

## SAAS Consultation of spring 2009

## CONSULTATION QUESTIONS

## Section 3 – Investing in Student Support

## Option 1a

*What are your views on the proposal to begin a move to grants by extending the Young Students Bursary?*

We do not believe this is the most effective use of funds available. This would only help a limited number of students, and have a relatively small impact on student debt.

*Do you feel that the focus of bursary support should continue to be on dependent students?*

There is no reason to focus on dependent students, as we see no evidence that their debt is greater or a greater burden.

## Option 1b

*What are your views on the extension of bursary support to independent students as part of a transition to grants?*

Generally, it would seem fairer and appropriate that independent students get at least as supportive a package as dependent students.

## Option 1c

*What are your views on the proposal from the ASC to introduce full bursary/grant support for higher education courses in colleges?*

This is our preferred route forward, although we believe the monies available and the need to prioritise would suggest that full bursary/grant could be made available to all full-time HNC students and for first year HND. This will impact student debt significantly in a number of ways

- many HNC students go on to a degree, so will have one less year of debt
- colleges provide 30% of HE through the HN programmes, so this idea will remove debt completely from a large cohort of students
- More HNCs (through the developing SCQF framework) are providing direct entry to 2<sup>nd</sup> year degree, hence reducing potential to build up debt
- colleges provide HE primarily to those on lowest income (and therefore those most likely to be burdened by debt)
- colleges help prepare students to study, manage finances etc, and can do that in a year where debt is not accruing
- bursary/grant arrangements could be managed efficiently within the colleges, as they already have experience in administering these funds

*In particular, what are your thoughts on the potential for this to change the nature of support so that it would be based on what type of institution you were attending rather than your level of study?*

This is not a significant concern as

- all students have the option of this route
- colleges already deliver SCQF level 7 and 8 qualifications at a much lower cost than universities
- colleges already operate bursaries on an institutional level, and have no major difficulties with this
- students often progress from NQ programmes in colleges to HN in colleges, so an institutional based model is more consistent for the users of the service
- there is no particular reason for the system to be based solely on the level studied

## Option 2

*What are your views on the NUS proposal to increase the overall support available by increasing the grant support currently available?*

Although this is a simple and clear policy, overall it is limited in that

- It will make a limited impact on a wide number of students
- It is not likely to be targeted toward those who have greatest risk of debt

*How should we address the potential effect on parental or partner contributions?*

There are currently a number of difficulties in managing a system that relies on parental/partner contributions. There is no 'enforcement' mechanism, which at times (particularly relating to parental contribution) can cause student hardship. There are also difficulties when a parent is unable or unwilling to provide information for students.

Whilst we understand the government's wish to reduce student debt – in circumstances where parents are unwilling to disclose their income or pay an assessed contribution, the student themselves should be able to access a loan sufficient for them to have the option of full-time study.

*How should the increase in income be addressed for independent students who receive no bursary support?*

There has been a significant change in determining 'independence' in the last year resulting in many more young students being assessed as independent and therefore not eligible for YSB. Anyone out of full-time education for 3 years is now deemed independent regardless of their income during this time. This has disadvantaged young people from low income households who would previously have received YSB.

Independent student should have a similar level of support. 'Independent' can be a young student who has been on benefit/low income and living with parents for three years, so there is not a clear case for no bursary support. Independent students are as likely as any to have debt as a result of being a student.

## Option 3

*What are your views on this hybrid option aimed at those on the lowest incomes?*

Other options

*Are there any other initiatives or ideas that you believe we should explore further?*

There has been very little impact in introducing the ILA500. Perhaps the funding for this should be reviewed, as it is not making any real contribution to student uptake or student debt.

Students moving away from home to study from low income household's need extra income. If this cannot be met entirely by grant/bursary then additional top up loan should be considered.

A pilot project in Glasgow allowed lone parents on specific HNC courses to remain on benefits for a year and get travel, childcare and fees only. This was a very worthwhile initiative which could be considered for those who at FE level are allowed to study full-time and remain on benefits and then can't afford to progress to HN.

Ref: Rosemount project(<http://openscotland.gov.uk/Publications/2007/09/04163714/106>)

Also an option which could be considered would be to take HNC out of the loan system and use some of the funding to support this.

#### **Section 4 – Fairer Entitlement to Support**

Support for Second HE Qualifications

*What are your views on the options proposed to ensure that the funds available are used as fairly as possible to give students adequate support for their first degree?*

We would support the priority of helping students achieve a first degree, and would want to see funding prioritised for this. We cannot see justification for support for a second degree as being important in reducing student debt.

*Do you agree that we should consider removing student loan support for second degrees?*

Loans should be available, but whether these are student loans or career development loans should be considered. There is a clear advantage in minimising government support or cost in working toward a commercially driven career development loan model.

*Alternatively, should we be maintaining funding for this group to explore more avenues to support opportunities to retrain or upskill those who may face redundancy as part of the effects of the economic situation?*

Colleges deal with this cohort all the time, and if the priority were to work with this group, more funding for current college activity would do that rather than set up any short term arrangement.

Minimum Loan

*Do you believe that there is a case for removing the minimum loan?*

Yes. The need to take on a minimum loan is off-putting for some students who see this as the start of debt, therefore are reluctant to take this step.

#### Travel Expenses

*Do you think that support for travel expenses should be subsumed into the main grant pot or should it remain a separate, claim-based fund?*

Travel expenses should, more realistically, have a level of travel built into the main fund (perhaps £500 per year) and student who need more than this should claim from a separate claim based fund. No travel need be paid to students living a short defined distance (perhaps one or two miles) from the institution. This would reduce costs in administering the fund, and provide a more realistic base for travel cost reimbursement.

*Should we differentiate between day-to-day travel expenses and trip to and from home from those who stay away from home?*

Yes. It is important that students who move far from home have the option of returning home over significant holiday breaks, and a claims process that differentiates this is needed to ensure fair and transparent claims.

#### **Section 6 – Servicing Existing Student Loan Debt**

*What are your views on our proposals to service existing student debt if funding becomes available in future?*

A wider range of options to service debt would be useful however student loans are not a barrier to the majority of students, although they are to a particular group which is lone parents so measures to help them would be useful.

#### **Section 7 – Conclusion**

*Overall, based on the options and issues presented in this paper, we would welcome your views on what our funding priorities should be for the £30 million pounds available in 2010-11 and in future years.*

In addition to the ideas expressed so far, we would want to emphasise the importance and potential effectiveness of increasing the monies available in the current HE hardship funds. These funds are targeted at students who have substantial debt, and the process does require a clear case be made for the support. It is the best method available for targeting debt problems, and mechanisms are already established for this to ensure it is delivered quickly and efficiently. Adding £2-3m would make a significant difference to a substantial number of students, and should be considered within any revised model.

One further concern about student funding is the need to ensure it ties in more effectively with the benefits system. For a number of students, the need to come off benefits (and the potential delays and difficulties this can cause) can be the first step

in facing debt that is difficult to manage. Improving the link with benefits and the speed of assessment may help many students, particularly lone parents.

The current model of funding also takes no account of the differences in material costs for students. There is likely to be significant differences between, for example, an electronics student and a fashion student in terms of what the student needs to buy for their programme. This difficulty could be dealt with at the point of provision of student funding, or through hardship funds. In addition, some programmes require students to go on placement which can carry additional costs. This is not reflected in the current model and can be a contributing factor toward debt which could be rectified.

If a model of devolved bursary/grant to colleges were to be put in place, then colleges would need to have sufficient funding to administer the process. It has potential to be helpful in a number of ways, for example, the current NQ bursaries can be processed with the student getting payment within two weeks, and this is more typically six weeks for the centrally supported SAAS system currently in place. An extended hardship fund, administered by the institution would also allow more targeted support where debt was likely to be a real problem, so will help support those with the greatest need.