

# Scotland

the Learning Nation

**Helping Students**

Copies of this consultation paper can be found on the student support pages of the Scottish Executive, ELLD Website [www.scotland.gov.uk/studentsupport](http://www.scotland.gov.uk/studentsupport). The Website contains information about the proposals contained within this document and will be updated regularly. You may email any comments or questions you have about the proposals via the website's e-mail address [studentsupport@scotland.gov.uk](mailto:studentsupport@scotland.gov.uk). The website also provides access to the Internet Discussion Forum about the Graduate Endowment.

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## Ministerial Foreword



This consultation document marks the start of a new phase in our policies for further and higher education. From this Autumn, there will be no tuition fees for eligible full-time Scottish and EU students studying in Scotland. We have also announced that we will introduce bursaries for the poorest students from 2001. Together, these changes will create a different system of student finance in Scotland from the rest of the UK. We are proud of enhancing that distinction: this is a Scottish solution to Scottish circumstances.

We need legislation in the Scottish Parliament to introduce some of the key elements of the proposed new system. This document therefore seeks your views on our plans for legislation before they are introduced. We are also seeking your views on many of the other changes we propose to student support.

Until now, discussion has tended to concentrate on the issue of tuition fees. We have tried to broaden it to include student finance and our proposals tackle a wide range of student hardship issues. The real need is now to ensure that we widen access to further and higher education.

Without a skilled population, Scotland will find it hard to compete in a global economy where knowledge is more important than physical assets. We want to remove all barriers to individuals – from all sections of the population – accessing courses in further and higher education. At the same time, we need to find ways to improve the teaching and research infrastructure in our universities and colleges. We have made a start by committing new investment to both sectors. Finally, we need to work with our universities and colleges to create wealth from their discoveries and to use their resources to aid innovation in our businesses.

Looking to the future, there are many challenges facing further and higher education. We want to move on from the debate on fees of the 1990s, implement a new student support system and begin to address the challenges of the next decade.

Finally, I would like to congratulate Andrew Cubie and his committee members for their considerable amount of hard work in producing a review of student finance in such a short time. Their report will be a source of information and advice to us for the next few years.

A handwritten signature in blue ink that reads "Henry McLeish".

HENRY McLEISH - MSP  
Minister for Enterprise Life Long Learning

# Introduction

Our main aim for higher and further education is to widen access to students of all backgrounds. It is a key element of social justice. A commitment to widen access was set out in the Programme for Government that was published soon after the first election of the Scottish Parliament. We put in place a number of immediate measures but the measure that attracted greatest public interest was the establishment of an Independent Committee of Inquiry into Student Finance.

Improving student finance is not the only key to widening access but it is an important one. We also need to expand the number of places available to students, to ensure that we have the resources to provide high quality further and higher education and to make certain that our colleges and universities work with schools and other partners to encourage young people to further their learning.

In January this year, the Executive announced its initial response to the Committee of Inquiry's recommendations for student finance. This document sets out our response in more detail. In particular, it gives a more detailed description of our proposals for the new system of student finance for full-time students in higher education. It also deals with the many other practical recommendations made by the Committee covering further as well as higher education. A table summarising the recommendations and the response is in **Annex A**.

The Committee of Inquiry set out some guiding principles that it used to evaluate the current systems and to appraise other options. In particular, it emphasised that student support should promote social inclusion, the Knowledge Economy and an enhanced civil society. It believed that government should remove barriers to widening access and participation by:

- ⊙ targeting resources effectively on sections of society under-represented in both further and higher education programmes;
- ⊙ providing flexible means of support to accommodate the changing nature of the student population; and
- ⊙ assisting, in particular, those students who may not otherwise obtain sufficient support so that education is available to all those who have the ability to benefit from studying.

We endorse these principles and our own proposals for student finance follow them closely.

Our proposed new scheme for further and higher education will cost the Scottish budget around £50 million each year. It is a significant sum that will need to be found from other areas of public expenditure. In the longer term, a contribution to the cost may come from graduates (through the Graduate Endowment discussed in this paper) but very little is likely to come from that source for the first few years. The proposals put forward by the Committee of Inquiry would have required us to find significantly more. We concluded that it was too high a cost to bear on top of the existing budget of £300 million for support for students on higher education courses. We need to find resources to expand further and higher education and to maintain and improve quality and students. We also have to consider competing pressures for more spending on, for example, health care and schools.

In drawing up our proposals to improve student finance for higher education, we have focused spending on where it is most needed. We have avoided across the board increases and targeted improved funding at the students in greatest need.

We announced our intention to abolish tuition fees for eligible full-time students from this autumn and that has been implemented. We are also committed to introducing non-repayable bursaries for some students from academic year 2001-02. That can also be introduced without new legislation. The creation of the Graduate Endowment will, however, require primary legislation in the Scottish Parliament. We plan to introduce a Bill this autumn.

On further education, our proposals are aimed at building on the strengths of the current scheme by enhancing the direct support to students and targeting resources at those most in need, when it is most required and by taking steps to align elements of the FE support system with the HE system.

Although some of these are firm commitments by the Executive, we are keen to consult students, parents and the further and higher education sectors on the way in which these changes should be implemented.

Some of the key issues that we wish to consult people about are highlighted at the end of each section. However, if you have views on any of the proposals contained in this document, please write to: Student Support Consultation, Higher Education Science & Student Support Division, Scottish Executive Enterprise & Lifelong Learning Department, Europa Building, 450 Argyle Street, Glasgow, G2 8LG or e-mail [studentconsult@scotland.gov.uk](mailto:studentconsult@scotland.gov.uk) by **31 August 2000**.

# 1 The Executive's New Student Support Scheme for Higher Education

Our aim is

To Produce a student support system that promotes social justice and the knowledge economy through targeting support on those who need it most.

We believe that there has to be a partnership in supporting students. Our new system of student support for living costs is based on contributions from students and their families where they can afford it, plus funding from the Executive. The first section describes the proposals for undergraduates who study full-time in Scotland (the vast majority of Scots students in higher education study in Scotland). It applies to students on higher education courses (first degree, HNC or HND) whether they study in a university or a college. Support for these students is through the Student Awards Agency for Scotland (SAAS). The new scheme will apply to new students entering courses in Scotland in 2001 and beyond.

**The main change we will make from the present system is to move away from 100% loan support for many students. We recognise that the fear of debt is a possible disincentive to students from lower income families entering higher education. A key objective of our new scheme is therefore to reduce the amount of loan students need to take out over the period of their study. Indeed, the proposals have been designed to ensure that no student incurs more debt under the new system than they would have done under the current system and that students from poorer families end up with less debt.**

We will reduce student debt for some priority groups through the introduction of Access Bursaries. We believe that there should be two types of bursaries.

Some 70% of full-time higher education students are dependent on their parents for support. They will be able to apply for bursary support under a national scheme administered by SAAS. The amount of support they get will depend on their family's income and in higher income families it will be nil. (The details of this are set out below).

The remaining 30% are students who are independent of their parents. (This means they have no parents living; or they are aged 25 or over; or they have been married for 2 years prior to the start of the course for which assistance is sought; or they have supported themselves for 3 years prior to the start of the course). We believe that these "mature" students should be entitled to the full

amount of student support in the form of a loan, subject to any spouse or student contribution, but in addition should also be able to qualify for a discretionary bursary through their university or college (see under Mature Students below).

For most students, however, the bulk of the funding available from the Executive will continue to be in the form of an income contingent loan. This type of loan was introduced in 1998 across the UK. Repayment is made as a proportion of earnings (currently 9% of any earnings over £10,000 a year). Under the previous system of loans (mortgage style loans), borrowers had to pay their loan within a fixed period of time (normally 5 years) once they reached a particular income threshold. We believe the new income contingent loans are fairer since, the more a graduate earns the more quickly they will pay off their student loan. If they stop earning, they automatically stop paying.

Once the new system is in place, we will monitor its impact through a specific Scottish survey.

## Young Students

**For young students, the maximum amount of Access Bursary will be £2000 a year irrespective of whether the student lives with his/her parents or away from home. This maximum amount will be available to students from families whose income is under £10,000 a year. On the basis of national income profiles, we estimate that 10,000 students or about 10% of full-time undergraduates would qualify for this. The amount of Access Bursary would taper down to £1000 a year at a family income of £15,000 and thereafter down to zero at a family income of around £24,000 a year. In total, we estimate that around 30% of full-time students will get a bursary as part of their student support.**

**For students from families with income over £24,000 a year, support from the Executive will - as at present - be entirely through an income contingent student loan. That support will reduce as family income increases, with better-off parents being expected to contribute more to support their students. However, no matter how much families earn, students will always be entitled to a loan of £750 a year if they live away from home and £500 a year if they live at home to meet their essential study costs. The minimum loan will apply to those from families with income over £45,000 a year: over twice average earnings.**

In order to encourage young students from less well-off families into higher education, the total package of bursary and loan will be increased by £500 to £4225 a year for those living away from home, for students from families with an income below £15,000 a year. The additional sum will reduce gradually to zero at an income of around £18,000 a year. That means over 15% of students will have their available income increased through this source.

We believe that these arrangements for bursary support will help many young students who might otherwise be put off taking a higher education course.

The table below shows the approximate amounts for various income groups based on current elsewhere rate:

| Annual Parental Income* | Parental Support | Bursary | Loan  | Total Support Package |
|-------------------------|------------------|---------|-------|-----------------------|
| £10,000                 | -                | £2000   | £2225 | £4225                 |
| £15,000                 | -                | £1000   | £3225 | £4225                 |
| £20,000                 | £220             | £500    | £3005 | £3725                 |
| £25,000                 | £670             | -       | £3055 | £3725                 |
| £30,000                 | £1220            | -       | £2505 | £3725                 |
| £35,000                 | £1800            | -       | £1925 | £3725                 |
| £40,000                 | £2500            | -       | £1225 | £3725                 |
| £45,000                 | £3130¢           | -       | £750  | £3725                 |
| £50,000 and above       | £3800¢           | -       | £750  | £3725                 |

\*Figures show "residual" income which is gross income less certain allowances.  
 ¢ Over £2975 contribution used for any travel expenses.

These figures are based on the information we currently have available on students' family incomes and the current rates of loan for students living away from home on a standard 30 week course. We will improve the collection of this information and will be able to refine the distribution before the final scheme is published early in 2001. The rates applying in 2000-01 are given in **Annex B**.

We wish to consult on the rules of eligibility that should apply. For example, should young students who have already had bursaries for several years of a degree course, be able to apply for further bursaries for a later degree course without restriction? This is an issue on which we would like to hear your views.

## Mature Students

**We propose to introduce special measures for mature students who are entering higher education for the first time. These students will be entitled to the full amount of student loan (currently £3,725 a year). In addition they will be entitled to apply for assistance from the new Mature Students' Bursary Fund. We intend to allocate £10 million to this Fund which will cover around 30,000 students. Payments from the Fund will be made on a discretionary basis but we do not currently intend to set any limits on the amount of annual bursary that can be paid or age limits on the support.**

**Taking this group of 30% of students into account, up to 45% of students may get a larger overall package of funding than they do at present.**

We believe there may be advantages to this group of students if the scheme was administered by universities and colleges and will be consulting them on how that could be arranged. Individual institutions usually have a better knowledge of their students and can target the support most effectively. However, we realise that there is also a need to maintain some form of national standard so that there are no great differences between the amount a student would receive at one institution compared to another.

We would therefore be particularly interested in views on how a national framework could be developed and implemented while keeping the burden on institutions to a minimum.

## Students studying outside Scotland

As will be explained later in this document, Scottish students who study elsewhere in the UK will not contribute to the Graduate Endowment and they will remain liable for a means-tested contribution towards their tuition fees. This is because of the possible impact on the rights of EU students studying there and the lack of a power to charge the Graduate Endowment to those students.

It would be possible to give these students support with their living costs that is different from the 100% loan they currently receive. However, since they will not contribute to a Graduate Endowment, it could be argued that they should not benefit from the bursaries it will help fund. We do not therefore propose to alter the package of support for students studying outside Scotland from the current position as an automatic right. However, there may be students who have to take a course elsewhere because, for example, it is not available in Scotland. We believe that additional support could be made available to these students and wish to hear your views on this issue.

## Part-time students:

**Part-time study in higher education is a key part of lifelong learning. While many students can and do support this from their earnings, we recognise that some find it difficult to meet all their costs. We plan to introduce a scheme from this Autumn to allow students with an income below £13,000 to borrow £500 a year to meet their study costs. We will make £6 million a year available for this scheme.**

## Health profession students

Students of nursing, midwifery and the professions allied to medicine (eg physiotherapy) currently have different arrangements for their student support. This reflects their sponsorship by the Scottish Health Department. The Committee of Inquiry made no recommendations for change to this system and we do not propose to alter it at least for the time being.

However, the Health Department intends to review the 2 support schemes later this year. Any changes will be introduced in Autumn 2001. The review will also take into account the Committee of Inquiry's recommendation on disabled students' allowance for diploma students.

Medical and dental students are currently liable to pay tuition fees for years 1 to 4 of their course and gain special treatment only from year 5. We propose to bring them into line with other students by removing all liability to fees and making them eligible for bursaries. If medical students take an additional BSc degree during their medical training, we propose that they should be liable to pay the Graduate Endowment once. We will also consider providing continued maintenance support for those students who take their clinical course years in England. (But fees will be payable under the present UK means-tested system).

**Specific Issues on which we would like to have your views:**

- ⊙ Should students be entitled to bursaries for more than one degree course, or should it be for the first one only?
  
- ⊙ Should the Mature Students' Bursary Fund be administered by Universities and Colleges?
  
- ⊙ If so, how could it best be structured?
  
- ⊙ Should some students studying elsewhere in the UK be entitled to Access Bursaries even though they are outside the scope of the Graduate Endowment?
  
- ⊙ If so, what should that support be and which students should qualify?

## 2 The Executive's New Student Support Scheme for Further Education

Our aim is

To Promote a Student Support Scheme that fairly and equitably recognises the needs of individuals and effectively targets direct support to those most in need when they most need it.

The previous section addressed the support needs of higher education students, many of whom are actually studying in FE colleges. This section addresses the needs of FE students on 'non-advanced' courses, ie below Higher National level, in the colleges.

The Committee of Inquiry commented favourably on certain aspects of the current FE support system – its locally administered, flexible and responsive nature, the learner focus, and its effectiveness at targeting support and therefore at maximising opportunity for all. However, while the general principles of the FE system were praised for widening access and promoting social inclusion, the different origins of the FE system (broadly based as it is on the system operated by COSLA and the local authorities up to 1996) mean that there are many differences between it and the HE system which are now difficult to justify. The Committee therefore recommended that the scale of FE student support should be aligned with that available for HE students.

**We announced in January we will begin to align, from Autumn 2001, the levels of support available on a weekly basis for FE students with those that will apply for HE students. We will also begin to align the systems of assessment of parental/family contributions.**

However, there are significant differences between the FE and HE systems of support which have to be taken into account. The FE system is entirely based on bursaries: there are no student loans. We do not propose to introduce loans into the FE system. Also, FE courses are generally shorter than HE courses. They are rarely longer than a year and often are of 38 weeks or less. So the level of personal and financial commitment from students and their families may be significantly less of a burden than in HE. These and other factors will have a bearing on alignment with the HE system.

Currently, each FE college processes and administers bursary applications and payments on a decentralised basis. We have already begun to collect centrally the additional information needed to inform decisions on aspects of the FE

student support scheme that merit change and alignment with the HE system. This exercise will also identify areas where existing resources could be better targeted to the most needy students, where there is a greater need for consistency of approach and interpretation of the guidelines across the FE sector, and crucially where there is need to preserve areas of discretion within the FE system, so as to continue to maximise the flexibility and responsiveness which is one of the hallmarks of the FE system. The Committee of Inquiry favoured the preparation of clearer guidelines with a comprehensive statement of when support will be provided for FE students. We support the Committee's views. A balance needs to be struck, however, between clarity of student entitlements within the FE system and areas of appropriate discretion enabling the colleges to address the wide range of needs of college students.

We will also give further consideration to the position of groups of FE students with particular needs, especially those with children, and disabled and part-time students. Proposals for these and other specific groups of students are included in Sections 6 and 7.

The absence of centralised information, such as is held by SAAS for higher education students, means it is difficult to quantify how the changes in FE student support will benefit different groups of students. We, therefore, need to collect information on the operation of the current FE system. Once that is available and we have final decisions on the HE system, we will be able to set out firm and quantified details of the new FE support system.

**Specific issues on which we would like to have your views:**

- ⊙ How should the FE system of student support be aligned with the proposed future HE system?
- ⊙ How should the balance be struck between clear and consistent statements of student entitlement, while leaving appropriate college discretion to ensure that support is flexibly targeted?

# 3 Ending Tuition Fees in Further and Higher Education

Our aim is

To Remove barriers to study by promoting free tuition for full time students in Scottish further and higher education and to continue to remove fee barriers for part-time students.

## Higher Education

We announced in January that tuition fees would be abolished from August 2000 for eligible Scottish and EU students studying in Scotland. We also announced that the potential loss in income to the universities and colleges of around £42 million would be made up by the Scottish Executive. This section sets out what that means and how the system will operate.

As we mentioned in section 1, eligible Scottish students (those resident in Scotland for reasons other than education) on higher education courses currently apply to the Student Awards Agency for Scotland (SAAS) for financial support during their full-time course. If they are subject to a contribution from their parents or spouse, details of their family income must be given. (We set out suggested changes to this system in section 5). This information is used to assess whether a contribution to the student's support is required. Under the system introduced in 1998, the first £1,000 of the parental (or spouse) contribution had to be paid to the university or college as a tuition fee. (If the amount assessed was less than £1,000 this lesser amount was paid to the university or college and the Executive paid the balance of the fee direct to the university or college). The remaining amount of parental/spouse contribution was expected to be given to the student by their parent/spouse.

From the beginning of this academic year 2000-01 SAAS will pay the tuition fees for all eligible full-time students, irrespective of family income. Implementing the abolition of fees in this way means that the universities and colleges will automatically have their income shortfall made up. Moreover, the amount that will be paid by SAAS to universities and colleges has been uprated for 2000-01 to £1,050 per student. This will keep the income to Scottish universities and colleges in line with the tuition fees charged to students by institutions in England, Wales and Northern Ireland. This is also what Scottish institutions will charge students from other parts of the UK.

Abolishing tuition fees means that the full amount of parental or spouse support will in future be released to support individual students. For this reason it will be set against the total living cost support available. This, in turn, means that the amount of student loan that can be taken out by some students will be reduced. Therefore, over the course of study, all of the parental contribution will go to help the student look after themselves rather than pay fees. This means that students who formerly paid fees will graduate with less debt from student loans. It also means that in 2000-01 parents will have to contribute the same as at present. (From 2001-02 those with family incomes over about £37,000 a year will pay more as a result of other changes). But that help goes to the student, not to a university or college.

Unfortunately, a different system will need to apply to Scottish students who study elsewhere in the UK. They will have to remain under the fee system that continues to apply throughout the rest of the UK. However, only around 6,000 people (around 5% of students) study outside Scotland. Of these, around 37% will have their fees paid by SAAS in full as a result of the means test.

The reason we have to take this approach is a result of our obligations under the European Union Treaty. Under that, we have to treat students from other member states of the European Union on the same basis as Scottish domiciled students. That means, when EU students come to study in Scotland, they will not pay tuition fees. However, if they go to study in England, Wales or Northern Ireland, EU students must be treated on the same basis as local students and be liable for fees. We were advised that, if a Scottish domiciled student studying in England were to be given more favourable treatment, there was a danger that EU students in England could seek the same treatment. There are some 20,000 full-time EU students studying in the rest of the UK.

We know that there may be some students who have to study elsewhere in the UK in order to take a particular course. As we explained earlier, we may be able to help some by providing improved maintenance support, but we believe we cannot assist them to pay fees unless they qualify through the same means test as local students.

We are also able to make only limited support for students from England, Wales and Northern Ireland who study in Scotland. Their fees and maintenance are the responsibility of the award-making body in their home countries and they will continue to be means tested by those bodies on whether they pay fees when they attend Scottish universities and colleges.

There has been concern for some time that these students may cease to come to Scotland because they would be liable to fees for 4 years rather than 3 if they take a shorter degree elsewhere. We announced in March, however, that such students would have the final year's fee paid if they study in Scotland and that we will meet the net costs to the home country.

## **Part-time HE Students**

We currently have a scheme in place that waives the fees for some students studying part-time higher education courses. The number of students who benefit from this has risen from 730 in 1998-99 to an estimated 1,027 in 1999-2000. We will continue to monitor the effect of this scheme and seek to improve the situation as resources permit.

## **Further Education**

In further education, from Autumn 2000 ie for academic year 2000-01, tuition fees are also abolished for eligible FE students attending a Scottish FE College. (Eligible students are those subject to residence criteria in Scotland, and EU students).

For residents from Orkney and Shetland Islands, the respective Islands Councils are responsible for all aspects of their respective student support schemes. We propose that there is no change to these arrangements and that the Islands Councils will compensate the colleges for the tuition delivered.

For Scottish students on further education courses outside Scotland but elsewhere in the UK, the present arrangements will continue. Individuals can seek assistance with their tuition costs from the discretionary schemes operated by their local council. Students from other parts of the UK who decide to undertake a further education course in Scotland will also continue under the existing arrangements with their support being provided by their own local council.

Where full-time FE students fees are already paid by other Government Departments, or otherwise from the public purse, we propose that the existing arrangements remain undisturbed. This approach recognises the specific objectives and initiatives that are being separately pursued under schemes which incorporate payment of fees. It will also ensure that double funding does not occur.

The Scottish Further Education Funding Council has already been asked to take the necessary action to ensure that such of these measures as are within its responsibility are effectively implemented for 2000-01.

# 4 The Graduate Endowment Scheme for Higher Education

Our aim is

To create a fair but simple scheme that provides a contribution to the support of future students from those who have benefited from a degree.

**We intend to introduce legislation to establish a Graduate Endowment to which graduates will contribute. Payment will be in recognition of the benefits that graduates gain from their degree. The funds raised will be used exclusively to fund improved maintenance for future generations of disadvantaged students. This section sets out our proposals in more detail for the operation of the scheme. Since this proposal will require legislation in Scotland, we are particularly keen to hear your views on these proposals before the legislation is introduced.**

We believe that an endowment should be paid by graduates after a first degree but not from those taking qualifications below degree level. (Postgraduates are dealt with later in this document). This means that around 30% of full-time students, those who are taking an HNC, HND or equivalent courses, will be exempt. However, if those students later undertake a degree and graduate, they will become liable to contribute to the Endowment. We believe this is justified by the fact that people benefit from being graduates irrespective of the length of their course or the institutions they studied in. It will apply to all Scottish domiciled students in Scottish universities and colleges and to all EU students who graduate in Scotland.

In order to further our policies of encouraging lifelong learning and ensuring social justice we also want to exempt a number of other groups from paying the Graduate Endowment. The groups we intend to exempt are: mature students (i.e. those who are independent of parents); lone parents (i.e. those in receipt of the Lone Parent Grant during their course); disabled students (i.e. those in receipt of the Disabled Students' Allowance during their course).

**The Graduate Endowment to be paid by those who enter higher education in academic year 2001-02 should be £2,000. In order to raise the amount of money that would be brought in to help future generations, we propose this sum should be index-linked. We also intend that it should only apply to those who enter higher education from academic year 2001-02 onwards. We believe that it would be unfair to require those who were already participating in higher education to make the payment when they had entered under a different support scheme. So those who are already students or begin**

**courses before the legislation comes into force, will not be required to contribute. This means, of course, that the amount of money that will flow into the scheme will take some time to build up. As we mentioned earlier we therefore believe that the new Access Bursaries should only be available to new students in 2001-02. Those who are already in higher education will not be eligible.**

We intend to use existing mechanisms as much as possible to collect the Graduate Endowment. This will avoid creating a new and costly collection system in parallel to the recovery of income contingent student loans. A separate system would require a body to track the annual income of many thousands of graduates living throughout the UK and overseas. Under the new system of student loans the Inland Revenue already fulfils that function. However, we could not direct the Inland Revenue to operate or assist in operating a different system.

The collection system could, therefore, be operated using the existing student loans system. It is proposed that it should work along the following lines:

- ⊙ students would apply to SAAS for maintenance support and their fees to be paid. On the application form they would undertake to pay the Graduate Endowment unless they were in one of the exempted groups. There would be no requirement for universities or colleges to seek assurances from students or be responsible for collection;
- ⊙ on graduation, the university or college would inform SAAS that the student had completed their course. We would propose to define graduation as being the point at which a student has either received sufficient course credits to be awarded a degree level qualification or actually graduated;
- ⊙ the student would have until 1 April in the following year to decide on how they would make their endowment payment;
- ⊙ they could, as the Committee of Inquiry suggested, have the option of paying the endowment up front;
- ⊙ the alternative, which we imagine most graduates will wish to choose, would be to use the student loan system which would automatically make the payment to SAAS. At that point the obligation to make the payment to the Graduate Endowment would have been fulfilled.

Repayment to the loan system would be made on the same basis as the student loan for maintenance. (Under that borrowers pay 9% of any income for earnings above £10,000 a year). There would not be a second or separate payment of graduate endowment. It would all be for the total loan. Organising the scheme this way means that graduates who pay the Graduate Endowment through an extra student loan will not pay any more each month than graduates repaying a student loan under the current system, graduates from the rest of the UK or those who are exempted from the Graduate Endowment. Those who pay the Graduate Endowment may, of course, make payments for longer than someone who has been exempted. However, because the overall debt of students we support will be the same or less than at present, (even after paying the Graduate Endowment) no graduate will pay for a longer period than they would do at present.

This is a different scheme from that proposed by the Committee of Inquiry. But we believe it is as fair and more efficient. Most students would have graduated with loans under the Committee's scheme and would also have begun to repay them at the same threshold of £10,000. Since it is a rate fixed by the UK Government, we cannot change it.

We have considered the Committee of Inquiry's suggestion that a discount should be given to those who wish to pay the full amount on graduation. We believe a discount could give an undue advantage to the better-off who had the resources to pay around £2000. We do not propose to offer one.

We estimate that once all graduates are covered by the scheme, around £16 million a year would be added to the Scottish budget. This amount will take some years to build up. Introducing this income in the Scottish budget is not, however, entirely a matter for the Executive. It will require the approval of Audit Scotland.

We will need to make separate arrangements for the collection of the Graduate Endowment from EU students. We currently use the Student Loans Company (SLC) to collect income contingent loan repayments from Scottish graduates who have gone to live outside the UK and are therefore not part of the Inland Revenue tax collection system. We will be entering into discussions with the SLC to investigate similar collection arrangements for EU students who leave Scotland after graduating here.

We have also considered the position of students who do not complete their course and who have received substantial support with living costs from the Executive during it. Since they do not graduate, they will clearly not enjoy the benefits of graduation and it would be unfair to collect a Graduate Endowment or a proportion of it from them. We are also concerned about discouraging less confident students from entering higher education by worrying them about the risk of being penalised if they drop out. We will continue the policy of allowing students one 'false start' if they change courses during or at the end of the first year and repeat fee assistance for medical and compassionate reasons. However, we recognise that a small number of students may gain substantial bursaries under the new system yet fail to complete their course for reasons other than academic failure or difficult personal circumstances.

An Internet Discussion Forum about the Graduate Endowment has been set up. This can be accessed through the website [www.scotland.gov.uk/student-support](http://www.scotland.gov.uk/student-support). The forum offers you the opportunity to comment on the Graduate Endowment and to share your views with others.

**Specific issues on which we would like to have your views:**

- ⊙ How long should a student have to decide whether to take out an additional student loan to pay the Endowment?
- ⊙ Should a discount be offered to those who wish to pay a lump sum endowment even though it would benefit those who are better-off?
- ⊙ How should EU students be handled?
- ⊙ What about the liability of students who begin their degree with the expectation that they will pay the Graduate Endowment but who later move into one of the exempt groups?
- ⊙ Should we continue with the existing rules that give less assistance to those taking a second degree? If not, what should we support (fees/loans/bursaries)?

# 5 Assessing Family Support for Students

Our aim is

To modernise the way in which families are assessed for the contribution they will make to a student's maintenance while ensuring the contribution is fair.

The Committee of Inquiry accepted that parents and spouses should continue to contribute towards the living costs of students where it was appropriate. It noted the differing income thresholds between the HE and FE systems and concluded that there were a number of significant difficulties with the current methods of assessing contributions. For example, in the HE system it believed that the parental contribution threshold was set at too low a level of income; that the upper limit, on the other hand, was also too low; it also noted that there were certain anomalies in the means-test, for example only the income of legally responsible parent/s of the student is taken into account and students have to be married before a contribution from their partner is assessed.

We have been aware of such issues for some time. The current HE means test was drawn up in 1962 when different social conditions prevailed. The FE means test is broadly the one operated by COSLA and the local authorities when they were responsible for the bursary support scheme up to 1996. It operated then, and still does, on a stiffer basis than the HE scheme. For example, the parental/spouse contribution rate increases more quickly with income and **all** income to the family home is taken into account when assessing the contribution, including any maintenance payments from estranged partners.

**We intend to review the means test arrangements for HE as the Committee suggested for implementation of changes in academic year 2001-02. (Any changes would apply to existing students as well as new ones). In particular, we wish to bring the definition of parent and spouse more into line with current thinking. This could mean that – as in the FE sector – a long-term partner could be as responsible for making a contribution to the student's support as a parent or spouse .**

It would also mean that there would be changes to those responsible for student support where parents were divorced. One possibility would be to require both the natural parents of the student to declare their income. The parental contribution would be assessed on this rather than the parent with whom the student is living. This may, however, be unfair in cases where the student's mother had remarried or had a long-term partner. In that case, it may

be fairer to assess the household income. The disadvantage of this approach is that the partner or new parent may not have any legal responsibility to make the support available to the student.

**We are clear that the current positions cannot be sustained and require to be harmonised. However, we do not have a fixed view on how the new definition of parental or spouse support should be implemented. We therefore want to hear views on this as part of this consultation exercise.**

We also noted the Committee's recommendation that the earnings threshold should be raised to £23,000 a year before any parental or spouse contribution is made. The main difficulty with this recommendation is the way in which it would be implemented. It has the effect in the HE system of making the first contribution from parents as £450 rather than £45 as it is at present. This would mean that someone earning £22,999 would make no contribution to the student's maintenance whereas someone earning £23,001 would have to contribute £450.

The earnings threshold also raises another issue. The income in higher education support is currently defined as being 'residual income' after various allowances have been taken into account. However, over the years many of the allowances that can be offset against income - such as mortgage interest that qualifies for tax relief - have diminished or disappeared. We also believe that it is confusing to use residual income figures when it would be much clearer if it was expressed in terms of their gross income. We therefore intend moving to a system that would base parental/spouse contributions on the total income for tax purposes.

We believe that the move to using gross income could be accompanied by a shift in the threshold. (The earnings threshold for parents elsewhere in the UK will be raised to £20,000 in 2001 although the first contribution has not yet been fixed). We therefore intend to investigate the costs of introducing a new minimum threshold of £20,000 (as compared to the current limit of £17,370 residual income).

The Committee also recommended moving the cap on parental contributions. This would have the effect that parents with high earnings would have to provide **all** of the student's maintenance. We agree that the current limit is rather generous. However, we propose that all HE students – whatever their parental or spouse income – should have access to some means of loan support. The minimum loan that any HE student will qualify for will therefore be £500 if they live with parents and £750 if they live away from home. These figures are in line with the needs of meeting their actual study costs.

**Specific issues on which we would like to have your views:**

- ⦿ Who in a family should be assessed to contribute towards a student's maintenance?
- ⦿ Should we move towards an income definition in line with the tax system?
- ⦿ Is it fair that all HE students should get some support, in the form of a loan, even if they come from very well-off families?

# 6 Special Help for Particular Groups

**Our aim is** To target additional measures at specific groups to overcome barriers to entering higher and further education.

Our principle in reforming our policy for student support is to target resources where they are most needed. That means the largest Access Bursaries will go to those who need them and particular groups will be exempt from paying the Graduate Endowment. We will also continue to pay specific allowances such as the Lone Parents' Grant and the Disabled Students' Allowance. (A list of these allowances is given in **Annex B**). This principle follows, we believe, from the Committee of Inquiry's guiding principles and its recommendation of targeting support towards 'equity groups'. There are, however, a number of other measures that we intend to implement.

## Childcare

We recognise that students with children face particular difficulties. The Committee of Inquiry recommended an enhancement of support in the form of a £1500 childcare grant for lone parents in the HE sector and for mature students in line with levels of support available under the New Deal. We believe that the need for childcare support goes beyond these categories. This is an issue we have been addressing for some time as part of our national childcare strategy.

Having carefully considered the range of support currently available to all in the FE sector, and particular groups of students, we have concluded that those most in need of additional childcare support are part-time FE students. There are around 300,000 part-time FE students and they have access to a much smaller amount of support than any other group. Of the targeted growth of 40,000 additional college students by the year 2002, around 25,000 will likely be part-time FE students, many from socially and economically disadvantaged backgrounds. For these students, adequate support with childcare costs will often be a requirement for participation in further education. We have already encouraged colleges to open up their bursary policies to include part-time students, although recognising that full-time students have traditionally had first call on the bulk of funds available. For the part-time FE student the main source of support for travel and study costs as well as childcare has been the £2.8million of access funds allocated to the colleges. We are therefore announcing an additional allocation of £3million in each of the next two academic years in support of FE students faced with study related childcare

costs. The priority will be for part-time students but we accept that this should not be to the exclusion of needy full-time students. We consider that the colleges are best placed to make the decision of the most deserving cases. Details of allocations to colleges and the arrangements to be put in place will be a matter for the Scottish Further Education Funding Council (SFEFC).

This extra money will be complemented by further measures under the Executive's Childcare Strategy to improve the childcare infrastructure and to stimulate growth in the childcare workforce and its training. We will be allocating £1million to local authorities, this year and next, to enable them to create new or refurbished childcare places in centres catering for the children of further and higher education students.

We recognise that there is a longer term issue about helping higher education students with childcare costs. It is an area we would be happy to consider in the future as resources allow.

## **Disabled Students**

The Committee of Inquiry made a number of recommendations relating to disabled students that we are happy to consider. The Disabled Students' Allowance (DSA) is already available to all eligible higher education students regardless of course or level of study. Generally, disabled students attending an FE course remain eligible for benefits. We do not want to disrupt this arrangement.

The Committee commented on the varied support that colleges provide directly to disabled students from their discretionary bursary funds, or that is available to colleges via their funding. Currently, the SFEFC is reviewing the funding methodology. The Council has already been asked to ensure not only that the needs of disabled students are addressed, but also that the review of funding includes consideration of how the costs of accommodating students with learning difficulties or disabilities, both on mainstream and special programmes should be met.

The Committee of Inquiry's report identifies 3 groups who currently have no access to the DSA. The first is students on Access courses. However, they are not higher education students and therefore do not fall within the general higher education scheme. They are, however, eligible for funding from Access funds.

The second group identified are Diploma Nurses. As mentioned in a previous section, this will form part of a review of that support scheme.

The third group identified is part-time students. In fact the allowance was extended to part-time students undertaking at least 50% of a full-time course in 1999-2000, although this does not include distance learning students. This would require a change in legislation which we are seeking. SAAS already disregards the Disability Living Allowance when means-testing income and we will consider this for FE as part of the HE/FE alignment process. We will ask the Scottish Higher Education Funding Council to take on board the recommendations on disabled students addressed to it and will consider the recommendation about direct funding for disabled students in FE.

## **Recipients of Benefits**

The Committee of Inquiry made a number of recommendations with regard to the Benefits system. We recognise that, although it was outside its terms of reference, it was difficult for the Committee to avoid dealing with the complex interaction of student support and benefits. However, the Scottish Parliament has no powers in relation to the Benefits System as these are matters for the Secretary of State for Social Security. The Executive cannot therefore act unilaterally on the Committee's Recommendations.

We are, however, already engaged with other education departments in the UK and the Department of Social Security in discussing the interaction between the two systems. An inter-departmental group has been established to look at difficult issues facing students. This group will be addressing a number of issues. We will take a close interest in the progress of this group and continue to work with Whitehall Ministers to improve the boundary between the two systems.

# 7 Students and the Workplace

**Our aim is** That students who choose to combine study with work can do so without adverse effects on their studies.

The Committee of Inquiry made a few recommendations in relation to students undertaking part-time work.

Students have always worked, whether for reasons of topping-up financial support available from the state or to gain valuable experience of the skills needed in the workplace. Like the Committee of Inquiry we want students to make a sensible judgement about the amount of time they spend working during term-time.

We hope that the improvements we make to the student support system will reduce the need for students from low income families to take part-time work during term-time. However, we note the Committee's recommendations on the amount of time that students should spend in employment during term-time and that all universities and colleges should work together to provide advice to students, as many already do.

## Part-time Students

One of the areas that we believe has been neglected in recent debates about student support is the fact that large numbers of students now study on a part-time basis. Many of the students do so while combining a course with their career. We are aware from research undertaken in the past few years of the great demands that this can place on family and social life. For the most part, however, students are able to support themselves through their earnings.

Having said that, we were concerned that less well-off students might find it difficult to study because of costs. We therefore introduced a system of waiving the course fees for such HE students from 1998-99. (This is administered by the Scottish Higher Education Funding Council). We also announced last year that in academic year 2001-02 we will double the funds for the new loans scheme for part-time HE students. From this year, students undertaking a part-time course with study of at least 50% of a full-time course who have an income of less than £13,000 a year will be able to borrow £500 a year towards their study. The loans will be repaid on an income contingent basis when they complete their course.

The Committee of Inquiry also asked us to look at the issue of part-time students' entitlement to the main means tested support system. The new loan entitlement in higher education will be means-tested. We will also keep the more general alignment of full and part-time support in mind for future development.

We recognise that there are also difficulties for part-time students in the FE colleges, particularly for those not in employment, with the additional costs involved in participation in study ie fees, travel costs, books and equipment and childcare. In recent years, we have made Access Funds available to part-time students and encouraged the colleges to widen part-time students' access to bursary funding. New arrangements whereby the tuition fees will be waived for certain categories of part-time students will be in place for the forthcoming academic year. In addition, as set out in section 6, there will be additional support of £3 million per annum, starting in the forthcoming academic year, for the support of childcare costs incurred by part-time (and also full-time) FE students.

We believe these various measures offer a range of support mechanisms to address effectively the support needs of part-time FE students.

# 8 Postgraduate students

Our aim is

To bring the funding of postgraduate vocational courses into line with the principles of the undergraduate scheme.

## Postgraduate Certificate of Education

The Executive currently funds around 1300 students studying for a Postgraduate Certificate in Education. These students have for some time been treated more in line with undergraduates than postgraduate students and receive their maintenance funding in the form of a student loan. However, unlike undergraduate students, under the current support regime all PGCE students have their tuition fees paid irrespective of family income. The Committee of Inquiry made no recommendation on these students. The Executive has concluded that financial support for PGCE students should continue to be along undergraduate lines. This will enable PGCE students to benefit from the new undergraduate support arrangements being introduced in 2001.

Under the proposed new arrangements, PGCE students will not pay any tuition fees nor will they be required to pay a Graduate Endowment for completing a PGCE. While many PGCE students will still receive maintenance in the form of a student loan, those non-mature students from less well-off families will have an automatic entitlement to a bursary of up to £2000 (the same as undergraduates). Mature students will have full access to an income contingent loan and, in addition, will be eligible for funding from the mature students' bursary fund. These arrangements will provide mature students, and non-mature students from low-income families with additional financial support for their studies.

## Post graduate Students' Allowance Scheme

A further 2500 postgraduate students are supported by the Executive in undertaking nine month postgraduate diploma courses. For the most part, these convert generic skills gained at undergraduate level into vocational skills. In contrast to the PGCE, students have entitlement to a full means tested bursary and they have fees paid at the standard postgraduate level.

The existing scheme has grown over a number of years in a rather haphazard manner. The Executive therefore commissioned a report under the chairmanship of the late Stewart Miller. Work on the student support aspects of the study was, however, overtaken by the Committee of Inquiry into student finance. When the Miller Committee completed its report it was therefore handed to the Committee of Inquiry. However, the Committee of Inquiry had little time to consider this area and asked the Executive to conduct a further review.

In response to this, we issued a consultation document covering the recommendations made by both Committees' reports earlier this month. Our main aim is to ensure that funding in this area continues to meet the Executive's priorities and consider reallocation to other parts of higher education if appropriate. We will carefully cost proposals from the consultation and then consider funding implications to students and institutions of any suggested changes.

Copies of the consultation paper can be found on  
**[www.scotland.gov.uk/studentsupport](http://www.scotland.gov.uk/studentsupport)**

# 9 Modernising the Provision of Student Support

Our aim is

To provide a modern, flexible and responsive system for delivering student support using the latest technology to deliver information and advice to students.

Now we have improved the level and form of student support, we also want to modernise the way in which it is delivered to students. Earlier sections set out our plans for improving the way the means test will operate. This section sets out our plans to improve the way in which the system operates.

The Committee of Inquiry recommended a new statutory body should be established to replace the Student Awards Agency for Scotland. One of the objectives of the Executive has, however, been to reduce the number of quangos in Scotland. We do not therefore accept the need to change the status of the Agency to a statutory body. However, we fully accept the need to improve the delivery service to students and to improve the relationships between the Agency and the higher education institutions.

We are particularly keen to improve the electronic delivery of student support. For example, the need for original birth certificates to be produced in support of applications has been removed following the establishment of an electronic link which allows place of birth details to be verified where necessary. Last year a 24 hour automatic voice answering service was introduced which can handle many of the most common queries the Agency receives. The Agency's website (<http://www.student-support-saas.gov.uk>) is being upgraded and application forms can already be down-loaded from it. Both institutions and individual students are being encouraged to communicate with the Agency by e-mail rather than letter.

The Agency is also in the early stages of designing a system which will allow applications to be made via the Internet and processed almost automatically. A pilot version of this system is hoped to be available for trials before the end of the present calendar year. Such a system may be capable of being enhanced by a link with the Inland Revenue's data base (the feasibility of this is currently being examined) which would give parents/spouses the option of allowing the Agency to obtain their income details from the Inland Revenue rather than providing them themselves.

The Agency is conscious of a certain degree of confusion in the public mind about the services it provides and those provided by the Student Loans Company (SLC). It is therefore exploring the possibility of clarifying the situation by taking from the SLC the function of paying (but not the recovery of) student loans. This would mean that students would know to contact only the Agency about their support while they were studying and the SLC only after they had graduated.

The Agency has conducted a customer opinion survey within the last year and will be repeating it next year. It will be using the survey results along with other data to analyse its working practices using the Business Excellence Model. This exercise will in turn feed into the Agency's business plans and the setting of targets for its performance.

Since the Committee of Inquiry was established, policy responsibility for student support has been moved into the Enterprise & Lifelong Learning Department from the Agency. The Department will establish a Student Advisory Group with representatives from universities, colleges and student bodies. It will be invited to act as a sounding board for new proposals affecting higher education students. From time to time representatives of other interested groups will be involved.

**Specific issues on which we would like to hear your views:**

- ⦿ How can we continue to improve the delivery of student support?
- ⦿ Are there other sources that could be provided electronically?
- ⦿ How can we best bring together advice and information for students?

# 10 Planning for the Future

**Our aim is** To consider future developments that could bring the system of student support into line with support for other forms of lifelong learning.

The new scheme of student support set out in this paper is not the end of the story. It is generally designed for full-time students and for those studying near the beginning of their career. The changes in the global economy mean that most of us will have a number of different jobs during our lifetime. Between jobs, and during them, learning and training will become more and more important. There will also be changes in the way in which we learn. Distance learning, whether from paper courses or computer based courses, will become the norm for many.

The means by which we support learning is already changing. We have already introduced a pilot for Educational Maintenance Allowances in Ayrshire to encourage students to stay on at school or go to college and gain the necessary qualifications for higher education. We are introducing legislation to create Individual Learning Accounts that will encourage people to invest in their own learning by offering financial rewards and generous discounts. We are also creating the Scottish University for Industry which will connect people and businesses who want to improve their skills with the people who can offer them the learning they need.

The Committee of Inquiry rightly identified the difficulty that many learners have in establishing the financial support that will be available to them during their study. It suggested that we commission a study on the use of Individual Learning Accounts in supporting students in further and higher education. In the medium term, it is desirable that there should be greater consistency in the focus of financial support for learning and training. We will give further consideration to these issues.

We also need to work closely with employers. Many of those responding to the Committee of Inquiry believed that employers, as one of the beneficiaries of education and training, should contribute more to its cost. In fact, many employers already fund a high degree of support for their employees to undertake further and higher education. We are happy to work with employer organisations, the enterprise bodies and funding councils to help promote this activity.

Finally, we were asked to consider whether there could be a role for the private sector in student support. The Committee of Inquiry recommended a pilot study running in conjunction with the financial sector to investigate whether non-subsidised loans with income contingent repayment terms could be made available to some higher education students. In the past, however, the financial sector has been very reluctant to become involved in student finance. There may well, nevertheless, be room for different forms of organisation to supplement the Government's role. We are open to suggestions from those who would be interested.

**Specific issues on which we would like to have your views:**

- ⊙ **Once the FE and HE support systems are brought more into line, what should we consider next?**
- ⊙ **Is there a role for the private sector in providing non-subsidised loans to students?**

# ANNEX A

| COMMITTEE OF INQUIRY<br>RECOMMENDATIONS  | SCOTTISH EXECUTIVE RESPONSE  |
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| <p><b>Recommendation 1:</b> We recommend that a revised means test arrangement, applicable in both further and higher education, be put in place whereby the parental or spousal contribution reflects the financial pressures on those on low to middle incomes, whilst deriving a greater contribution from higher income groups.</p>  | <p>We are taking forward a review of the means-test and have announced that those in higher income groups will contribute more. This will include adjustments to align the FE and HE support schemes.</p> <p><b>Section 5</b></p>  |
| <p><b>Recommendation 2:</b> We recommend that full-time students who are genuinely unable to find work during the summer vacation should have access to benefits. The Department of Social Security should introduce procedures to this effect.</p>  | <p>This is outside the competence of the Scottish Parliament. The relationship between the Benefits System and student support is currently being examined by an interdepartmental working group on a UK basis. <b>Section 6</b></p>   |
| <p><b>Recommendation 3:</b> We recommend that the Enterprise and Lifelong Learning Department further promotes, through partnership with Scotland's employer organisations, major employers, enterprise bodies, further and higher education funding councils and trades unions, best practice in the support of further and higher education for employees.</p>   | <p>We are happy to promote support for this objective.</p> <p><b>Section 10</b></p>  |
| <p><b>Recommendation 4:</b> We recommend that an Income and Expenditure Profile of Scotland's students should be commissioned to build on existing information. This should incorporate research which examines the relationship between income and expenditure in addition to reporting on the income strategies and expenditure patterns themselves.</p>   | <p>We agree that a specific Scottish survey would add more weight to data already collected and aid in targeting. We will consider undertaking such an exercise with SAAS and SHEFC in 2002 once the new support system has bedded in.</p> <p><b>Section 1</b></p>                                       |
| <p><b>Recommendation 5:</b> We recommend that the level of support for full-time students in higher education should be subject to review in the light of the Income and Expenditure Profile. We also recommend that the present level of support for students living away from home should be increased to £4,100, for students living at home to £3,240 and for students studying in London to £5,050.</p> | <p>We believe that the level of support should be increased only for those from lower income households. Around 15% of students will get an automatic increase (those from lower income families) and the 30% who are mature students may also qualify for additional funds.</p> <p><b>Section 1</b></p> |

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| <p><b>Recommendation 6:</b> We recommend that the level of support for full-time students in further education should be subject to review in the light of the Income and Expenditure Profile (referred to in Recommendation 4).</p>  | <p>We agree that there is a need to commission a data collection exercise. We will discuss this with SFEFC. Steps will be taken to align levels of bursary support for over 18 year olds, with those available to HE students from 2001-02. Future support for under 18s will emerge from the findings and conclusions that emerge from the Educational Maintenance Allowance pilot schemes.</p> <p><b>Section 2</b></p> |
| <p><b>Recommendation 7:</b> We recommend a term-time maximum of about 10 hours paid employment a week as a reasonable balance between the need or wish of students to supplement their basic income and the interests of their studies.</p>   | <p>We believe this is a matter for individual students and institutions to consider.</p> <p><b>Section 7</b></p>   |
| <p><b>Recommendation 8:</b> We recommend that universities and colleges should develop ‘part-time employment’ strategies and provide advice to students in balancing their employment and studies. Codes of conduct should be established on the proper employment of students by employers, their representative organisations and trades unions in the sectors and areas where there are high levels of part-time student work.</p> | <p>This is a matter for universities and colleges to consider.</p> <p><b>Section 7</b></p>   |
| <p><b>Recommendation 9:</b> We recommend that the Scottish Executive should commission a review of how to develop the relationship between the benefits system and support for part-time further and higher education students with a view to maximising opportunities for learners.</p>  | <p>We would be happy to do so when staff resources permit.</p> <p><b>Section 7</b></p>   |
| <p><b>Recommendation 10:</b> We recommend that the Scottish Executive should commission as a matter of urgency a feasibility study in regard to students on part-time, credit-bearing courses leading to further and higher education qualifications and their entitlement to means-tested support which should be determined by fixed qualifying rules.</p>  | <p>Loans towards course expenditure will be introduced for part-time HE students from 2000-01. They will be means-tested and subject to qualifying rules. FE part-time students already have access to bursary funding.</p> <p><b>Section 7</b></p>  |
| <p><b>Recommendation 11:</b> We welcome the very recent increase in loan entitlement for part-time higher education students and we recommend that the Scottish Executive monitors the adequacy of this sum.</p>  | <p>The amount of the loan is intended to reflect the costs of study, for example travel, books and equipment as indicated by the student income and expenditure survey. It will be kept under review.</p> <p><b>Section 7</b></p>  |

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| <p><b>Recommendation 12:</b><br/>We recommend that the Convention of Scottish Local Authorities should undertake a review of the present regulations and bring forward recommendations to the Scottish Executive to resolve the anomalies as far as full-time students and liability for payment of council tax are concerned.</p>  | <p>We are aware of the anomalies and are already looking for an early opportunity to resolve them which requires a change to primary legislation.</p>  |
| <p><b>Recommendation 13:</b> We recommend that there should be an entitlement for young people from low income backgrounds of up to three years' bursary support. Where young people are under 18 they would be entitled to bursary support at the appropriate 16-18 level in further education or preferably the new rate of Education Maintenance Allowance (which applies equally to support students in schools and in further education). The level of student support should not act as a barrier or an incentive to enhance the attractiveness of study in one post-compulsory institution over another.</p> | <p>Most colleges already offer this kind of support. The need for students to receive additional support covering pre-access or 'foundation' courses is recognised; colleges are best placed to exercise discretion according to the individual's needs.</p>   |
| <p><b>Recommendation 14:</b> We recommend that the present system of allowances for students who are lone parents should be maintained and enhanced by the introduction of a £1,500 childcare allowance. This measure should be introduced in a way which does not result in an offset against benefits.</p>  | <p>The majority of the new student places in colleges are part-time FE. For socially and economically disadvantaged students the costs of childcare can be a particular barrier to participation. Accordingly, from Autumn 2000 we are targeting £6million over the next two years to support the costs of childcare for part-time and full-time FE students.<br/><b>Section 6</b></p> |
| <p><b>Recommendation 15.</b> We recommend that mature students should be entitled to a comparable level of childcare support to that available for New Deal students.</p>   | <p>As recommendation 14.<br/><b>Section 6</b></p>  |
| <p><b>Recommendation 16.</b> We recommend that Transitional benefit safeguards should be introduced into FT study for mature students from low-income families.</p>   | <p>This is outside the competence of the Scottish Parliament. The relationship between the benefits system and student support is currently being examined by an interdepartmental working group on a UK basis.</p>  |
| <p><b>Recommendation 17:</b> We recommend that Disabled Students' Allowance should be made available to all higher education students regardless of course or level of study.</p>   | <p><b>Section 6</b><br/>DSA is available to all students eligible for HE support scheme including part-time HE students on at least 50% FTE courses. We will consider the position of diploma nurse students. <b>Section 6</b></p>   |
| <p><b>Recommendation 18:</b> We recommend that the Scottish Higher Education Funding Council should undertake further monitoring of the provision for students with disabilities in higher education.</p>   | <p>We will incorporate this into guidance to the Council.</p>  |

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| <p><b>Recommendation 19:</b> We recommend that the Disability Living Allowance should not be an assessed component when making decisions about bursary funding levels, since it is not disposable income.</p>   | <p>SAAS does not take this allowance into account at present. For FE students, this will be considered as part of the FE/HE alignment process.</p>  |
| <p><b>Recommendation 20.</b> We recommend that SFEFC should examine ways to provide direct funding towards learners with additional support needs; paying particular attention to the model of DSA and develop funding methods which target individual needs.</p>   | <p>SFEFC has been asked to look at these matters in the context of widening access.</p>   |
| <p><b>Recommendation 21.</b> We recommend that the threshold for parental or spouse contributions should be amended so that no parent or spouse with earnings below £23,000 is expected to make a contribution.</p>   | <p>We will review the current figure as part of the means-test. However, this recommendation would involve a first contribution of £500 which is too high.<br/><b>Section 5</b></p>   |
| <p><b>Recommendation 22:</b> We recommend that the Scottish Executive undertakes a detailed review of the means-test, and the apparent anomalies it contains, and introduces a new system which is less onerous on low to middle income parents and more progressive towards better off parents.</p>  | <p>We will undertake a review and have already announced an increase in contributions from better-off families.<br/><br/><b>Section 5</b></p>   |
| <p><b>Recommendation 23:</b> We recommend that the Scottish Executive commissions a pilot study, run in conjunction with the financial sector, on a non-subsidised loans scheme, with income contingent repayment terms. This would be available to higher education students who are unable, for whatever reason, to access parental or spousal support.</p> | <p>We will consult the financial sector. However, it is difficult to ensure how such a scheme could be run without a significant subsidy from the taxpayer. The document, however, seeks views on this recommendation.<br/><br/><b>Section 10</b></p> |
| <p><b>Recommendation 24:</b> We recommend that the definitions of parent and spouse used by the Student Awards Agency for Scotland should be brought into line with those used by the Department of Social Security.</p>  | <p>This will be considered as part of the means-test review.<br/><br/><b>Section 5</b></p>  |
| <p><b>Recommendation 25:</b> We recommend that methods for assessing parental income in further education are aligned with those in higher education.</p>   | <p>This will be considered as part of the means-test review.<br/><br/><b>Section 2</b></p>  |
| <p><b>Recommendation 26.</b> We recommend that young adults from low income families taking HE courses should be entitled to receive a bursary for half the value of the support available to them for the whole period of their studies.</p>   | <p>We will introduce bursaries of around half the loan support available for those from low income families (below £10,000 a year). Some level of bursary will be available up to around £24,000.<br/><b>Section 1</b></p>                            |

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| <p><b>Recommendation 27:</b> We recommend that a Wider Access Bursary scheme is developed to target non-repayable support to particularly disadvantaged students in higher education. This scheme should be administered by the universities and colleges and comprehensively evaluated.</p>  | <p>We concluded that this scheme costing a further £18 million is unaffordable.</p>   |
| <p><b>Recommendation 28:</b> We recommend that a Mature Students' Bursary scheme is developed to target non-repayable support to particularly disadvantaged mature students. Further analysis, possibly in the form of a basket of socio-economic indicators, will be required to provide an improved basis for targeting support to mature students. A bursary for half the value of the present level of support for the full period of their studies should be made available.</p> | <p>A £10 million fund will be established from 2001. We will consult universities and colleges on administering it.</p> <p><b>Section 1</b></p>                     |
| <p><b>Recommendation 29:</b> We recommend that the funds currently available for Access Funds should be re-directed to the Bursary schemes. A limited fund should remain to assist unpredictable hardship cases.</p>  | <p>We agree.</p>  |
| <p><b>Recommendation 30:</b> We recommend that there is no Scottish domiciled student contribution towards full-time tuition costs in higher education. Parents and spouses will continue to make a substantial contribution towards the living costs of students. They should not be required to pay tuition fees.</p>   | <p>This recommendation will be implemented in autumn 2000, a year earlier than envisaged by the committee.</p> <p><b>Section 3</b></p>                              |
| <p><b>Recommendation 31:</b> We recommend that the shortfall in income to the higher education sector arising from the abolition of the Scottish domiciled student contribution to tuition costs should be met by the Scottish Executive. This will cost around £12million per annum.</p>   | <p>This will be implemented in autumn 2000. Its impact on the Scottish budget in 2000-01 will be an additional £27 million.</p> <p><b>Section 3</b></p>             |
| <p><b>Recommendation 32:</b> We recommend that legislation be introduced to the Scottish Parliament to set up the Scottish Graduate Endowment. In this way, additional private resources would be accessed from the main beneficiaries of higher education, namely graduates, once they are able to contribute.</p>   | <p>We will introduce a 'Graduate Endowment' Bill in the autumn of this year. Proposals for consultation are contained in this document.</p> <p><b>Section 4</b></p> |
| <p><b>Recommendation 33:</b> We recommend that the Scottish Graduate Endowment should apply to all graduates who are domiciled in Scotland and who will commence full-time undergraduate courses in October 2001, irrespective of the course to be taken.</p>   | <p>Our proposal is to exempt HNC and HND holders and graduates who were lone parents, mature students and disabled students.</p> <p><b>Section 4</b></p>            |

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| <p><b>Recommendation 34:</b> We commend to the Scottish Fee Waiver Review that Ministers elsewhere in the UK should resolve the fourth year anomaly, by introducing a fee waiver scheme as a matter of urgency. The proposal here need not introduce any new anomalies for students from England, Wales and Northern Ireland.</p>                                 | <p>This has been accepted by the UK departments and the Scottish Executive.</p>  |
| <p><b>Recommendation 35:</b> We recommend that the contribution to the Scottish Graduate Endowment should be £3,075 and should be linked to the Retail Price Index. This would be payable after graduation, once the graduate's salary is at least £25,000.</p>   | <p>We propose to introduce a lower contribution of £2,000. It would be payable as an addition to the student loan for maintenance and would not add to a graduate's monthly outgoings.</p> <p><b>Section 4</b></p> |
| <p><b>Recommendation 36:</b> We recommend that the resource accounting benefit of the Scottish Graduate Endowment is taken into account to ensure that the income from tuition fees to the sector is maintained.</p>  | <p>This will require the agreement of Audit Scotland. In the meantime the Executive have budgeted on the basis of meeting the gross costs of the scheme until 2004-05.</p> <p><b>Section 4</b></p>                 |
| <p><b>Recommendation 37:</b> We recommend that payments into the Endowment should be collected by the same organisation which is tasked to distribute student support, namely the successor organisation to the Student Awards Agency for Scotland.</p>   | <p>We believe it would be more sensible to link collection to the loan repayment system as currently developed.</p> <p><b>Section 4</b></p>  |
| <p><b>Recommendation 38:</b> We recommend that the Scottish Executive considers further existing international experience on whether early fulfilment of a student's responsibilities to the Endowment would benefit students overall. If so, we would recommend a facility for early payment be incorporated in the scheme.</p>                                  | <p>This will be considered as part of our consultation.</p> <p><b>Section 4</b></p>  |
| <p><b>Recommendation 39:</b> We recommend that consideration be given to the establishment of a charitable trust to be known as the 'Scottish Graduate Endowment Foundation' to provide additional financial support to further and higher education students in Scotland. The new system should be in place by October 2001, with transitional arrangements.</p> | <p>This is a matter for the higher education sector to take forward. We will raise the issue.</p>  |
| <p><b>Recommendation 40:</b> We recommend that a transfer scheme should be devised. This would allow students already in the system to choose whether to complete their studies on the basis of the present system of up-front contributions or to transfer to new arrangements.</p>  | <p>The Scheme will be introduced for all new students from 2001. A transfer scheme would be complex to understand and operate.</p>   |

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| <p><b>Recommendation 41:</b> We recommend that the present guidelines should be expanded to provide a comprehensive statement of the circumstances in which support will be provided in further education and that these new guidelines are applied by all colleges in Scotland. Revised guidelines should be drawn up as a matter of urgency by SFEFC and that they should retain the responsibility until such time as the new body (Recommendation 45) is in place.</p>                        | <p>We have already asked SFEFC to review the existing student support guidelines for the discretionary bursary schemes operated by colleges. The need to create a more consistent approach across Scotland is accepted in principle. However, we need to consider what elements of local discretion and flexibility should remain, to ensure the best targeting of finite resources.</p>   |
| <p><b>Recommendation 42:</b> We recommend that further development of the electronic exchange of information should be explored and introduced. General information should be made available to the public on the internet and in public libraries so that prospective students of all ages can readily obtain the information they need to plan their next period of study in tertiary education.</p>  | <p>We agree that there is a need to improve communication of the support available to students. SAAS is proposing increased use of its website. We are proposing to provide leaflets covering the new support arrangements for 2001-02 and they shall be located at useful public sites such as libraries, and on the Scottish Executive ELLD Website.</p>   |
| <p><b>Recommendation 43:</b> We recommend that links between institutions and Student Finance Scotland should be established by means of a network of liaison officers, one in each university, together with a central contact, to exchange information. This group should meet twice a year and review the effectiveness of the process and the service provided to students. Further education already has this type of network, as the bursary allocation system serves the same purpose.</p> | <p>There are already direct links between SAAS and institutions at practitioner level. All institutions should have access to a contact for advice in SAAS. SAAS meets with representatives of all institutions at least once a year to discuss mutual interest areas. The Executive set up a new group - the Student Support Advisory Group - (SSAG) which will be made up of representatives from all those with a current interest in student support. The Group will act as a sounding board for proposals as they emerge.</p> <p><b>Section 9</b></p> |
| <p><b>Recommendation 44:</b> We recommend that an assessment should be made across all the elements of the student finance system by a single body to determine whether the system is functioning effectively. This task should include the responsibility to provide advice to the First Minister where changes seem desirable.</p>  | <p>Monitoring of student finance as it affects widening access and career opportunities etc. is a role for the Executive. A periodic review would be worthwhile and could be undertaken by external consultants. We will consider possibilities as resources permit.</p> <p><b>Section 9</b></p>   |
| <p><b>Recommendation 45:</b> We recommend that a new body, which subsumes the Student Awards Agency for Scotland, to be called Student Finance Scotland, should be provided for in statute, be accountable and should have the following responsibilities to:</p>   | <p>We do not wish to legislate to create an additional quango. However, we are happy to see the current Agency - which is directly accountable to Ministers - take on a wider role in assisting students. SFEFC currently has responsibility for bursary funding and arrangements for FE students. We believe that these responsibilities should remain with it. <b>Section 9</b></p>  |

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| <p>Compile and disseminate advice and information about the costs of study and the support available for tertiary education;</p> <p>Act as a link for information about courses, directing enquirers to the appropriate institutions for further details;</p> <p>Administer the support arrangements for all higher education students;</p> <p>Obtain Scottish Graduate Endowment declarations;</p> <p>Track progress of, and advise on, applications for support in conjunction with the Student Loans Company;</p> <p>Issue, maintain and amend the rules for the allocation of bursaries in further education;</p> <p>Collect payment of the Scottish Graduate Endowment;</p> <p>Monitor the student finance system and co-ordinate the publication of related statistics;</p> <p>Provide statutory advice to the First Minister on student funding aspects of lifelong learning through the Enterprise and Lifelong Learning Department.</p> |   |
| <p><b>Recommendation 46:</b> We recommend that a review of the functions of existing bodies in this sector, the Enterprise bodies and the further and higher education funding councils, should be undertaken prior to the setting up of Student Finance Scotland to eliminate any overlaps and to ensure that Student Finance Scotland will have a clear and purposeful role. This review should also provide for liaison with the Department of Social Security to ensure that on a continuing basis the student support arrangements and the benefit system dovetail.</p>   | <p>We will consider a review as staff resources permit.</p>                   |
| <p><b>Recommendation 47:</b> We recommend that the Scottish Executive commissions a further analysis of the use of Individual Learning Accounts in supporting students in further and higher education.</p>  | <p>We will take this forward in the medium term.</p> <p><b>Section 10</b></p> |
| <p><b>Recommendation 48:</b> We recommend that consideration is given to providing incentive to contribution through tax breaks. Contributions would be relieved, in whole or in part, at the time they were made and savings would accumulate in the Individual Learning Account free of tax.</p>   | <p>Any impact on the tax system is a matter for the UK Parliament.</p>        |

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| <p><b>Recommendation 49:</b> We recommend that in view of the importance of the Scottish Studentships Scheme to supporting research endeavour and scholarship in the arts and humanities in Scotland, the support arrangements enshrined in the Scheme should remain unchanged at present but should be subject to periodic review, particularly in relation to cognate arrangements for awards made by the Arts and Humanities Research Board.</p> | <p>Accepted.</p> <p><b>Section 8</b></p>   |
| <p><b>Recommendation 50:</b> We recommend that the Scottish Executive should examine in more depth the support arrangements in the Postgraduate Students' Allowances scheme in relation to both full and part-time postgraduate students usually resident in Scotland.</p>  | <p>We are currently consulting on postgraduate support separately.</p> <p><b>Section 8</b></p> |
| <p><b>Recommendation 51:</b> We recommend that the Scottish Executive should conduct its review on the basis of the Committee's Guiding Principles.</p>   | <p>As 50. We accept the committee's Guiding Principles.</p> <p><b>Section 8</b></p>            |

**Recommendation 52:** We recommend the following issues in particular should be considered in the course of the Scottish Executive's review:

- Whether means-tested, income contingent loans should be introduced for all postgraduate students taking courses assessed by the Higher Education Quality Assurance Agency as being vocational conversion rather than postgraduate level;
- Whether to further the cause of equality of opportunity, the Disabled Students' Allowance should be extended to all those students with disabilities who take up a postgraduate course;
- The need for, and the nature of, incentives to encourage an adequate number of Scottish domiciled students to take up places on postgraduate courses identified by the Government as 'priority' under the Miller Report proposals;
- Whether, against a background of accumulated debt during undergraduate study and the need to encourage a sufficient supply of graduates to continue their studies, postgraduate students supported by the Postgraduate Students' Allowances scheme should be exempt from any additional contribution to the Scottish Graduate Endowment Foundation; and
- The need for a restructuring of the present fee structure in the event that the Quality Assurance Agency were to find that many of the Scottish Higher Education Funding Council funded postgraduate courses are assessed as not being at postgraduate level in terms of the emerging qualifications framework.

As 50. We will consider these issues.

**Section 8**

### HIGHER EDUCATION

| RATES OF FULL YEAR LOAN £  | MAXIMUM NON MEANS-TESTED LOANS | MAXIMUM MAIN LOANS |
|----------------------------|--------------------------------|--------------------|
| Parental Home              | 1,165                          | 2,950              |
| Elsewhere                  | 1,745                          | 3,725              |
| London                     | 3,445                          | 4,590              |
| RATES OF FINAL YEAR LOAN £ | MAXIMUM NON MEANS-TESTED LOANS | MAXIMUM MAIN LOANS |
| Parental Home              | 880                            | 2,575              |
| Elsewhere                  | 1,375                          | 3,230              |
| London                     | 2,985                          | 3,980              |

Rates are for new scheme entrants (i.e. those who entered HE in session 1998-99 or later)

### OVERSEAS STUDY

| RATES OF FULL YEAR LOAN £  | MAX NON MEANS-TESTED LOAN | MAIN LOANS |
|----------------------------|---------------------------|------------|
| Highest Cost countries     | 3,005                     | 5,405      |
| High Cost Countries        | 2,365                     | 4,550      |
| All other Countries        | 1,745                     | 3,725      |
| RATES OF FINAL YEAR LOAN £ | MAX NON MEANS-TESTED LOAN | MAIN LOANS |
| Highest Cost Countries     | 2,480                     | 4,705      |
| High Cost Countries        | 1,920                     | 3,960      |
| All Other Countries        | 1,375                     | 3,230      |

### EXTRA WEEKS ATTENDANCE

| STUDY AT HOME |       | STUDY ABROAD           |        |
|---------------|-------|------------------------|--------|
| Parental Home | 45.00 | Highest Cost Countries | 121.00 |
| Elsewhere     | 65.00 | High Cost Countries    | 93.00  |
| London        | 86.00 | All other Countries    | 65.00  |

The rates shown above are weekly loan amounts in pounds.

## DISABLED STUDENTS' ALLOWANCES

| ALLOWANCE                           | AMOUNT £ |
|-------------------------------------|----------|
| non-medical personal helper         | 10,505   |
| major items of specialist equipment | 4,155    |
| other expenditure                   | 1,385    |

Disabled Students' Allowances are paid as grants and are non means-tested. The equipment allowance is for the duration of the course; the other allowances are annual amounts.

| DEPENDANT'S GRANT (52 weeks)       | DEPENDANT AMOUNT £ |
|------------------------------------|--------------------|
| spouse or other adult dependant    | 2,125              |
| first child if no adult dependants | 2,125              |
| children under 11                  | 445                |
| children aged 11-15                | 890                |
| children aged 16-17                | 1,180              |
| children aged 18+                  | 1,700              |

LONE PARENTS' GRANT: £1,050

TWO HOMES ALLOWANCE : £740

VACATION GRANT FOR CARE LEAVERS : Up to £100 per week in respect of accommodation costs during the long vacations.

## FURTHER EDUCATION (PROVISIONAL)

| DETAILS  | ANNUAL RATE (BASED ON 43 WEEKS) |
|--|---------------------------------|
| Maintenance under 18 years of age (at home)        | £888                            |
| Maintenance under 18 years of age (away from home) | £2,081                          |
| Maintenance over 18 years of age (at home)         | £2,161                          |
| Maintenance over 18 years of age (away from home)  | £2,978                          |
| Dependants' Allowance                              | £1,726                          |
| Dependants' Child Allowance (per child)            | £417                            |
| Two Homes Allowance                                | £613                            |





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