

## **Colleges Scotland: Submission to Smith Commission**

### **Summary**

Colleges Scotland welcomes the opportunity to contribute to the Smith Commission. We believe that there are opportunities to develop solutions, which will enable the development of further opportunities for learners and enhance the college sector's contribution to Scotland's economy.

Solutions can be established which will:

- Enable learners to escape from the 'benefits trap' and access further education.
- Enable Scotland to introduce amendments to the UK immigration policy. In particular, we believe that Scotland will benefit from the ability to offer international students the opportunity to study
- Devolve corporation tax and develop further tax incentives for colleges and employers to create business opportunities for learners and contributes to the Scottish economy.

The devolution of further powers to Scotland provides an opportunity to remove some issues, and inequalities, that exist within the current arrangements. In making these changes, we contend that this will be in the interests of social equality and economic prosperity for Scotland.

### **A Strong Foundation**

Colleges have delivered the Scottish Government agenda, and responded positively to the policy of focusing activity on 16-24 year olds, with 71% of current provision now aimed at young people.

Colleges provide opportunities for learners across Scotland which range from courses for those with low or no skills – providing a lifeline into work – up to degree level qualifications. In 2012/13, colleges delivered around 74 million hours of learning to over 230,000 students.

### **Student Support and Benefits – A Fair Solution**

Currently some potential learners find themselves in a 'benefits trap' whereby if they enroll on a college course they would be financially disadvantaged by the loss of some benefits. The potential loss of housing benefit (and council tax reduction) can be a significant barrier that prevents people in social housing from accessing further education. The current relationship between the benefits system and student support disproportionately affects adults with parental responsibilities, mature students, part-time learners and care leavers.

There is an opportunity for Scotland to take responsibility for parts of the benefits system in the interests of fairness and equality. The most obvious benefit to be devolved is Housing Benefit because of the direct link to housing homelessness in Scotland.

Devolution of responsibility for some benefits provides the opportunity to ensure that potential students avoid being caught in this 'benefits trap'. Devolution of Housing Benefit would enable the Scottish Government to review the relationship between the benefits system and student funding and create a fairer solution. Removing the barriers would enable more learners to enter further education.

## **International Students**

### Post Study Work Visas

The abolition of post-study work visas by the UK Government in 2012 is an issue of concern to Scotland's education establishments. These visas allowed recent graduates to work or set up businesses in the UK for 24 months, which retained skilled and educated graduates as part of the labour force. The post-study work visa encouraged international students to come to Scotland as the ability to stay, and work, is an important factor when choosing a place to study.

The demographic patterns over recent years, and the varying impact of migration, are not uniform across the UK. As such, there is logic in having a different approach in different parts of the UK. Responsibility for some immigration powers would give Scotland the opportunity to reintroduce the post-study work visa and attract individuals from around the world to Scotland.

International Students enrich the experience of Scottish learners by providing a more diverse pool of learners, with a broader global perspective. The cultural exchange benefits everyone as well as helping to promote Scotland.

### International Staff

Education providers in Scotland need to be able to attract talented international staff, for example, in specialist areas or where there is a skills shortage. However, number of 'sponsor certificates' is currently limited and this can be barrier to recruitment. Devolution provides the opportunity for Scotland to develop an alternative approach to the recruitment of international staff, for example by increasing the number of certificates issued. Such changes will directly benefit learners.

### UK Border Agency

The UK Border Agency (UKBA) applies a points based system to manage UK immigration. Tier 4 of this system is the primary immigration route available to students who want to study full-time in the UK. Students must be sponsored by an education provider, which holds the appropriate sponsor licence (i.e. 'Highly Trusted Status'). In May 2012, there were 17 colleges with Highly Trusted Status. Some planned to allow it to lapse and, because of mergers underway, some also were no longer required. There has been a clear reduction in the numbers of colleges working to recruit internationally, with only four Scottish colleges having the sponsor licence in March 2014.

The rules on Tier 4 students and the college achieving Highly Trusted Status, were intended to provide assurance and protection have had the unintended consequence of proving difficult for the college sector. According to SFC figures, the overwhelming majority of activity is now undertaken in two regions (Glasgow and Edinburgh), with most of the other regions showing minimal recruitment in 2012/13 figures. As only four colleges in Scotland now have Highly Trusted Status the activity will continue to be concentrated in these regions. In 2012/13, 15 colleges<sup>1</sup> had a total of only 1,116 international students (i.e. from outside the European Union), out of the total of almost 240,000 students in colleges that year.

The challenges in obtaining a sponsor licence are primarily a question of capacity of the colleges to meet the UKBA requirements, and the size of the student body. In effect, the administrative cost of meeting the requirements will deter many institutions from applying for a sponsor licence and therefore international students will only be able to attend a small number of institutions.

Colleges Scotland believes that Scotland should be excluded from UK objectives on net migration. Devolving responsibility for this area would help to promote Scotland, and Scottish Colleges, as a destination for international students.

---

<sup>1</sup> Pre college regionalisation position

## **Scottish Government Budget**

Colleges Scotland supports the principle of public accountability and effectiveness of public expenditure through increased devolution of revenue raising powers. It is feasible that devolving tax-raising powers would enable the Scottish Government to raise additional revenue, which could be used to increase public sector expenditure. Devolution of tax raising powers could also enable the Scottish Government to develop a tax strategy for Scotland, for example tax incentives for business.

Colleges receive over 70% of their funding from the Scottish Government and are therefore dependent upon this grant income. In addition, students are reliant upon the student support system and associated funding. The ability to deliver further education, accessible to all students regardless of their financial means, requires a fair and sustainable financial settlement.

The college sector has suffered a reduction in real terms funding of £67m (12%) since 2011/12. Additional public expenditure on Further Education will enable colleges to meet the challenges, and opportunities, that it faces such as 'Developing the Young Workforce'.