

FINANCE COMMITTEE

DRAFT BUDGET 2014-15

SUBMISSION FROM NUS SCOTLAND

Introduction

1. NUS Scotland welcomes this opportunity to respond to the Scottish Parliament's Finance Committee's call for evidence. It is our belief that there are many areas within the National Performance Framework where strong funding in further and higher education can have long-lasting effects on a number of the national outcomes – both direct (for example, in ensuring positive destinations for graduates) and indirect (for example, in helping to reduce inequalities and poverty). Through discussion with our membership and executive committee, we have identified five headline priorities for the 2014/15 budget and 2015/16 spending review:

- FE student support: Ensuring in the short-term we increase FE bursaries by at least inflation, with a longer term aspiration to achieve a national entitlement.
- HE student support: Securing real-term increases to HE bursaries by the greater of inflation or £250 (to maintain simplicity in the system), and an increase in student loans for students that do not receive a bursary.
- Postgraduate funding: Working towards better regulation of PG fees, including full funding of PG courses, increased access to student loans for PG students, and the introduction of maintenance support.
- Tackling youth employment through increasing college and university places: Working to secure greater investment for places, building on our successes from this year ensuring that any additional places are ring-fenced for widening access in universities, and in part-time, women and disabled students in colleges.
- University and college teaching grants: Protecting the overall teaching grant for universities and colleges.

2. While NUS Scotland recognises the tight financial climate we are currently in, we equally recognise the great economic and social benefits which come from investing fully in further and higher education. Investment in education is an investment in Scotland's future, ensuring that the financial downturn we find ourselves in today does not leave an entire generation stranded tomorrow, and instead we invest in students who will be vital to economic and social recovery. The overall theme of our priorities is to protect the progress made over the last few years for students in the college and university sector.

Priorities for funding

3. Further education student support

While we are extremely grateful for the Scottish Government's continued protection of FE student support, through research we know that the discretionary and first come-first served funds in colleges do not meet demand, leaving students either locked out of education, or facing a reduced level of support. We know some colleges pay less than 100% of the SFC guideline amounts, and there is also further evidence from the SFC that the student support funds are not sufficient to meet demand.

4. As the results of our research into the Scottish student support system, *Still in the Red*,¹ found, the current system creates a number of real injustices and concerns for students. Less than half of students responding to this research who received a FE bursary said it was clear to them before starting their course how much money they would receive. In turn, over half of those (31% of college bursary students overall) said this made it difficult for them to decide whether to study at all.

5. It remains our concern that, without sufficient financial support, many students studying at FE level will be unable to afford to study, forcing them to drop out, and forcing others to stay on benefits rather than retrain or improve skills– a huge waste of talent but also a waste of public resources. We know that financial hardship puts real strain on a student’s ability to complete their studies, readily apparent in FE where almost 30% of students do not complete their course successfully.

Increasing cost of living

6. It is important to note that while the FE student support budget has been protected in recent years, the guidance rates of support for individual students has only been protected in cash terms, meaning bursary money has failed to keep up with inflation. As such, we were very supportive when it was announced earlier this year that some of the additional college funding announced as part of the final budget in March should be used to uprate bursaries with inflation. For 2013/14, this will add an additional £2m to the FE student support budget.

7. However, given the increasing cost of living, particularly for those on fixed incomes, we believe it is vital that FE support continues to be protected in real terms. As such, we would welcome additional investment, as a priority, into FE student support, which would see bursary rates for individuals increase with inflation, which would require an annual increase of around £2m.

Unmet demand

8. In addition to increasing inflation, there is a pre-existing unmet demand which we believe needs to be met. Currently the SFC runs an ‘in-year redistribution’ (IYR) of college student support funds, allowing colleges to request additional funds (bursary, childcare, and discretionary) and return any unused funds, allowing any surplus funds to be redistributed. When the last in-year redistribution was held, in academic year 2012/13, even after any additional funds had been redistributed there was still £2.8m of unmet demand from students, who may have not received vital bursary support. As such, while we fully welcome any moves to continue protecting students support funds, it is clear that there is still unmet demand for FE students.

- Recommendation: Protect FE student support in real terms and meet unmet demand
- Links with NPF: Colleges as a whole play a huge role in supporting those from our most deprived communities into further and higher education, with over a quarter of their students coming areas in to 20% lowest quintile, as classed by the Scottish index of multiple deprivation. This is particularly the case for those students on FE courses, many of whom would never have any other opportunity to access tertiary

¹ ‘Still in the Red’, NUS Scotland, <http://www.nus.org.uk/en/news/news/still-in-the-red-release/>

education. However, it is these same students who are most at risk from a lack of student support. Improving FE bursaries would serve to support more students into FE, reduce potential for drop out, and as such play a strong role in increasing Scotland’s skill profile and also reducing inequalities.

Higher education student support

9. NUS Scotland was pleased when the Scottish Government heeded our calls to dramatically improve student support for higher education students, in both colleges and universities, ensuring that we removed financial worries as a major barrier to studying, and, as our research *Still in the Red* has shown, a major reason for Scotland’s high dropout rates.

10. We would be keen to see this achieved through each Scottish Government budget, with the first rise taking place in 2014/15. Students who do not have enough to live on are forced to work long hours in jobs (potentially harming their studies) or even take out dangerous levels of commercial debt, such as a ‘payday’ loan, with instances of such companies explicitly targeting students, and linking repayments to support payments.

11. However, in order to ensure the long term success of this investment in Scotland’s higher education students, we believe it is important to ensure that the increases we have secured rise annually, at least in line with inflation. Similarly, we believe it also important to keep amounts of support easy to understand, explain and administer. We believe therefore that HE support should see a formal double lock for uprating, whereby support is increased each year by inflation but rounded up to the next £250 increment (as the case would be in the next two years), as shown below:

Total student support available, increased by £250 increments

	Total (£)	
	2014/15	2015/16
£0 to £16,999	7,500	7,750
£17,000 to £23,999	6,750	7000
£24,000 to £33,999	6,250	6,500
£34,000 and above	4,750	5,000

Source: SAAS

12. While NUS Scotland has been extremely supportive of the Scottish Government’s simplification of student support, and the creation – as we had long called for – of a significantly enhanced settlement for the poorest students, we would be keen to see how these increases could be achieved through bursaries, as opposed to further loan increases. This would particularly be the case for the bottom two income brackets at least.

13. There are estimated to be around 23,000 young students with household income under £24,000 a year, and a further 17,000 independent students with a household income of less than £24,000. Therefore a £250 increase in bursaries for

the two bands under £24,000 would cost around £5.75m for young students and £4.25m for independent students.

14. The remaining students, those with household above £24,000 a year could hopefully see increases in their entitlement by £250 through bursaries as well, however, it is accepted that securing bursary increases are most important for the poorest students, with higher income students potentially seeing further increases through student loans.

- Recommendation: Uprate HE student support in line with inflation (rounded up to nearest £250 increment)
- Link with NPF: As *Still in the Red* found, student support in higher education, as with further education, is vital in ensuring students are able to concentrate fully on their studies without having to rely overly on part-time work, or seek out damaging commercial debt, such as credit cards and payday loans. As such – and in line with our recommendations on FE bursaries – ensuring that HE student support keeps up with rising living costs will ensure that students feel able to access and stay in higher education, furthering increasing the skill profile of Scotland, improve graduate destinations, and – with the focus (rightly) now on widening access, and encouraging more students from poorer backgrounds into university – reduce inequalities and poverty.

Postgraduate funding

15. While Scotland has made some extremely significant steps in improving our poor rates of access to higher education for people from our most deprived communities at the undergraduate level, too often access to postgraduate education still depends too much on postcode and background, as opposed to ability or desire. At the same time, research carried out on behalf of The Sutton Trust has found that “11 per cent of 26-60 year-olds in the workforce now holds a postgraduate qualification, up from 4 per cent in 1996.”² Equally, those holding a master’s degree can expect a premium over and above those holding a bachelor’s degree equivalent to an extra £200,000 over their working life.

16. In Scotland, and in common with the rest of the UK, there is little grant or bursary support for postgraduate students meaning many postgraduate students are unable to undertake a postgraduate degree without incurring significant levels of (commercial) debt. Students may be eligible for a postgraduate tuition fee loan (PTFL) up to a maximum of £3,400 to cover the costs of their fees (a key strength of the Scottish system), but this often falls short of the average cost of a postgraduate degree, and equally is not available for all postgraduate degrees. At the same time, there is no support for living expenses. This came through strongly in *Still in the Red*, where 75% of PG taught students responded that they were not receiving enough support to concentrate on study, compared to 67% of all students.

17. When we consider the low rates of financial support for postgraduate students, it is perhaps unsurprising that demand for PG courses among Scottish

² “Postgraduates earn £200,000 premium as basic degree no longer enough”, The Sutton Trust, <http://www.suttontrust.com/news/news/the-postgraduate-premium/>

students at Scottish universities has not increased over the past decade, and indeed Scottish student numbers have decreased, with 11,780 Scottish-domiciled entrants to PG courses in 2011/12, compared to 12,405 in 2002/03. Looking below, we can also see that entry to PG courses is far higher among international students when compared to first degrees.

Students in higher education at Scottish HEIs and colleges by domicile and level of study

	Postgraduate		Undergraduate	
	(n)	(%)	(n)	(%)
Scottish	11,780	39.67	32,160	71.55
Rest of UK	3,665	12.34	4,710	10.48
EU	3,870	13.03	4,620	10.28
Non-EU	10,380	34.96	3,455	7.69
Total	29,695	100.00	44,945	100.00

Source: Scottish Government

18. As can be seen in the table above, while Scottish students make up the overwhelming majority of first-degree entrants at Scottish universities, this high proportion is greatly reduced for postgraduate degree entrants, not least when compared to the increase in international student entrants to such degrees.

19. It is our belief that increasing investment in postgraduate study for Scottish students would have extremely positive effects for both them as individuals, but equally society, and the economy, as a whole. Living costs support, provided through loans, would have significant impacts on fair access, reduce reliance on commercial debt, and hopefully serve to make postgraduate study a much more realistic prospect for all students. Moreover, there is scope within the spending review as it stands for this to potentially happen through the existing HE student support AME budget line, which is due to rise by at least £60m in 2014/15 as a result of consequential from Westminster.

- Recommendation: Introduce living cost and enhanced tuition fee support for postgraduate students, through government loans, which can be achieved through existing budgets.
- Link with NPF: Ultimately, such a move would have significant effects on employment opportunities, helping to “see more of Scotland’s people in higher-skilled and better-paid jobs.” Equally, it would greatly increase the nation’s skill profile, and, due to the significant premium associated with holding a postgraduate degree, produce a smarter and wealthier country.

Tackling youth employment through increased places

20. Given the on-going worries of youth unemployment in Scotland, NUS Scotland has welcomed the commitments made so far in this area by the Scottish Government, not least the creation of a dedicated Minister and budget, and the creation of the ‘Opportunities for All’ guarantee. Undoubtedly, one of the strongest ways to secure long term growth, and plan for the eventual economic recovery, is to invest in Scotland’s future – young people – through education, training and

employment. We strongly urge the Scottish Government to use the resources available to it to continue with this investment, and go further where possible. In particular, we would be interested in exploring a number of possibilities for further investment through:

Expanding graduate numbers

21. We welcomed the creation this year of additional places specifically to support widening access and articulation to university, something which we urged strongly in our research report, *Unlocking Scotland's Potential*. These places ensure that those with the greatest potential, but also those with the greatest risk of never getting the opportunity to access a university, have their chances increased. Moreover, it would continue to add to Scotland's highly skilled workforce and knowledge economy, and broaden it out to different demographics.

22. We believe the additional places for articulation and widening access are a great start, but one which should be built on. By expanding the number of places available through these means we can increase the number of graduates through our institutions and also work to see significant progress in widening access. We would like to see an additional 1000 widening access and 1000 articulation starts per year, above what is already planned. This would see a cost of around £10m in year 1 (in this context 2015/16) rising by the same amount each year to year 4.

Investment in college places

23. NUS Scotland believes that the significant role that colleges play in providing access to tertiary education and through this, greater life chances cannot be understated. Colleges offer real opportunities for education to any people who may otherwise miss out on education altogether, and importantly offer a vital second chance at education for those who may have missed out earlier in life are often so far from it, not least the most deprived in Scotland. We would be keen to explore how the forthcoming spending review, and future budgets, could be used to further improve upon many of the positive developments of the previous year.

24. As we have stated previously, we are supportive of mergers where there is clear student, not simply financial, benefit. However, we are concerned about the potential negative effects mergers and budget cuts might be having. This could include negative impacts on local access, forcing students to travel unreasonable distances to access certain courses and could also include a prioritisation of full-time students, meaning that many women and disabled students who may predominantly be older and study part-time miss out. As a result of this, we were grateful to see a clear priority for some of the additional resource provided through the 2013/14 budget being targeted at places for disabled and women students who might be at risk of losing out. We would want to see this continued, and hopefully improved upon, in any future budgets, ensuring that places are protected as a bare minimum, and increased for groups who may be at a disadvantage where possible.

25. Similarly, while we have welcomed the Scottish Government's commitment to assure every 16-19 year old a place in education, employment or training, at this time of still high youth unemployment, and the need to invest in all our young people, we would be keen to see the potential for this guarantee to be extended to 24 year olds. There will be many young people who may not have had the chance to access

education direct from school or due to lower levels of qualifications now find themselves out of work at a still young age, and it is vital that there is a safety net to support them back in to education or training to re- or up-skill.

- Recommendation: (i) increased provision within colleges for part-time, mature and women learners and the extension of opportunities for all to 20 - 24 year olds. (ii) A further 2000 places for widening access and articulation (above already planned)
- Link to NPF: As noted elsewhere, colleges play a significant role in providing opportunities for hundreds of thousands of people to access courses which support them into either further education or training, or into jobs. Further boosting the number of places available at college would ensure that we invest further in these opportunities, and increase the skills profile of Scotland, see more people in learning, training or work, and – especially in college, where so many students come from the most deprived communities – provide more routes out of poverty. The same is true of increased provision in university places, and especially in a context of poor rates of fair access. Further boosting the number of places available for widening access would ensure that, as a country, we were investing most markedly in those from our most deprived backgrounds, and increasing opportunities for all those with the ability to succeed.

Protecting overall teaching funds

College teaching grant

26. The table below shows the draft and amended budgets for colleges, over the course of the current spending review:

Scottish Government spending decisions, 2011/12 – 2014/15

SFC Programme	FE	Scottish Budget Allocation (£m)				Change over period (cash terms)	
		2011/12	2012/13	2013/14	2014/15	£m	%
Draft Budget		544	507	495	471	-73	-13.42
Amended Budget		563	546	522	522*	-41	-7.28

**Based on verbal assurances during 2013/14 Budget process*

Source: Scottish Government budget documents

27. As can be seen, where colleges were due to receive cuts of £73m over the period (a 13.42% drop) they instead saw cuts of £41m (7.28%). We welcomed these changes to the planned spending review levels, as they recognised the important role of colleges in providing real opportunities to access education for those who too often are most at risk of missing out, and even more so because colleges play a huge role in offering skills and training for future employment. Therefore, we would have concerns that further cuts could put college funding below a level which ensures they can protect the academic experience fully, and would welcome protection for the future.

University teaching grant

28. NUS Scotland welcomed the continued commitment to strong public funding for universities over the course of the current spending review, recognising the immense public benefits this brings. The additional £135m over the period, combined with the fee income from RUK students, should ensure that any funding gap with England is firmly closed, if not exceeded. It is vital that this strong funding is continued. As such, we would welcome protection for university teaching funding.

- Recommendation: protect university and college teaching grants
- Link to NPF: High quality teaching is vital to ensuring that Scotland's college leavers and university graduates are well equipped for the world of work, further study, and general contribute to a wealthier society. Moreover, investing in teaching and aligning this with Scotland's strong record in research and innovation through research-informed teaching, contributes to a much more knowledgeable society, and graduates who are able to then progress to higher levels of study.

Conclusion

29. The National Performance Framework sets out a number of extremely important ambitions for Scotland, not least as we look to an upturn in the current economic situation, especially the rate of employment for young people. It remains the view of NUS Scotland that ensuring the best strongest funding possible for colleges and universities will be vital to this, by investing in students and young people, and equipping them with the skills and knowledge to succeed.

30. Investing in student support to ensure all students feel able and financially secure to access and stay in education, building on investment in places to support many more students in to education – not least those from backgrounds and circumstances where too often they find themselves locked out – and protecting teaching funds to ensure continued quality will all be vital to drive economic, personal and social growth.

31. Over the past few years, Scottish budgets have ensured a great number of successes in tertiary education. It is our hope that the next draft budget and spending review for 2015/16 recognises the vital importance of tertiary education, and builds on our current success – in building a fairer, wealthier and smarter society; improving the skills profile of our country; reducing inequalities in Scotland; and securing increased positive destinations for our graduates.