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Ionad Fiosrachaidh Pàrlamaid na h-Alba

Briefing for the Public Petitions Committee on petition PE2278: Abolish Student Debt and Replace SAAS Maintenance Loans with Living Cost Grants, lodged by Apostle Voron

Brief overview of issues raised by the petition

PE2278 calls on the Scottish Parliament to urge the Scottish Government to abolish the current student loan system administered by the Student Awards Agency Scotland (SAAS). The petition proposes replacing living-cost loans with non-repayable state grants. It also calls for an end to household means-testing and for SAAS maintenance grants to be set at the level of the National Living Wage.

Student support in Scotland

The Student Awards Agency Scotland (SAAS) is the Scottish Government agency that manages applications and payments for student support.

Scottish-domiciled students who meet the residency criteria are eligible to have their tuition fees paid by SAAS.

Support with living costs can be provided as a combination of student loans, bursaries and grants. The type and amount of support available depend on individual circumstances.

Living cost support

The petition refers to SAAS maintenance loans, which is the student loans provided by SAAS to help with living costs.

Borrowers start repaying their student loan once they have left their studies and their income exceeds a specified repayment threshold. Bursaries and grants are non-repayable.

Assessment for some forms of living-cost support, including the amount of student loan available, is based on household income. Depending on individual circumstances, this may take account of the student's income and that of their parent(s) or legal guardian(s), or their partner.

For the purposes of assessing student loan entitlement, SAAS generally classifies applicants as either young students or independent students.

Four bursaries are available, including specific bursaries for care-experienced and estranged students:

- Young Students' Bursary (YSB): A means-tested bursary of up to £2,000 per academic year for eligible students under 25. The amount awarded is based on household income.

- Independent Students' Bursary (ISB): A means-tested bursary of £1,000 per academic year for eligible students who are considered financially independent. This can be because they are aged 25 or over or have supported themselves for a qualifying period.

- Care Experienced Students' Bursary (CESB): A bursary of £9,000 per academic year for students who have been in care or been looked-after before turning 18. The bursary is not means tested.

- Estranged Students' Bursary (ESB): A bursary of £1,000 per academic year for students who are unable to rely on financial or practical support from their parents due to a permanent breakdown of the relationship. The bursary is not means tested.

In addition, some students may be eligible for grants, such as the Lone Parents Grant or Disabled Students' Allowance (DSA). There are also bursaries available for certain courses, such as dentistry or those studying to be a paramedic, nurse or midwife. Further information on support for these courses is outlined in the SPICe blog on student support in higher education.

Independent review of student support

In 2017, the independent review of student support recommended a minimum student income entitlement of £8,100, which was equivalent to the living wage at the time. The review recommended that this should be delivered through a combination of student loans and means tested bursaries to support those from poorer backgrounds.

Scottish Government actions

From academic year 2024-25, the Scottish Government introduced a £2,400 Special Support loan for higher education students on a full-time undergraduate or postgraduate course. This increased the maximum annual support package to £11,400 for eligible undergraduate students from households with an income of less than £21,000. The loan is included as part of the overall funding package and does not impact on benefit entitlements.

In its response to the petition, the Scottish Government argues that replacing student loans with non-repayable grants would require significant additional resource spending and is therefore not practical or achievable.

It notes that £789.6 million was paid out in living-cost loans in 2025-26 and estimates that replacing these with grants would require around £790 million of additional annual spending. It also states that annual resource spending on student support would increase from around £298 million to approximately £1.1 billion.

On household income assessment, the Scottish Government refers to the Family Law (Scotland) Act 1985, which places a general obligation on parents to support children up to age 25 who are in further or higher education or training, stating:

> "This obligation applies to students aged 18-24 whether they live in the parental home or elsewhere. As a result, household income is taken into account when determining a student's eligibility for support..."

The Scottish Government states that considering household income when assessing eligibility for student support allows available funding to be targeted towards students from lower-income households.

Student debt in Scotland

The Student Loans Company (SLC) administers student finance across the UK, paying out loans and collecting repayments

SLC publishes statistics on student loans in Scotland. For financial year 2025-26, the average student loan balance of a Scottish higher education borrower starting repayments was £21,000. The total outstanding higher education student loan balance in Scotland was £10.4 billion.

Most repayments are collected automatically through PAYE or Self-Assessment. Most Scottish students repay under Plan 4. Interest on the loan is subject to a cap, calculated as the lower of:

- the Retail Price Index (RPI); or
- the Bank of England base rate plus 1%.

The SLC will usually cancel any remaining loan balance and interest 30 years after the borrower first becomes liable to repay the loan.

The repayment threshold for Scottish borrowers has increased gradually in recent years, rising from £25,000 when Plan 4 was introduced in 2021-22 to £32,745 in 2025-26.

Key Organisations and relevant links

- SPICe briefing on Further and Higher Education (includes a section on financial support for students in Scotland).

  SAAS guide on funding for undergraduates

- SLC statistics on student loans in Scotland

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November 2026

The purpose of this briefing is to provide a brief overview of issues raised by the petition. SPICe research specialists are not able to discuss the content of petition briefings with petitioners or other members of the public. However, if you have any comments on any petition briefing you can email us at spice@parliament.scot

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Published by the Scottish Parliament Information Centre (SPICe), an office of the Scottish Parliamentary Corporate Body, The Scottish Parliament, Edinburgh, EH99 1SP