



INDEPENDENT REVIEW OF FINANCIAL SUPPORT FOR STUDENTS IN SCOTLAND

Consultation Paper June 2017
Response deadline Thursday 31st August 2017

RESPONDENT INFORMATION FORM

Please Note this form **must** be completed and returned with your response.

Are you responding as an individual or an organisation?

- Individual
 Organisation

Full name or organisation's name

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The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name
 Publish response only (without name)
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Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- Yes
- No

6.1 If you are responding in an individual capacity, which of the following best describes your background?

- a) Currently a student studying a Further Education (FE) course at a College
- b) Currently a student studying for a Higher National Certificate (HNC) level qualification or above at a College
- c) Currently a student studying a course at a University
- d) Prospective student
- e) Employed in an education institution
- f) Other (please specify): _____

6.2 If you are from an educational institution please provide:

- a) An indication of the number of students enrolled
- b) Geographical location
- c) Other (please specify): _____

Thanks

Thank you for taking the time to complete the consultation, we welcome all views. The final report will be published in the autumn.

Colleges Scotland's Response to the Independent Review of Financial Support for Students in Scotland Consultation

Executive Summary

- Colleges Scotland is supportive of the model of student support proposed in Professor Sir Ian Diamond's review of the student support system in Wales, where all students can access the same amount of student support, but the bursary to loan ratio is on a sliding scale dependent on household income. (Q1.2)
- We believe that a means-tested system, where students coming from the poorest backgrounds have a higher bursary component than those students coming from more affluent backgrounds, is an equitable approach. (Q1.4)
- A single point of application for all student support may be feasible, as long as such a system allowed for college students, particularly at further education (FE) level, to receive local assistance, support and advice at their place of study from experienced staff members. Such a system may significantly remove the barrier of the complex student support application process, whilst allowing for more detailed, or interwoven evidence processes behind the scenes. (Q2)
- Students may meet the eligibility criteria to apply directly to their institutions for additional financial help, including for childcare or for hardship funding in addition to their student support award. This can be an unintentionally opaque process and, as it sits separately for higher education (HE) students especially, could be a barrier to much needed financial support. Consideration should be given as to how best these funds are allocated, making best use of the extensive knowledge and support of local staff. (Q2)
- Noting the overrepresentation of HE students in college from SIMD40 backgrounds, thought should be given into how applications to the Student Awards Agency for Scotland (SAAS) for student support are prioritised after the guarantee date to ensure that financial inconvenience is minimised for college students who secure a late place. (Q2.1)
- The commissioning of the Student Support Review is acknowledgement that currently student support is a complex system; this should not limit ambition for a new student support system with funding information that is clear and easy to follow. Applicants to post-16 education must be empowered to make informed decisions about the pathways they are choosing. There is an opportunity for any new student support system to be digitally innovative and creative in the methods used to provide information. (Q3.1)
- Colleges Scotland believes, mindful of the Cubie Report recommendations that a full-time student should work no more than 10 hours a week around their course, that a minimum income guarantee should be implemented for all students. Colleges Scotland is supportive of the Diamond model of student support, calculated on the Scottish Living Wage, with students from the poorest households having more of their student support award in bursary form. (Q4)
- Universities in Scotland recruit students from the rest of the UK (rUK) who pay upwards of £9,000 a year in fees for the duration of their course. These students are entitled to access discretionary funds administered by their institution and allocated by SAAS, but to which the university is not required to financially contribute. English institutions under the jurisdiction of the Office for Fair Access (OFFA) are mandated to allocate a proportion of higher fee income to support access, student success and progression for disadvantaged students. In contrast, no such requirement is placed upon universities in Scotland for students who originate outside of Scotland. Colleges Scotland believes this is a fundamentally unfair financial bonus that universities are privy to, and that there ought to be an expectation that institutions charging higher fee rates must contribute the funds allocated by SAAS for discretionary funding. (Q5)

- With Brexit impending, the Student Support Review Group should consider how best the funds currently allocated to paying the tuition fees of EU students could be utilised in meeting the Scottish Government's ambitions around widening access. (Q5)

Introduction

Colleges Scotland is the membership body for Scotland's 26 colleges, cited in our local communities across 13 regions in Scotland, who each service the education, skills and training needs for over 227,000 students each year and employ around 11,000 staff. Our colleges play an integral role in providing opportunities in the right place and at the right time for students from some of the most deprived communities in Scotland, for whom their college education will be the tool to lift themselves and their families out of cycles of deprivation and unemployment. Colleges Scotland is proud of the role of the college sector in widening access to education, in particular for those most distanced from both education and the labour market. While we believe that the college sector meets the demand of the labour market by producing skilled, qualified workers across all sectors, we also believe that our graduates, and particularly those coming from historical deprivation, should be supported to leave college and enter the labour market. Scotland's colleges deliver 28% of all HE level study in Scotland, and so are uniquely placed to consider the funding arrangements for student support as colleges deliver education both full-time and part-time, and across FE and HE level education.

We welcome this opportunity to respond to the consultation set out by the Student Support Review. Each of the consultation questions has been answered in turn below.

1. Greater alignment of financial support for students across colleges and universities with increased fairness in what all students can access

In considering each of the questions in this section, Colleges Scotland considers the role of our members in delivering education, skills and training or retraining to students from some of the most deprived areas in the country, and reflects upon the Scottish Government's ambitions for widening access, and for inclusive economic growth.

In order to have a 'fair' student support funding system, it is our position that students coming from the most financially challenging backgrounds should have the largest award, but that the Student Support Review must recommend a model with a fairer balance in the loan to bursary ratio for students coming from poorer households. The Cubie Report of 1999 recommended that students should undertake no more than 10 hours of paid employment each week and it is our belief that students should be able to meet their financial commitments with their student support award and their 10 hours of paid employment. Student support awards should be on a means tested, needs-led basis across all modes of study. In addition, household income definitions should be the same for EMA, FE and HE student support.

In the current system, three full-time students sitting side-by-side doing the same course at the same college may be funded (or not funded) in three different ways. For students studying at FE level – up to SCQF level 6 – their student support is administered by their college; that funding comes from a cash-limited sum allocated by the Scottish Funding Council (SFC), and these funds are redistributed towards the end of the calendar year. The student support award to each individual is dependent on a myriad of factors:

- students who are aged between 16-19 may be awarded an Education Maintenance Allowance (EMA) of £30 a week dependent on household income
- students who are in receipt of state benefits prior to starting their studies may remain on those benefits instead of being awarded funding directly from the college
- older students may be awarded a non-repayable bursary (dependant on household income and individual circumstances) of approximately £100 a week (on a sliding scale to £0).

The level of bursary support currently available does not meet the needs of many students and this puts a significant strain on their finances. This in turn creates pressure on the limited discretionary funds available at college level. However, the current system does at least allow students at FE level to finish their course without having accrued significant debt in the form of student loans.

The current system ensures that colleges are able to maximise the cash limited sum allocated for FE student support through the use of EMAs. It should be noted however that FE level students have no entitlement to student support; it is awarded at the discretion of the college in accordance with guidance from the SFC.

Students studying at SCQF level 7 (Higher National Certificate) or above are classed as being in HE and are funded by SAAS¹. The student support award will comprise of a loan and a bursary element, both of which are means tested. The means testing guidelines for HE students are not the same as the means testing guidelines for FE students and in fact the 'steps' at which entitlement changes are not graduated and create pressure points, as demonstrated in the table below from the SAAS Funding Guide for 2017/18. Furthermore, it should be noted the reduction in bursary and loan support at each household income bracket change.

Young students (HE level, age 16-24)			
Household income	Bursary	Loan	Total
£0 to £18,999	£1,875	£5,750	£7,625
£19,000 to £23,999	£1,125	£5,750	£6,875
£24,000 to £33,999	£500	£5,750	£6,250
£34,000 and above	£0	£4,750	£4,750

To illustrate the complexity, a student receiving the Young Student Bursary payment averages £45 per week but as a result of this award the parents lose entitlement to Child Benefit/Tax Credits worth over £80. If the household income is low, a young person at the age of 16 can apply for a loan of £5,750. This means a young person is taking on debt at an early age.

The status quo for HE students at college coming from the poorest households will see them entitled to a maximum award of £7,625 with the majority comprising of a student loan. Students with a household income of more than £34,000 are entitled to no bursary and a maximum loan of £4,750. Thus, HE students coming from lower income households will be expected to graduate with a higher level of student debt than their peers from more affluent households. It must be noted that a combined household income of £34,000 is not high, and students in these circumstances currently only have access to student support of £4,750 per year.

1.1 Should there be parity in funding levels available to all students, based more on need rather than the level of study?

We believe that Scotland's colleges play a key role in tackling socioeconomic inequality, and highlight the significant over-representation of students from SIMD10, SIMD20, and SIMD40 backgrounds in the college sector, for whom college has been the right option at the right time and in the right place. We believe that all students should have access to a funding package which is sufficient to allow them to focus on their studies, underpinned by the recommendation from the 1999 Cubie report that students should not engage in employed work for more than 10 hours a week. We would emphasise that a fair and equitable approach would weight in favour of students coming from the lowest income households. This should mean that between the student's financial support and their paid employment, they have sufficient income to cover their living costs and allow a reasonable quality of life. Colleges Scotland is in favour of a student support model which calculates a student's financial award according to the Scottish Living Wage.

To follow this line of thinking through, this would indicate that student support should be means tested on an individual basis. For HE students applying for student support through SAAS, we believe that the current stepped model for means-testing is inappropriate, as support begins to pare off at a low gross household income which is crude, but more so when considering today's contemporary blended families. As an example, a household with two adults each earning £15k per annum would have the same gross income, but a higher net than a single parent household with one adult earning £30k per annum. Some careful consideration, with sensitive recommendations, should be given to effectively calculate what 'household income' means for students who may belong to

more than one household, and for adult returner students who may also be supporting children who are students.

A significant proportion of college students are expected to undertake a compulsory placement as part of their course, for example students on an HN Social Care course are likely to commit the same time again on placement as in class contact. Colleges Scotland anticipates that the issue of time commitment may also be raised by representatives of students studying nursing, teaching and other vocational courses delivered in universities. To illustrate, an HNC Early Education and Childcare student would commit 16 hours a week to class contact time and 16 hours a week to placement. The student would be unable to complete their course without completing placement, but this time commitment totals nearer 32 hours a week which is significantly more than a student whose course did not require placement and may make it difficult to complete 10 hours a week paid employment. Colleges Scotland would suggest that students do not have a homogenous experience and the 10 hours per week paid employment should be a guideline.

1.2 How could parity be achieved and how can we maximise the income available to students?

The review board should reflect on what parity means in this context: equality, or social justice.

An approach to parity rooted in social justice would ensure that students from the lowest income backgrounds have their student support maximised and will leave education with lower debt than their peers from more affluent backgrounds. In this regard, Colleges Scotland is supportive of the model of student support proposed in Professor Sir Ian Diamond's review of the student support system in Wales, where all students can access the same amount of student support, but the bursary to loan ratio is on a sliding scale dependent on household income.

Particular consideration should be given to students with caring responsibilities and disabled students to ensure their income is maximised.

1.3 How can parity in funding be achieved without having a negative impact on benefits?

Staff in Scotland's colleges are knowledgeable about how to best maximise the income of FE-level students, who are not entitled to any student support but who are able to apply for student support at the discretion of the college. Some FE students can stay on their state benefits as this gives them a security of income at a more financially secure level. The Student Support Review is occurring at a point where the benefits system is changing and Universal Credit guidelines may mean few students will be able to remain on their benefits. This change will likely increase demand for the FE student support pot if the system remains as it is presently. HE students are likely to be disadvantaged from the change to Universal Credit, as they will have to come off benefits to apply for a repayable loan.

1.4 What is the most effective way to determine which students are most in need of bursary support?

Colleges Scotland is proud of the role of the college sector in widening access to education for those most distanced from both education and the labour market. We service the education, skills and training needs of students from some of the most deprived communities in Scotland, for whom their college education will be the tool to lift themselves and their families out of cycles of deprivation and unemployment. While we believe that the college sector meets the demand of the labour market by producing skilled, qualified workers across all sectors, we also believe that our graduates, and particularly those coming from historical deprivation, should be supported to leave college and enter the labour market without the burden of significant debt.

We believe that a means tested system, where students coming from the poorest backgrounds have a higher bursary component than those students coming from more affluent backgrounds, is an equitable approach.

The funding allocated to FE student support is from a fixed sum of money allocated by the SFC directly to colleges and is subject to redistribution towards the end of the calendar year to ensure all colleges have the funds required to meet their student support needs for the remainder of the academic year. FE students who are on benefits when they apply for their course may currently stay on benefits depending on their individual circumstances and at present therefore, they may not utilise this fund. If the student support review recommends that this model continues, consideration must be given to the additional capacity and resource which colleges will need to maintain student support at the current level. This pot is currently insufficient and topped up with significant funds by each college. As an example, one college which has one of the highest proportions of SIMD40 students in Scotland, topped up their allocated fund by £450,000 last academic year.

2. A simplification and clarification of the systems used to provide financial support to students in Scotland today

Under the current student support model, HE level students can apply for their funding through SAAS from before the summer that they commence their studies. They are therefore able to make informed decisions about their income and expenditure, with the knowledge of how much they will receive each month and when. The current model of a double payment in the first instalment and instalments running each month for the duration of the students' course, overall seems to work well and allows the student to financially plan during term time. HE students are not entitled to out-of-work benefits like jobseekers' allowance, even if they have not applied for student support. This is because they have an entitlement to this funding and are deemed to have taken it whether they have or not. As the student support is awarded on an annual basis, but paid during term time, this can lead to students struggling financially over the summer months and in particular those who have caring responsibilities.

The review group should consider how best to support students during the summer months. Potential routes for investigation include a specific additional hardship fund for the summer only and giving students the option of when they would like their student support paid. This should not be an either/or approach.

For FE level students who apply directly to their college for student support, they may not know what their income is going to be until their course has already commenced. This can make it very difficult, if not impossible, for FE students to make informed decisions about whether returning to study is financially feasible for them and their household.

A single point of application for all student support may be feasible, as long as such a system allowed students, particularly at FE level, to receive assistance, support and advice at their place of study from experienced staff members before, during, and after applying. FE students tend to study within their local community and many require significant support on a daily or weekly basis to take account of rapidly changing circumstances. Any development of online or centralised systems would not preclude the need for significant local support services to support these more vulnerable students. Such a system may significantly remove the barrier of the complex student support application process, whilst allowing for more detailed or interwoven processes behind the scenes. This may mean college staff working with new students to make sure their application is completed successfully. Regardless of any streamlining at the front-end application process, it remains that the application process will remain relatively complex with proof of identity and financial circumstances needing to be evidenced and scrutinised. Knowledgeable and supportive onsite staff have been highlighted by students as a key benefit of colleges.

Students may meet the eligibility criteria to apply directly to their institutions for additional financial help, including for childcare or for hardship funding which tops up their student support. This can be an unintentionally opaque process and as it sits separately for HE students especially, could be a barrier to much needed financial support. Consideration should be given as to how best these funds are allocated making best use of the extensive knowledge and support of local staff.

2.1 What are the key features of the current system that may deter or make it more difficult for students to access or stay in college or university?

In FE, as mentioned previously in this submission, not knowing what their student support package will be until the course has already started makes it difficult for students to make informed decisions about the financial feasibility of study. To compare this to an employment situation, an applicant to a job would know what their salary would be before they decided to accept it or not.

Quality information, advice and guidance around the financial options available to students is key, ensuring that potential students and the people who advise them can access everything they need to make a decision. An anecdote which highlights this is that care experienced young people have reported being advised by their social worker, carer, or foster parent not to take student support as it would leave them in debt, with no detailed explanation as to how student loans are repaid from salary after income hits a specific level rather than being a debt in the vein of a credit card or overdraft. It should be noted that policy around student support for care experienced students has now changed, and all eligible care experienced students receive their full student support package as a bursary.

Also to be considered is the difficulty in transitioning between benefits and student support, which can potentially leave the student with zero income for a long period, preventing them from being able to pay for travel into their institution. For FE level students, this could mean failing to meet the 100% attendance requirements and having their student support withdrawn, thus reinforcing this cycle.

SAAS guarantees to have a student support award processed in time for the start of the course if the application is submitted by their guarantee date which is currently the 30th June. This is a process which works well for those applying to university via UCAS who will be holding an offer of a place. Due to the nature of applying for a course at college, it is feasible that a college applicant may receive their place after the SAAS guarantee date and may therefore have to wait for weeks after their course has started before their student support is awarded. While we note the efforts SAAS have made in streamlining their processes and ensuring that applicants apply as early as possible to clear the decks for later applications from college applicants, the HE student support system is currently weighted in favour of university students. Noting again the high representation of HE students in college from SIMD40 backgrounds, thought should be given into how applications are prioritised after the guarantee date to ensure that financial inconvenience is minimised for college students who secure a late place.

2.2 Do any of the current rules and/or practices in place make it harder to access or maintain study?

The current system for FE student support is that a cash-limited pot of money is allocated to each college at the start of the academic year. Decisions are made by each college funding team to maximise that pot for the most students possible, although it must be noted here that FE students have no entitlement to student support. This has the potential for FE students not to be awarded the funding that they may require to complete their studies. In recent years, when the in-year redistribution has not produced sufficient funding across the sector to meet demand, colleges have had to use significant institution funds including the depreciation line in their budget. We believe this is not a sustainable approach to student support, nor is it fair to colleges when compared to universities.

It should be noted that colleges are allocated student support funding on a historical allocation basis, therefore some have been over allocated and others under allocated student support funds to the detriment of students. In addition, payments made for childcare vary considerably across the sector which puts many students at financial disadvantage simply because of where they study.

2.3 How could the way in which financial support is delivered to students at college or university be improved?

Colleges Scotland would like to commend the staff whose knowledge and diligence ensures that our students, some of whom are from the most financially precarious backgrounds, are able to maximise their income while studying. Students can speak to a staff member in person in advance of applying, and during the process, which ensures a quick turnaround. This is particularly vital when considering that colleges deliver skills, training and education to the most vulnerable learners in the post-16 education system.

The bureaucratic implications of the 100% attendance guidelines for FE level students have been significant. The correlation between attendance rates and academic success is unequivocal, but Colleges Scotland believes attendance is a welfare issue and students should not face financial precarity due to circumstances outside their control. Colleges Scotland believes the attendance requirements for FE and HE students should be equalised and should be viewed through a lens of the student's wellbeing.

3. Better communication of the funding available, including a clear expectation of the repayment terms of student loans

It is imperative that any student support system model is uncluttered, easy to understand, explain and is communicated to potential students before they are considering their future options. Both prospective and continuing students must be empowered to make informed decisions about their future, when considering young people this must include their parents and carers, so must by necessity ensure that teachers are trained to deliver this knowledge. Clear and accessible information should support any new student support model, to ensure that young people and their parents/carers are not accidentally discouraged, or ill-informed, through out-of-date information. Consideration should be given to young people who are in care and supporting the parents, carers and social workers in helping these young people to understand their entitlement.

Ideally, information on student support should be available to young people before making their subject choices in secondary school and reinforced throughout the senior phase at transition points and career guidance sessions. It is important that young people are equipped with the facts before making decisions, but it is also important to ensure that returners to education are provided with a platform to navigate this too. In today's more digital environment, innovative methods involving apps, websites and well-designed content may be more engaging and easier to access than traditional formats.

It is crucial that all information about student support is delivered in a manner which leaves the potential student in no doubt as to how their funding package is constructed and what it means for their future and repayment of any loan component. In this regard, while the student loan terms and conditions are significantly more favourable than commercial finance, the student loan remains a serious financial commitment with likely repayment ramifications through a significant part of the student's working life.

3.1 What type of information on funding would be helpful to students – both prospective and continuing?

The commissioning of the Student Support Review is acknowledgement that currently student support is a complex system; this should not limit ambition for a new student support system with funding information that is clear and easy to follow. Applicants to post-16 education must be empowered to make informed decisions about the pathways they are choosing. There is an opportunity for any new student support system to be digitally innovative and creative in the methods used to provide information.

As a note of caution, we would remind the reader that not all students are applying to post-16 education institutions from school and consideration should be given as to how returners to education get information about student support.

Colleges Scotland's members have highlighted that a lack of central funding to invest in college student systems is a major barrier to improving communication, access and processes for students.

3.2 How and where should that information be made available? Would a particular format be more helpful?

In order to combat unintentionally poor-quality advice from adults who experienced a different student support system, information and guidance must be made available early in school life.

Any information must be available in multiple formats to suit the different needs of learners, with consideration given to specific separate formats for adults who play a role in advising and supporting applicants, including teachers, parents and carers, social workers and others. Online provision should be core to meeting the needs of this digital native generation. College Student Funding Advisors often attend school information days, this should be in liaison with Skills Development Scotland and Department for Work and Pensions advice shops.

3.3. When should potential students first be given information on financial packages of student support?

To answer this question we must consider what is meant by 'potential students' as there are multiple entry points to post-16 education. Potential students should be made aware of all information which would inform their future decisions. This would support information being made available at school prior to subject choices being made (i.e. from S3), reinforced after exam results. Again, consideration should be given to adult returners.

Indicative information should be available online and in college/university as and when students first consider applying.

3.4 What role should colleges/universities/schools play in providing information on student support?

Education institutions already play a central role in disseminating information about post-16 pathways and this can be reinforced at open days, careers fairs and during any widening access initiatives which give potential students an insight into student life. Schools should provide information no later than S3. Colleges and universities must provide information to applicants and potential applicants at the point of interest.

3.5 What more could be done to support parents/guardians to better understand the student support funding available?

This question should ideally be flipped to: How do we ensure accurate and up to date information is available to anyone who needs to have it?

Ensuring a multi-strand approach to information will be central. Parents and guardians will access information in different ways and an approach which is reliant upon pupils bringing home letters from school may be unhelpful. An online resource is most likely to meet the needs of pupils, parents, and school staff.

3.6 What could be done to help students understand more about student loans, including how and when they are repaid?

Clear and unambiguous guidance, delivered through a myriad of methods including an online portal with predictive interactive functionality, will be of vital importance.

Many inaccuracies exist in the narrative about student loans and anecdotal evidence would suggest some students are not aware of their repayment schedule, at what stage of income they'll be expected to repay their student loan and that their loan is subject to interest. This must be remedied. Having a loan repayment table in the SAAS student funding guide and website would be one example of how to address this.

4. Further consideration of the levels of funding required for all students and the funding mix.

Colleges Scotland believes, mindful of the Cubie Report recommendations that a full-time student should work no more than 10 hours a week around their course, that a minimum income guarantee should be implemented for all students. Colleges Scotland is supportive of the Diamond model of student support, calculated on the Scottish Living Wage, with students from the poorest households having more of their student support award in bursary form.

4.1 Should a 'minimum income' guarantee be introduced across all students?

A minimum income guarantee already exists for students studying at HE level. In seeking parity across the system, a minimum income guarantee for FE students aged 18 and above would be a logical step.

4.2 What should the 'minimum income' guarantee be, and why? Should it be linked to the Living Wage?

The premise of the Living Wage is that it is the minimum amount required to live on. The question is, how would a student support package *not* based on the living wage be justifiable?

Whatever figure is agreed, should be applied to students in both FE and HE level study.

4.3 Under what circumstances should a 'minimum income' apply?

We believe we have answered this in other sections throughout this consultation response.

4.4 What is the appropriate balance of bursary/loans within a 'minimum income'?

Colleges play a key role in supporting social mobility by providing training, skills and education to learners who are distanced from education and the labour market. The demographic of college students sees SIMD40 overrepresented. We believe that students coming into education from the most disadvantaged backgrounds should be supported with higher levels of bursary. We support the model of student support proposed by Professor Sir Ian Diamond's review of student support in Wales, where every student has access to the same amount of student support but students from more affluent backgrounds have most or all of their student support in loan form, while students from the poorest backgrounds have a higher level of non-repayable student support.

Some Colleges Scotland members have responded to us that FE support should be in the form of a non-repayable bursary.

4.5 Rather than only Higher Education students, should all students have the option to access student loans, regardless of their level of study at college or university (in addition to existing bursary entitlement)?

If the question "*should there be parity in funding levels available to all students, based more on need rather than the level of study?*" is interpreted to indicate a means tested single system, with student loans implemented for FE level students, the unintended consequence of seeking to achieve parity could mean all students each year accrue significant debt in order to pursue their studies. This may be equality, but it would not be social justice, since students accessing FE level study may spend several years at that level before potentially progressing onto employment or HE level study. An FE

student could possibly finish their studies after university with a debt of over £46,000 (maximum student loan over seven years). We believe that the Review Group should be mindful of introducing loans to FE students who are currently funded by bursary and whose journey through education may take 2-3 years longer than a student who has started at a higher SCQF level. The evidence is clear around earning potential for graduates and, although this could mean that FE level graduates do not earn enough to repay student loans, it should be noted that the student loan debt will continue to accrue interest from the date of award, that the student (or graduate) will continue to be sent letters from the Student Loans Company reminding them annually of this sum, and that this outstanding debt may be taken into consideration by banks offering financial products including mortgages. This impact on potentially lower earning college graduates must not be underestimated, but is exceedingly difficult to quantify.

The introduction of loans to FE students could have significant implications for who can and cannot stay on benefits while studying, and any proposed changes should be mindful of this. The level at which FE students are studying would be the equivalent to 5th year at school or lower, and the introduction of student loans for this group would be difficult to rationalise. Any moves to introduce student loans to this cohort must be future-proofed against any change in political direction, and should be considered against a cap on maximum student debt repayable (for example, students who progress to degree level study should only repay the equivalent of four years student loan awards).

4.6 Are there ways that the terms and conditions attached to student loans (e.g. interest rate or repayment threshold) could be reviewed to support consideration of extension to all students?

Careful consideration should be given to the current repayment threshold, which is at a comparably low level even compared to students from England. An increase in the repayment threshold to a senior-level salary scale could be positive for students who may not ever reach that income level and who will by default never repay their student loan, but this would have to be carefully considered and communicated.

Some Colleges Scotland members have responded to us, that there should be no interest on student loans and that government should legislate to exclude student loans from any credit application process.

5. Any other comments, ideas and innovations

5.1 Please use this space to provide any other comments which you believe are relevant to the review. In addition, your ideas and innovative suggestions are welcomed to help inform our final report on how the student support system can be fit for the future.

Colleges Scotland is conscious that our response will rely on additional funding into the student support budget. We are unequivocal that any increase into the student support budget must be from new money. The college sector could not withstand any reduction in its core funding.

The current student support for FE level students is allocated as a fixed sum of money to colleges each academic year, and subject to redistribution by the SFC towards the end of the calendar year. In order to meet the demand from students for student support, colleges have in recent years been instructed to use the depreciation budget line. This is obviously unsustainable and puts colleges in a significantly inferior financial position to universities.

In contrast, universities in Scotland can recruit students from the rest of the UK (rUK) who pay upwards of £9,000 a year fees for the duration of their course. These students are entitled to access discretionary funds administered by their institution and allocated by SAAS, but to which the university is not required to financially contribute. English institutions under the jurisdiction of the Office for Fair Access are mandated to allocate a proportion of higher fee income to support access, student success and progression for disadvantaged studentsⁱⁱ. In contrast, no such requirement is placed upon universities in Scotland. Colleges Scotland believes this is a fundamentally unfair

financial bonus that universities are privy to and that there ought to be an expectation that universities charging higher fee rates must match the funds allocated by SAAS for discretionary funding.

With Brexit impending, the review group should consider how best the funds currently allocated to paying the tuition fees of EU students could be utilised in meeting the Scottish Government's ambitions around widening access.

Colleges Scotland
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ⁱ http://www.saas.gov.uk/_forms/funding_guide.pdf

ⁱⁱ <https://www.offa.org.uk/guidance-notes/fee-caps-inflationary-increases-2017/>