstances such as being a care leaver or estranged from parents.
	Special and alternative schooling	Students who attended special and alternative schooling.
Economically precarious	Low income - Financially dependent - Was not eligible for FSM	The student's parental HRI (£1-£25,000) means they receive the full maintenance loan, but they were not eligible for FSM when at school. They would not be classified as disadvantaged when looking at FSM alone.
	Lowest recorded income - Financially dependent - Was not eligible for FSM	The student's parental HRI (£0) means they receive the full maintenance loan but they were not eligible for FSM when at school. They would not be classified as disadvantaged when looking at FSM alone.
Other	Independent school	Students who attended independent school in their GCSE year.
	High income - Financially dependent - Was not eligible for FSM	Highest HRI group (>£42,600). Parental income above the cut-off for receiving the basic maintenance loan.
	Middle income - Financially dependent - Was not eligible for FSM	Middle HRI group (£25,001-£42,600). Parental income above the cut-off for receiving the full maintenance loan but below the cut-off for receiving the basic maintenance loan.
	SLC record but income not reported - Financially dependent - Was not eligible for FSM	Student's parents have not provided financial information so student is eligible for basic maintenance loan. As HRI is not reported it is likely the student's parents are in a situation where they can provide financial support to the student.

	No SLC record - Was not eligible for FSM	Did not receive funding for tuition or maintenance from the SLC so unlikely to be financially disadvantaged.
Not applicable – excluded from KPM statistics	Other school type	Cannot confidently group data – applies to very small numbers of students.
	SLC record but no dependency status - Was not eligible for FSM	Cannot confidently group data – applies to very small numbers of students.
	Not a young, England-domiciled, full-time, undergraduate student with an NPD record	Outside measure population

**Figure 1. Flow diagram showing disadvantage grouping classification process**



## Use of fields

This section covers each of the five major stages of classifying students. It also covers how and why the subgroups were selected.

### Disadvantage groupings

9. The starting population for this measure is England-domiciled, full-time, undergraduate students, under 21 on entry to higher education that can be linked to an NPD record.
10. There are around 290,000 young, full-time, England-domiciled undergraduate entrants to English higher education providers each year. We can link a GCSE year NPD record to 95 per cent of these students.
11. The remaining 5 per cent cannot be linked for a variety of reasons. These reasons include:
  - student personal circumstances. Such as moving to England after GCSE year but before entering higher education.
  - missing NPD data can prevent us from linking a student's NPD record with their higher education record. This is more common for students who attended independent schools in their GCSE year.

### School type

12. Students are split by the type of school they attended at Key Stage 4. We do not account for school type during Key Stage 5. Splitting like this is due to both student experiences and access and outcomes data.
13. Independent school students consistently have the best access and outcome rates. In comparison, special and alternative school pupils have the worst. Our internal analysis indicates this pattern is maintained regardless of financial background.
14. For example, in 2019-20, students who attended independent schools had higher continuation rates than those who attended state-funded mainstream schools or special and alternative schools. This was irrespective of whether their HRI was low, medium or high.
15. For this reason, we place students who attended an independent school in their GCSE year in their own subgroup, regardless of financial background. This includes students who may have been eligible for FSM had they attended a state-funded school.
16. If a student attended a state-funded mainstream school when taking their GCSEs and were eligible for FSM, but later attended an independent school for Key Stage 5, they will be classified as 'Significantly disadvantaged'.
17. School types are assigned using the NPD field KS4\_NFTYPE<sup>5</sup> and grouped as follows:
  - a. Independent school: KS4\_NFTYPE = 30
  - b. State-funded mainstream schools: KS4\_NFTYPE in (20-25, 31, 51, 52, 57-59, 63, 64)

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<sup>5</sup> See [https://find-npd-data.education.gov.uk/en/data\\_elements/1267f84a-3913-4358-bebe-17959988bf26](https://find-npd-data.education.gov.uk/en/data_elements/1267f84a-3913-4358-bebe-17959988bf26)

- c. Special and alternative schools: KS4\_NFTYPE in (26-29, 32-34, 48, 50, 53, 55, 56, 61, 62, 97)
- d. Other school type: All other values of KS4\_NFTYPE.

### **FSM eligibility**

- 18. FSM eligibility is a common method of classifying disadvantage. This is due to the eligibility criteria required to receive FSM. For this reason, FSM eligible students who attended state-funded mainstream schools are placed in a 'Significantly disadvantaged' subgroup. This definition of FSM eligibility is the one primarily used by the OfS. It is the FSM eligibility definition used in Pupil Premium funding allocation.
- 19. For this grouping we use the NPD field EVERFSM\_6\_SPR. This records whether the student was ever eligible for FSM in the prior six years.<sup>6</sup>

### **Presence of an SLC record**

- 20. Students do not have to apply for funding through the SLC and can fund their studies themselves or through another source. Students who do not have an SLC record are classified as part of the 'Other' group.
- 21. This is because our internal analysis shows that the majority of these students are self-funding. Therefore, they are assumed not to be financially disadvantaged in the same way as those in the 'Economically precarious' subgroups.
- 22. It is likely that some students in this group who do not have an SLC record are not self-funding. They could instead have an alternative source of funding such as being fully funded by a charity. These students could potentially have been classified as 'Economically precarious' if we had a record of their HRI. However, an assessment of the major source of tuition fees (MSTUFEE<sup>7</sup>) for these students suggests the majority are self-funding.

### **Use of dependency status**

- 23. Financial dependency is used as a criterion in our disadvantage measure. This is because young entrants (under 21 on entry) who are financially independent will have very different experiences to those who are financially dependent on parent(s)/guardians(s).
- 24. Our investigations show that financially independent young students have some of the worst higher education outcomes.
- 25. Financial dependency is determined by the SLC as part of student loan allocation. Reasons a young student can be classified as financially independent include:
  - being a care leaver
  - being estranged
  - being an orphan

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<sup>6</sup> See [https://find-npd-data.education.gov.uk/en/data\\_elements/a446155e-871b-4906-a11b-c56bdb71a62](https://find-npd-data.education.gov.uk/en/data_elements/a446155e-871b-4906-a11b-c56bdb71a62)

<sup>7</sup> See <https://www.hesa.ac.uk/collection/c19051/a/mstufee>

- having children
- having supported themselves financially for over three years before starting their course.

26. Students are also considered independent by the SLC if they are over 25. As we only include young students in this measure, we know the students in our population are not financially independent due to their age.

### **Household residual income (HRI)**

27. HRI records household income after accounting for certain outgoings. For financially dependent students it is based on parental income. It is this value that determines a student's access to income-assessed student finance.

28. In this measure HRI is classified into four subgroups:

- Lowest (£0)
- Low (£1-£25,000)
- Medium (£25,001-£42,600)
- High (>£42,600)

29. These HRI groupings align with those used in our 'Differences in student outcomes - further characteristics' report. This found that higher education outcomes are best for students from high HRI background.<sup>8</sup>

30. An HRI value of £25,000 is used as the cut-off between Low and Medium (and therefore distinguishing 'Economically precarious' and 'Other'). This is because this is the value used by the SLC for assigning the maximum maintenance loan.

31. All HRI values up to £25,000 are treated the same by the SLC and no parental contribution is assumed.

32. Students who are recorded as having an HRI value of £25,000 or below but were not eligible for FSM are recorded as 'Economically precarious'. This is because these student's household income is low enough for them to receive the full maintenance loan entitlement.

33. However, because they were not eligible for FSM when at school they are not captured when using FSM eligibility alone to define disadvantage. Our 'Economically precarious' group allows us to capture a wider population of disadvantaged students than FSM eligibility alone.

34. We have further separated HRI values of £0 as the outcomes of this subgroup are consistently worse than the other values below £25,000. Note, this Lowest/Low split has no impact on the values for KPMs 5 and 6 and only the subgroups within the 'Economically precarious' group.

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<sup>8</sup> See [www.officeforstudents.org.uk/publications/differences-in-student-outcomes-further-characteristics/](http://www.officeforstudents.org.uk/publications/differences-in-student-outcomes-further-characteristics/)



35. An HRI value of £42,600 is used as the cut-off between the Middle income and High income groups. An HRI value of £42,600 is regularly used in the higher education sector as a cut-off figure when assigning bursaries.
36. We have not used the cut-off for the basic amount of maintenance loan. This is due to concerns that students' behaviour in terms of declaring HRI may vary near this boundary. Note, the boundary selected for the Middle/High income subgroups has no impact on the values for KPMs 5 and 6 and only the subgroups within the 'Other' group.
37. Students with an SLC record but who have not provided their financial information are in their own subgroup. This subgroup is classified within 'Other'. This is because they have some of the best outcomes. It is likely that in most cases the student's parents have not provided their financial information because they are aware it is too high to influence the amount of maintenance loan the student will receive. These students automatically received the basic maintenance loan.

Note: the SLC have confirmed that the large increase in the High income subgroup between 2019-20 and 2020-21 is a genuine reflection of changes in the higher education sector during this time.

### **Reallocation of unlinked records**

38. From the 2022-23 update in September 2024 we have updated the methodology to account for a small change in the number of student records in this year that cannot be linked to an NPD record.
39. We have taken the three-year average percentage of unlinked records and compared it to the percentage of records that are not linked this year. This difference has then been quantified as a number of records.
40. We have then distributed this number of records into the groups based on the percentage of linked records that have been successfully distributed into each group. We have reallocated approximately 3,300 records in this way.<sup>9</sup>

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<sup>9</sup> Approximately 500 records have been assigned to 'Economically precarious', 550 have been assigned to 'Significantly disadvantaged' and 2,250 have been assigned to 'Other'.