

EXECUTIVE SUMMARY REPORT

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Membership of the Independent Committee:

Convener - Andrew Cubie

Members - Morag Alexander, Rowena Arshad, George Bennett, David Bleiman, Eleanor Currie, David Dimmock, Marian Healy, Archie Hunter, Dugald Mackie, Iain Ovens, Heather Sheerin, Professor Maria Slowey, David Welsh.

Secretary - David Wilson

Terms of Reference

- To conduct a comprehensive review of tuition fees and financial support for students normally resident in Scotland participating, part-time or full-time, in further and higher education courses anywhere in the UK;
- To have regard to the desirability of promoting access to further and higher education, particularly for those groups currently under-represented, while taking account of the need to maintain and to develop quality and standards, and the position of Scottish further and higher education in the wider UK system;
- To make recommendations for any changes to the current system, and provide costed options where these may require additional resources;
- To present a report of its findings to The Executive by the end of 1999.

Foreword by Andrew Cubie

The Independent Committee of Inquiry into Student Finance is the first independent committee established by the Scottish Parliament. It has been an honour for me, and for my fellow Committee members, to undertake such important work for both the Scottish Executive and the Scottish Parliament so soon after devolution.

We make our recommendations with considerable confidence. We have paid close attention to the views of many individuals and organisations in Scotland, including all of the Scottish political parties. We have travelled throughout Scotland to listen to diverse opinions. We are certain that many will agree with our conclusions. We likewise hope that those who may not agree will respect the open, accessible and independent manner in which we have undertaken our task.

The recommendations which we make are unanimous. We have debated, long and hard, issues of principle which relate to all aspects of student funding. We have developed considerable detail in the 52 recommendations we make in this Report.

We have no doubt that the student or parental contribution to tuition fees in full-time higher education should be abolished for Scottish students. Government reached the view, after the Dearing and Garrick Reports, that fairness demanded a contribution in respect of fees. We consider the Government unwisely put aside Dearing's recommendations for a graduate contribution and chose an approach which has become unpopular in Scotland. We are clear, as we have listened to Scotland, that the present arrangements are broadly discredited, add to anxieties about debt and create undue anomalies.

We are equally clear that the up-front contribution should be abolished for well founded reasons. We are not persuaded that a principle of free education should apply in all circumstances. Indeed, fairness suggests that those who gain from higher education should make an appropriate and timely contribution in respect of the benefits gained. After all, these benefits are significant and not available to all. To ensure graduates who benefit from higher education make a contribution towards its future costs, we propose a Scottish Graduate Endowment. However, full-time further and higher education students, other than postgraduates, should have the opportunity to attend college or university without paying tuition fees.

While the Committee was created against the backdrop of the tuition fee issue, our terms of reference and recommendations go substantially wider. We recommend clear Guiding Principles which have already been extensively welcomed in their draft form. These Principles urge Scotland to maximise opportunities for all. To achieve our Guiding Principles, the student support system must change and should be more focused and better targeted. To counter 'loan aversion' and facilitate greater access,

we propose the introduction of non-repayable bursaries for some full-time higher education students. To target support more effectively, we propose to introduce means-testing of the present loan entitlement in higher education.

Our recommendations will be to the benefit of society and to the individuals concerned. They extend many of the Scottish Executive's initiatives, and introduce new measures which take forward aspects of their policy. We have also taken on board much of the thinking provided to us by Scottish political parties. Three of the main political parties in Scotland put forward arguments for change and provided estimates of the costs. We have accepted some of their arguments. Overall, we have provided costed recommendations which in our view will find widespread support.

Too many with talent in Scotland are denied access to further and higher education, either after secondary school or in later life. These potential students, society and our economy suffer as a result. This is particularly so in further education where we have much to propose.

The student experience is diverse. Such diversity includes being among students of different ages from different social experiences, from elsewhere in the United Kingdom and from overseas. We are confident that our proposals will ensure that this diversity can continue. This breadth of experience is to be treasured, but nonetheless requires to be funded. Therefore it should be seen in the context of our Guiding Principles which we have adopted as a framework against which to set policy recommendations. We intend our recommendations to allow for the present diversity. They will also facilitate the changes which we expect in the greater access to further and higher education in Scotland following the adoption of our recommendations. Such flexibility should also allow for changes in learning and teaching practices, and a greater affinity between further and higher education.

While it would have been easy for us to recommend some relatively minor changes and still meet our terms of reference, the extent of the need for change identified by us requires a bolder response. I believe that that is what we present in this Report. While we have not been able to develop all of the detail required for some of our recommendations in the five and a half months available to us, we make firm recommendations where further work needs to be undertaken. This requirement for further thought reflects the determination of the Committee to present robust and thoroughly considered recommendations and not any lack of ambition to see a more enabling student support system created as soon as possible.

We encourage you to adopt our Guiding Principles and keep them in mind as you consider the detail of our recommendations, including the 13 costed recommendations. The majority of our recommendations are within the competence

of the Scottish Parliament in terms of The Scotland Act 1998. As our recommendations form a package of proposals we urge The Scottish Executive, if our proposals are acceptable, to encourage UK Government to consider our wider UK recommendations.

Finally, may I pay unqualified tribute to my colleagues on the Committee who have, to the detriment of their other interests, worked with great diligence to enable this Report to be presented timeously. We came together with different thinking, created a collegiate spirit and offer our findings unanimously. I would also like to commend the work of the Secretariat who have supported the Committee tirelessly and without whom this Report would not have been possible. They have brought knowledge, patience and enthusiasm to our work and on behalf of my colleagues I wish to express our warmest appreciation for their efforts.

A handwritten signature in black ink, appearing to read 'Andrew Cubie', with a long, sweeping horizontal line underneath.

Andrew Cubie
Convener

Executive summary

Setting the scene

The Independent Committee of Inquiry into Student Finance was set up on 2 July 1999, and was the first committee to be set up by the Scottish Parliament. We have been determined that our work be open, accessible and responsive. We have been aware that our work would set a precedent for future committees in Scotland. The views of others, individuals and organisations have been important to the Inquiry. We have travelled widely throughout the country, listening and gathering information. Some of the personal testimonies we heard confirmed that the time was right for far-reaching change in the student finance system. We recommend the adoption of our Guiding Principles, which have already been welcomed in draft form. They underpin all of our detailed recommendations.

Our terms of reference were as follows:

- To conduct a comprehensive review of tuition fees and financial support for students normally resident in Scotland participating, part-time or full-time, in further and higher education courses anywhere in the UK;
- To have regard to the desirability of promoting access to further and higher education, particularly for those groups currently under-represented, while taking account of the need to maintain and to develop quality and standards, and the position of Scottish further and higher education in the wider UK system;
- To make recommendations for any changes to the current system, and provide costed options where these may require additional resources;
- To present a report of its findings to The Executive by the end of 1999.

Our report was presented to The Scottish Executive on 21 December 1999.

Assessing opinion

Obtaining and understanding the views and ideas of students, tertiary education institutions, political parties, equity groups, individuals and academic experts was essential to our work. To this end, our consultation process has been comprehensive and accessible. To gain an understanding of the facts and figures behind the system, we also commissioned our own expert research.

Our first consultation document, *“Student Finance: What Do You Think?”* was published on 11 August 1999. Over 100,000 copies were distributed, and several

thousand people accessed the document on the internet. The document set out issues and ideas relating to the student finance system and the Inquiry. It asked five key questions about living costs, tuition costs, access, quality and the position of Scottish further and higher education in the wider UK system.

The views of the whole country were essential to us. We wanted to hear and understand the specific issues which affect people in all Scottish localities. We held 13 public hearings, in places from Dumfries to Lerwick, Stornoway to Aberdeen. We also heard oral evidence from student bodies, political parties, trades unions and business organisations, and visited several further and higher education institution campuses to hear the views of students and staff.

We received over 700 responses to the first consultation paper, in addition to the contributions of many who came to our public hearings. From these, several trends became apparent. Firstly, there was widespread discontentment with the existing system, regarding means testing, hardship, fees and loans. Secondly, there was a lack of coherence in the system. Thirdly, different areas of Scotland had very different requirements.

On the basis of the information we had received from the first round of consultation, we began to look at improvements to the system. To assist our developing thinking, we published our second consultation paper, *"Draft Guiding Principles, Preliminary Costings"* on 26 October 1999. In this paper we presented what we believed to be the Guiding Principles for our recommendations, and also offered costings for some of the options which had been suggested to us, in order to inform the public debate about solutions. The response to this was generally positive, particularly with regard to the draft Guiding Principles.

Research

To move forward in producing recommendations which fulfilled both our terms of reference and our Guiding Principles we had to have an objective picture of the current situation. A number of academics submitted their research as evidence, and we commissioned our own in other areas. We carried out a comprehensive survey of student attitudes to financial questions, looked at the effects of part-time work on study, examined student income and expenditure patterns and the cost of living. We looked at the ways in which finance affects decisions regarding participation and access, as well as how institutions are funded and the ways in which some systems work better than others. We looked at systems in other countries in a desk-top research exercise.

Our Guiding Principles

The most important element of our second round of consultation was the establishment of our starting point: the Guiding Principles. These have been used to evaluate the current systems and appraise all other options. The Principles will encourage opportunity for all to engage in further and higher education. They will create an equitable, effective and efficient system which will benefit both the students of Scotland and the Scottish people.

Bearing these ideas in mind, our final Guiding Principles are as follows:

Student support should maximise opportunity for all to be able to access high quality lifelong learning.

Such support should promote social inclusion, the knowledge economy and an enhanced civil society, by having a system which is:

- Clear, simple and easily accessible;
- Comprehensive and consistent;
- Flexible and responsive;
- Based on fairness and equal opportunity;
- Easily administered, with a learner focus;
- Adequately resourced.

Thereby such support should ensure that students in all modes of study are enabled to access a sufficient package of funding, whether from families, employers, graduates, government or through paid employment, none of which should be to the detriment of their studies.

To achieve this, government should remove barriers to widening access and participation by:

- Targeting resources effectively on sections of society under-represented in both further and higher education programmes;
- Providing flexible means of support to accommodate the changing nature of the student population;
- Assisting, in particular, those students who may not otherwise obtain sufficient support so that education is available to all those who have the ability to benefit from study.

These Guiding Principles are highly commended to the Scottish Executive as an essential, steadfast reference point for all policy decisions made regarding student finance in the future.

Where are we now?

We began our work with an assessment of the present system in further and higher education, for both full-time and part-time students, in the light of our Guiding Principles. The diverse systems prevalent at the moment mean that some aspects meet our criteria better than others.

The full-time further education system, with locally administered bursaries, is effective in fulfilling the principle of maximising opportunity for all. Further, it provides a system which is flexible and accessible through prompt response and learner focus. It does fall down, however, because the guidelines established by the Association of Scottish Colleges are not implemented consistently. The amount of financial support available is less than in higher education, despite the courses being full-time, and the contribution from parents is also expected to be higher. This is balanced by the fact that the support available to further education students takes the form of non-repayable bursaries.

The full-time higher education funding system is almost entirely based on repayable loans, available to all full-time higher education students. This system does not target resources effectively. It runs counter to our Guiding Principles, for those from low income backgrounds with a particular aversion to debt. Additionally, the means test expects too much from low to middle income parents and too little from better off parents. This, and the idea that the system as a whole is ineffective, insufficient and indecipherable, came across strongly in public meetings. There was considerable anecdotal and research evidence that many students are taking on high levels of additional paid work which is detrimental to their studies. This goes against the principle of sufficiency of support. Concerns were further raised over questions of access for those from rural areas, particularly travel costs.

Part-time students in both further and higher education face situations which do not meet the Guiding Principles criteria. Part-time students do not have any guidelines on which to base expectations of funding. The situation in higher education is somewhat eased by the provision of fee waivers and loans, targeted to those who need support. This is welcome and moves towards the criteria of flexibility and promoting access.

It is thus clear that many aspects of the current support systems do not meet the Guiding Principles. This is particularly the case with regard to consistency, flexibility, fairness and promotion of access for all who would benefit from courses of study.

The Committee was thus faced with the task of designing a support system which overcomes a history of piecemeal reform resulting in a lack of internal coherence. The system needs to reflect the diverse and changing nature of the student population, needs to be well explained and have a learner focus. This is necessary particularly in the promotion of lifelong learning, access from all backgrounds, and the removal of barriers such as childcare costs and loss of benefit eligibility.

Who should pay for student finance?

Having assessed the current system, we looked at who should pay for student finance, based on our Guiding Principles.

The benefit of further and higher education to participants varies. Our research suggested that graduates have the potential to benefit more financially, whilst those who undertake courses of further education become more employable and gain more skilled employment as a result of their qualifications.

The research also concluded that most families will continue to provide financial support to their student relatives in terms of living costs, provided the means of assessment were fair. This would require a restructuring of the means test to ensure that those with more than one child were not prejudiced, and further that ability to pay was taken more accurately into account. Systems should be harmonised across further and higher education to ensure this. The system should also be more progressive to ensure that those on low incomes are encouraged that resources are appropriately targeted, and that parents on higher incomes make a fair contribution.

A significant part of student support comes from the earnings of the student. Evidence, including independent research, was submitted to us, suggesting that many students work excessively long hours and hence harm their studies. This runs contrary to our Guiding Principles. We do not conclude, however, that all forms of part-time work are inappropriate, whether for work experience or to supplement income. Research and public hearing evidence also suggested that in many areas of Scotland both term-time and vacation work was hard to find.

Support toward living costs

A major part of our research was concerned with assessing the true cost of being a student. We received many estimates and studies suggesting figures and have been particularly assisted by Dr Sheila Watt of Dundee University and Professor Claire Callender of South Bank University. Our conclusion, based on their work and other submissions, is that the assumed level of support for a full-time higher education student away from home should increase from £3,635 to £4,100, for students living at home from £2,875 to £3,240 and for students studying in London from £4,480 to £5,050.

Targeting support

Non-repayable support from government should be targeted to meet our Guiding Principles. This targeting should recognise the changing nature of the student population, taking into account that much of the student and potential student population is not now straight from school.

Issues such as ethnicity, gender, age and disability interact and can affect access and participation. In order to achieve equity of access, it is important that available resources are targeted on these groups: young people from low income backgrounds; lone parents; mature students; students with disabilities.

Young adults from low income backgrounds. Support should recognise the importance of further education to this group in permitting entry or re-entry into the education system. Support ought to be suitable both for those who wish to make further education a step on the way to higher education, and for those for whom a further education course alone is appropriate. This requirement necessitates a high degree of integration between the further and higher education systems.

We have concluded that further education students should continue to be supported by non-repayable bursaries. Given the high level of debt aversion among low income groups, we also favour a move towards a larger element of support for higher education students also on a means-tested and non-repayable bursary basis.

Lone parents face the problem of childcare costs in addition to costs of living. It is therefore proposed that this group should receive a £1,500 childcare allowance which would not be offset against benefit.

Mature students are the main focus of lifelong learning and a system must support this group appropriately. Given the fact that many mature students have dependants, the support system should take into account the particular needs of a group for whom full-time study is often inappropriate. In view of the responsibilities of many mature students, it is recommended that they receive both childcare support at a comparable level to New Deal students and have a transitional benefit safeguard.

Students with disabilities face a complex situation, covering issues such as the need for specialist equipment or provision, transport costs and so on. Additionally, there are difficulties in the provision of the Disability Living Allowance. It is therefore proposed that all higher education students with disabilities should receive such allowance. We also propose the Scottish Higher Education Funding Council monitors provision for students with disabilities in higher education.

Introducing bursaries in higher education

Non-repayable government support should be targeted on those from low income backgrounds. Specific allowances should also be non-repayable. Other student support in higher education should be in the form of loans. Additionally, we propose a review of the means test, which should be made more progressive, such that at the top of the parental income scale, there is no entitlement to government support even in the form of a loan.

Students from low income backgrounds require our priority support. We propose that young adults from low income backgrounds should be entitled to receive a non-repayable bursary of half the value of the support available to them, with the remainder in the form of loans. For some particularly disadvantaged students, this may not be sufficient. We therefore propose a Wider Access Bursary scheme. Particularly disadvantaged mature students may also require bursary support. We therefore propose a Mature Student Bursary scheme.

Wider Access Bursary scheme

A Wider Access Bursary scheme, administered by the universities and colleges, with guidance on criteria for allocating the funds set centrally offers the prospect of a locally administered scheme which targets effectively, not unlike the present arrangements in further education. Maximum resource should be made available to this important scheme. Only in this way will the universities and colleges help attract students from under-represented groups. While the local administration of the scheme should fall to the university and college, an important central role is to evaluate the schemes, as they develop, and promote best practice.

Mature Student Bursary scheme

A Mature Student Bursary scheme should be developed, which targets non-repayable support to particularly disadvantaged mature students. Limited information is available on the socio-economic background of mature students. Research should be commissioned to develop criteria for allocating bursaries at half the level of support available.

Tuition fees

Providing high quality courses inevitably requires funding. Graduates have been shown to benefit most from their education, both broadly and financially: the financial results of further education are less certain. Our research and the results of our consultation process emphasised the burden and inequity presented by the

requirement to pay a contribution up front at the beginning of each year. On the basis of the Guiding Principles, the Committee has concluded that tuition cost arrangements should be established on the following basis:

- A 'mixed economy' of fees should be maintained, ranging from the full state funding of fees in further education to a flexible support package for part-time students and postgraduate students;
- The abolition of up-front fees in full-time higher education;
- The introduction of legislation to set up a Scottish Graduate Endowment;
- The new system for higher education should be in place by October 2001, with transitional arrangements.

We propose the abolition of the up front contribution to tuition fees in higher education paid by students, parents or spouses. This does not mean we propose any reduced funding to higher education institutions. We recommend that government makes up the shortfall. This will cost a net £12m in cash terms.

The Scottish Graduate Endowment

We propose that legislation be brought before the Scottish Parliament to set up the 'Scottish Graduate Endowment', with a matching adjustment to the loan entitlement. This will be paid after graduation based on contractual undertakings given by undergraduates at the time of matriculation.

It is fair and equitable for all graduates to contribute to the Endowment. Contributions to the Scottish Graduate Endowment would begin when income rose to above £25,000, with an overall total contribution of £3,075. The Endowment would apply equally, irrespective of the degree course taken and the period of study. It would not apply to students completing their studies with an HNC or HND qualification. The contributions would be collected by our recommended successor to the Student Awards Agency for Scotland (SAAS) to ensure ease of administration. The new system should be in place by October 2001, with appropriate transitional arrangements.

We also recommend the establishment of the 'Scottish Graduate Endowment Foundation', which will have charitable status. The purpose of the Foundation would be to provide support either to students or institutions in a manner consistent with the Guiding Principles. The Foundation will receive voluntary contributions from prior beneficiaries of the higher education system, parents and others to assist successors to obtain similar benefits.

Administering and informing

For the further and higher education system to be truly accessible, its administration must be effective and efficient. Information on courses and funding should be freely available. We recognise the steps taken towards this by the Scottish Further Education Funding Council (SFEFC) and SAAS, especially the move to a 'one stop shop' for higher education funding at SAAS. However, the decentralised system prevalent in further education also has extensive support, as was shown at many public hearings. We suggest that the way forward, preserving the best elements of these systems is to provide more consistent guidelines for further education.

We propose a new body, 'Student Finance Scotland'. It will subsume SAAS and take on a range of new statutory responsibilities, to become the focal point for providing financial support to Scotland's students. In this way, we can help Scotland maximise opportunity for all.

Conclusions

Our recommendations will require additional resources from the Scottish Executive. We estimate these to be £62m in cash terms, and £71m in resource cost terms. These resources are an investment in Scotland's future.

Summary of recommendations

Recommendation 1: We recommend that a revised means test arrangement, applicable in both further and higher education, be put in place whereby the parental or spousal contribution reflects the financial pressures on those on low to middle incomes, whilst deriving a greater contribution from higher income groups.

Recommendation 2: We recommend that full-time students who are genuinely unable to find work during the summer vacation should have access to benefits. The Department of Social Security should introduce procedures to this effect.

Recommendation 3: We recommend that the Enterprise and Lifelong Learning Department further promotes, through partnership with Scotland's employer organisations, major employers, enterprise bodies, further and higher education funding councils and trades unions, best practice in the support of further and higher education for employees.

Recommendation 4: We recommend that an Income and Expenditure Profile of Scotland's students should be commissioned to build on existing information. This should incorporate research which examines the relationship between income and expenditure in addition to reporting on the income strategies and expenditure patterns themselves.

Recommendation 5: We recommend that the level of support for full-time students in higher education should be subject to review in the light of the Income and Expenditure Profile. We also recommend that the present level of support for students living away from home should be increased to £4,100, for students living at home to £3,240 and for students studying in London to £5,050.

Recommendation 6: We recommend that the level of support for full-time students in further education should be subject to review in the light of the Income and Expenditure Profile referred to in Recommendation 4. We also recommend that, subject to the course provision being available, the level of bursary support for over 18 year olds in further education should be increased over time to match that available in higher education. A further review of bursary provision for 16-18 year olds in both schools and further education should be undertaken.

Recommendation 7: We commend a term-time maximum of about 10 hours paid employment a week as a reasonable balance between the need or wish of students to supplement their basic income and the interests of their studies.

Recommendation 8: We recommend that universities and colleges should develop 'part-time employment' strategies and provide advice to students in balancing their employment and studies. Codes of conduct should be established on the proper employment of students by employers, their representative organisations and trades unions in the sectors and areas where there are high levels of part-time student work.

Recommendation 9: We recommend that the Scottish Executive commissions a review of how to develop the relationship between the benefits system and support for part-time further and higher education students with a view to maximising opportunities for learners.

Recommendation 10: We recommend that the Scottish Executive commissions as a matter of urgency a feasibility study in regard to students on part-time, credit-bearing courses leading to further and higher education qualifications and their entitlement to means-tested support which we suggest should be determined by fixed qualifying rules.

Recommendation 11: We welcome the very recent increase in loan entitlement for part-time higher education students and we recommend that the Scottish Executive monitors the adequacy of this sum.

Recommendation 12: We recommend that the Convention of Scottish Local Authorities should undertake a review of the present regulations and bring forward recommendations to the Scottish Executive to resolve the anomalies as far as full-time students and liability for payment of council tax are concerned.

Recommendation 13: We recommend that there should be an entitlement for young people from low income backgrounds of up to three years' bursary support. Where young people are under 18 they would be entitled to bursary support at the appropriate 16-18 level in further education or preferably the new rate of Education Maintenance Allowance (which applies equally to support students in schools and in further education). The level of student support should not act as a barrier or an incentive to enhance the attractiveness of study in one post-compulsory institution over another.

Recommendation 14: We recommend that the present system of allowances for students who are lone parents should be maintained and enhanced by the introduction of a £1,500 childcare allowance. This measure should be introduced in a way which does not result in an offset against benefits.

Recommendation 15: We recommend that mature students should be entitled to a comparable level of childcare support to that available to New Deal students.

Recommendation 16: We recommend that transitional benefit safeguards should be introduced into full-time study for mature students from low income backgrounds.

Recommendation 17: We recommend that Disabled Students' Allowance should be made available to all higher education students regardless of course or level of study.

Recommendation 18: We recommend that the Scottish Higher Education Funding Council should undertake further monitoring of the provision for students with disabilities in higher education.

Recommendation 19: We recommend that the Disability Living Allowance should not be an assessed component when making decisions about bursary funding levels, since it is not disposable income.

Recommendation 20: We recommend that the Scottish Further Education Funding Council should examine ways to provide direct funding towards learners with additional support needs, paying particular attention to the model of the Disabled Students' Allowance, and develop funding methods which target individual needs.

Recommendation 21: We recommend that the threshold for parental and spousal contributions should be amended so that no parent or spouse with earnings below £23,000 is expected to make a contribution.

Recommendation 22: We recommend that the Scottish Executive undertakes a detailed review of the means test, and the apparent anomalies it contains, and introduces a new system which is less onerous on low to middle income parents and more progressive towards better off parents.

Recommendation 23: We recommend that the Scottish Executive commissions a pilot study, run in conjunction with the financial sector, on a non-subsidised loans scheme, with income contingent repayment terms. This would be available to higher education students who are unable, for whatever reason, to access parental or spousal support.

Recommendation 24: We recommend that the definitions of parent and spouse used by the Student Awards Agency for Scotland should be brought into line with those used by the Department of Social Security.

Recommendation 25: We recommend that methods for assessing parental income in further education are aligned with those in higher education.

Recommendation 26: We recommend that young adults from low income families taking higher education courses should be entitled to receive a bursary for half the value of the support available to them for the full period of their studies.

Recommendation 27: We recommend that a Wider Access Bursary scheme is developed to target non-repayable support to particularly disadvantaged students in higher education. This scheme should be administered by the universities and colleges and comprehensively evaluated.

Recommendation 28: We recommend that a Mature Students' Bursary scheme is developed to target non-repayable support to particularly disadvantaged mature students. Further analysis, possibly in the form of a basket of socio-economic indicators, will be required to provide an improved basis for targeting support to mature students. A bursary for half the value of the present level of support for the full period of their studies should be made available.

Recommendation 29: We recommend that the funds currently available for Access Funds should be re-directed to the Bursary schemes. A limited fund should remain to assist unpredictable hardship cases.

Recommendation 30: We recommend that there is no Scottish domiciled student contribution towards full-time tuition costs in higher education. Parents and spouses will continue to make a substantial contribution towards the living costs of students. They should not be required to pay tuition fees.

Recommendation 31: We recommend that the shortfall in income to the higher education sector arising from the abolition of the Scottish domiciled student contribution to tuition costs should be met by the Scottish Executive. This will cost around £12m per annum.

Recommendation 32: We recommend that legislation be introduced to the Scottish Parliament to set up the Scottish Graduate Endowment. In this way, additional private resources would be accessed from the main beneficiaries of higher education, namely graduates, once they are able to contribute.

Recommendation 33: We recommend that the Scottish Graduate Endowment should apply to all graduates who are domiciled in Scotland and who will commence full-time undergraduate courses in October 2001, irrespective of the course to be taken.

Recommendation 34: We commend to the Scottish Fee Waiver Review that Ministers elsewhere in the UK should resolve the fourth year anomaly, by introducing a fee waiver scheme as a matter of urgency. The proposal here need not introduce any new anomalies for students from England, Wales and Northern Ireland.

Recommendation 35: We recommend that the contribution to the Scottish Graduate Endowment should be £3,075 and should be linked to the Retail Price Index. This would be payable after graduation, once the graduate's salary is at least £25,000.

Recommendation 36: We recommend that the resource accounting benefit of the Scottish Graduate Endowment is taken into account to ensure that the income from tuition fees to the sector is maintained.

Recommendation 37: We recommend that payments into the Endowment should be collected by the same organisation which is tasked to distribute student support, namely the successor organisation to the Student Awards Agency for Scotland.

Recommendation 38: We recommend that the Scottish Executive considers further existing international experience on whether early fulfilment of a student's responsibilities to the Endowment would benefit students overall. If so, we would recommend a facility for early payment be incorporated in the scheme.

Recommendation 39: We recommend that consideration be given to the establishment of a charitable trust to be known as the 'Scottish Graduate Endowment Foundation' to provide additional financial support to further and higher education students in Scotland. The new system should be in place by October 2001, with transitional arrangements.

Recommendation 40: We recommend that a transfer scheme should be devised. This would allow students already in the system to choose whether to complete their studies on the basis of the present system of up-front contributions or to transfer to new arrangements.

Recommendation 41: We recommend that the present guidelines should be expanded to provide a comprehensive statement of the circumstances in which support will be provided in further education and that these new guidelines are applied by all colleges in Scotland. We recommend that revised guidelines should be drawn up as a matter of urgency by the Scottish Further Education Funding Council and that they should retain the responsibility until such time as the new body (Recommendation 45) is in place.

Recommendation 42: We recommend that further development of the electronic exchange of information should be explored and introduced. General information should be made available to the public on the internet and in public libraries so that prospective students of all ages can readily obtain the information they need to plan their next period of study in tertiary education.

Recommendation 43: We recommend that links between institutions and Student Finance Scotland should be established by means of a network of liaison officers, one in each university, together with a central contact, to exchange information. This group should meet twice a year and review the effectiveness of the process and the service provided to students. Further education already has this type of network, as the bursary allocation system serves the same purpose.

Recommendation 44: We recommend that an assessment should be made across all the elements of the student finance system by a single body to determine whether the system is functioning effectively. This task should include the responsibility to provide advice to the First Minister where changes seem desirable.

Recommendation 45: We recommend that a new body, which subsumes the Student Awards Agency for Scotland, to be called Student Finance Scotland, should be provided for in statute, be accountable and should have the following responsibilities to:

- Compile and disseminate advice and information about the costs of study and the support available for tertiary education;
- Act as a link for information about courses, directing enquirers to the appropriate institutions for further details;
- Administer the support arrangements for all higher education students;
- Obtain Scottish Graduate Endowment declarations;
- Track progress of, and advise on, applications for support in conjunction with the Student Loans Company;
- Issue, maintain and amend the rules for the allocation of bursaries in further education;
- Collect payment of the Scottish Graduate Endowment;
- Monitor the student finance system and co-ordinate the publication of related statistics;
- Provide statutory advice to the First Minister on student funding aspects of lifelong learning through the Enterprise and Lifelong Learning Department.

Recommendation 46: We recommend that a review of the functions of existing bodies in this sector, the Enterprise bodies and the further and higher education funding councils, should be undertaken prior to the setting up of Student Finance Scotland to eliminate any overlaps and to ensure that Student Finance Scotland will have a clear and purposeful role. This review should also provide for liaison with the Department of Social Security to ensure that on a continuing basis the student support arrangements and the benefit system dovetail.

Recommendation 47: We recommend that the Scottish Executive commissions a further analysis of the use of Individual Learning Accounts in supporting students in further and higher education.

Recommendation 48: We recommend that consideration is given to providing incentive to contribution through tax breaks. Contributions would be relieved, in whole or in part, at the time they were made and savings would accumulate in the Individual Learning Account free of tax.

Recommendation 49: We recommend that in view of the importance of the Scottish Studentships Scheme to supporting research endeavour and scholarship in the arts and humanities in Scotland, the support arrangements enshrined in the Scheme should remain unchanged at present but should be subject to periodic review, particularly in relation to cognate arrangements for awards made by the Arts and Humanities Research Board.

Recommendation 50: We recommend that the Scottish Executive should examine in more depth the support arrangements in the Postgraduate Students' Allowances scheme in relation to both full and part-time postgraduate students usually resident in Scotland.

Recommendation 51: We recommend that the Scottish Executive should conduct its review on the basis of the Committee's Guiding Principles.

Recommendation 52: We recommend the following issues in particular should be considered in the course of the Scottish Executive's review:

- Whether means-tested, income contingent loans should be introduced for all postgraduate students taking courses assessed by the Higher Education Quality Assurance Agency as being vocational conversion rather than postgraduate level;
- Whether to further the cause of equality of opportunity, the Disabled Students' Allowance should be extended to all those students with disabilities who take up a postgraduate course;
- The need for, and the nature of, incentives to encourage an adequate number of Scottish domiciled students to take up places on postgraduate courses identified by the Government as 'priority' under the Miller Report proposals;
- Whether, against a background of accumulated debt during undergraduate study and the need to encourage a sufficient supply of graduates to continue their studies, postgraduate students supported by the Postgraduate Students' Allowances scheme should be exempt from any additional contribution to the Scottish Graduate Endowment Foundation; and
- The need for a restructuring of the present fee structure in the event that the Quality Assurance Agency were to find that many of the Scottish Higher Education Funding Council-funded postgraduate courses are assessed as not being at postgraduate level in terms of the emerging qualifications framework.

Note: Recommendations 2, 16 and 48 relate to reserved powers.

Costed recommendations

Costed Recommendations		Year 1 Cash Costs	Longer Term Cash and Resource Costs
	Further education		
Recommendation 6	Increase bursary entitlement of further education students	15	15
Recommendation 25	Harmonising the means test in further and higher education	2	2
Recommendation 29	Reduction in Access Funds	(1)	(1)
	Total living cost support	16	16
	Higher education		
	Contribution to tuition		
Recommendation 30	Additional cost to government due to replacement funding of tuition fees	42	42
Recommendation 31	Reduced loan entitlement to students whose parents no longer would be required to pay fees, and who can redirect contribution toward student living costs	(30)	(15)
Recommendation 32	Annual income from the endowment		(35)
	Total contribution to tuition	12	(8)
	Living cost support		
Recommendation 5	Increase loan entitlement of higher education students	33	16
Recommendation 21	Raising the threshold in higher education to £23,000	3	3
Recommendation 22	Removing the limit on contributions from better-off parents and spouses	(24)	(12)
Recommendation 26	Bursary of half the level of support for students from low income families	12	27
Recommendation 27	Wider Access Bursary scheme	7	18
Recommendation 28	Bursary of half the level of support for mature students from a low income background	5	13
Recommendation 29	Reduction in Access Funds	(7)	(7)
Recommendation 14	Introduction of a childcare allowance	5	5
	Total living cost support	34	63
	TOTAL	62	71

() represents a saving/income to the Scottish Executive

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