



## **Response to Supporting a Smarter Scotland consultation on supporting learners in higher education**

### **SECTION 3 – Investing in Student Support**

#### **Option 1a**

##### ***What are your views on the proposal to begin a move to grants by increasing the Young Students Bursary (YSB)?***

Universities Scotland recognises that increasing the proportion of student support available as a non-repayable grant and the consequent reduction in debt would benefit those students currently eligible for the YSB, who are mainly dependent students from low-income families. However, it would not assist independent students from other socio-economic groups, many of whom experience acute financial hardship; nor would it help the growing number of mature-age students commencing study for the first time.

The review of student funding support should focus on alleviating student hardship irrespective of age, and on increasing the total income available to students in whatever mix. It should aim to achieve parity between dependent and independent students in terms of both the total amount of support available and also the split between repayable and non-repayable components.

##### ***Do you feel that the focus of bursary support should continue to be on dependent students?***

Within the university sector in Scotland, the predominant view is that any extension of financial support should include support for independent students. Further enhancement to the YSB may increase the perception that there is a two tier system, where eligibility for repayable or non-repayable support is based primarily on age rather than financial circumstances.

#### **Option 1b**

##### ***What are your views on the extension of bursary support to independent students as part of a transition to grants?***

As indicated above, there is support in the university sector for providing non-repayable support to independent students on the basis that this is considered in relation to financial circumstances. The current system provides support for independent students through the loan scheme. This may have adverse effects on students who are in a difficult financial position, who often face significant additional financial pressures including supporting dependants, in comparison to many dependent students. Extending bursary support to independent students would focus funding on the range of students facing difficult financial problems.

#### **Option 1c**

##### ***What are your views on the proposal from the ASC to introduce full bursary/grant support for higher education courses in colleges?***

Universities Scotland does not support the ASC proposal.

***In particular, what are your thoughts on the potential for this to change the nature of support so that it would be based on what type of institution you were attending rather than your level of study?***

Support should be based on course and level of study rather than type of institution. All students should be encouraged to enrol on their chosen course of study at the most suitable institution.

## **Option 2**

***What are your views on the NUS proposal to increase the overall support available by increasing the grant support currently available?***

While the university sector is sympathetic to the NUS proposal, it considers that where the resources for student support are limited they must be concentrated on the areas where there is the greatest need and where their application has the most positive impact. Therefore, it could support this proposal only if the following conditions are satisfied:

- it does not prevent the application of funds to forms of student support which address areas of greater need, or which have more positive impact;
- it does not restrict or reduce the number of students eligible to receive support;
- it does not have an adverse effect on the funding of institutions.

***How should we address the potential effect on parental or partner contributions?***

The effect of parental contribution is already higher in Scotland compared to the rest of the UK. In Scotland students have a non-assessed maximum loan entitlement of approximately 25% compared to 75% for students from the rest of the UK. It is hoped that additional financial burden on parents or partners will be minimised. If the Government acknowledges that the total support package is currently too low (as suggested by NUS Scotland), all efforts should be made to ensure that the financial burden on all students and their financial supporters is minimised when increasing the support available. This may be done by either increasing the grant threshold, or providing the additional loan at a nil real terms interest rate.

***How should the increase in income be addressed for independent students who receive no bursary support?***

Universities Scotland supports extending non-repayable support to independent students, whether this is through the creation of a new scheme or through extension of the existing YSB scheme. It would be unfair to increase bursary support for those already receiving support whilst excluding provision for independent students.

## **Option 3**

***Increasing income and reducing debt for a more focused group. What are your views on this hybrid option aimed at those on the lowest incomes?***

This proposal has very limited support in the university sector, but would be likely to receive wider support if it was broadened to include independent students or all students in receipt of the maximum loan.

## **Other options**

***Are there any other initiatives or ideas that you believe we should explore further?***

The university sector does not support linking payments to students with either attendance or attainment at university. These suggestions would impose an additional administrative burden on

institutions, which runs counter to the Scottish Government's objective of reducing administrative costs and improving efficiencies, and such a system would be very costly to implement.

There are a number of other support issues that need to be addressed:

- Students from elsewhere in the UK have an automatic entitlement to repeat year maintenance and fee support, whereas Scottish students are required to make a case for repeat year funding on compassionate or medical grounds. It would be helpful if the same automatic entitlement to repeat year support could be extended to Scottish students.
- Final year students receive a reduced maximum loan support entitlement of £3915, compared to full year students who receive £4510, at a time when they most need to concentrate on studying and cut back on part time employment. Provision could be made to support students equally throughout all years of their programme of study.
- Consideration should be given to replacing the YSB with a means-tested bursary scheme for all eligible first-time higher education Scottish students. This would reflect the reality that an increasing proportion of first-time students are mature-age, rather than school-leavers.

## **SECTION 4 – Fairer Entitlement to Support**

### **Support for Second HE Qualifications**

***What are your views on the options proposed to ensure that the funds available are used as fairly as possible to give students adequate support for their first degree?***

***Do you agree that we should consider removing student loan support for second degrees?***

***Alternatively, should we be maintaining funding for this group to explore more avenues to support opportunities to retrain or up skill those who may face redundancy as part of the effects of the economic situation?***

Universities Scotland supports maintaining funding support for students studying for a second higher education qualification. In the current economic climate, the number of students seeking to re-skill is likely to increase, and the fact that a certain number undertake a second higher education qualification will have a positive impact on Scotland's economy. There is already no fee support for the majority of students undertaking second degrees and the removal of loan support would mean that study for a second degree would become too difficult on financial grounds for the majority of students to undertake. While recognising previous support provided to students, the Scottish Government could consider paying tuition fees for full-time students who are re-skilling in priority areas or where it removes such students from job seekers' allowance and other unemployment benefits.

### **Minimum Loan**

***Do you believe that there is a case for removing the minimum loan?***

Universities Scotland does not support the removal of the minimum loan. The minimum loan provision for Scottish students is already very far below rest of UK provision and removal of the minimum loan would merely increase this difference. The Scottish Government may consider increasing the minimum loan available to ensure that all students have a larger proportion of their loan as independent income.

## **Travel Expenses**

***Do you think that support for travel expenses should be subsumed into the main grant pot or should it remain a separate, claim-based fund?***

Whether the travel expenses remain separate or are subsumed into the main grant pot, it is essential that students are means-tested for eligibility for funding. It is also essential that travel funding remains available to students, otherwise distance may prove to act as a disincentive for some students, particularly those from rural areas or low-income backgrounds.

***Should we differentiate between day-to-day travel expenses and trip to and from home from those who stay away from home?***

All travel expenses should be regarded equally as they all represent a cost to the student. There should be no differentiation between day-to-day costs and travel to and from home for those students living away from home. Again, this should be means tested to ensure that those students who require assistance receive appropriate funding support. Claims for three return journeys to the parental home could continue to be funded for all eligible students.

## **SECTION 6 - Servicing Existing Student Loan Debt**

***What are your views on our proposals to service existing student debt if funding becomes available in future?***

While any proposal to alleviate the burden of student loan debt on Scottish-domiciled borrowers would be welcome in principle, we would not want this to be done at the expense of the availability of student support to current and future students, or of the funding of institutions in Scotland. Given the current economic climate and the pressures on public spending in future years, the available funds should be concentrated on those areas where expenditure will have the greatest positive impact.

## **SECTION 7 - Conclusion**

***Overall, based on the options and issues presented in this paper, we would welcome your views on what our funding priorities should be for the £30 million pounds available in 2010-11 and in future years.***

The main priorities should be increasing the minimum amount of support available for students. It is essential that this should be directed at both dependent and independent students including mature students and final year students, as economic hardship is common to all these categories. We suggest that consideration be given to developing a Scottish Students Bursary, a means tested grant available to all first time dependent and independent HE students. Providing an effective student support system, where the balance of the cost should always be the direct financial support given to students, is vital. Reducing the financial costs associated with administration of the current student support system should be a Government objective, with savings redirected to the student support fund.

Students are frequently required to seek employment or to take out bank loans to complete their studies, and both of these options have associated risks in the current economic climate. The possibility of incurring large debts in the future is generally less of a consideration than the issue of income when students choose whether or not to study. Day-to-day economic hardship is one of the

greatest problems facing students, and can have an extremely detrimental effect on a student's ability to continue and complete their higher education qualifications.

It is also suggested that the review ensures that the current level of support to postgraduate students is maintained, as there is currently a disappointingly low rate of Scotland-domiciled students applying for postgraduate study. Any consideration of extending or increasing this support would be welcomed by the university sector.

We also encourage the Scottish Government to be mindful of the implications that the review of student funding support will have for the funding available to the universities in future years.

30 April 2009