

RESPONSE FROM THE SCOTTISH FUNDING COUNCILS FOR FURTHER AND HIGHER EDUCATION

I am responding to the above consultation issued on 4 April 2005. This represents the views of the executive of the Scottish Funding Councils.

The Scottish Funding Councils have participated in the Implementation Advisory Group (IAG) set up by the Scottish Executive to advise on this issue and, therefore, we have contributed at detailed level to the discussions of that group which have informed the consultation paper. I am, therefore, confining my comments to a general level, taken under the broad headings used in the consultation paper.

General tuition fees

We agree with the general principle of maintaining broadly the current levels of cross border flows. If nothing is done to the fee arrangements in Scotland then there is a high likelihood of increased levels of applications from England with a resulting risk that Scottish students may have less opportunity of being accepted into higher education. Decisions on where to learn should not be driven by finance, therefore we agree that something should be done and that setting fees at a level that will maintain broad parity for students from the rest of the UK between the cost of studying in Scotland and England is appropriate.

However, it is worth noting a possible side-effect. Past experience has shown that when fees are relatively high, this can drive an expansion in the system through "fees only" student places, particularly in areas with low costs where marginal fee income will be greater. This will therefore need to be monitored closely.

Who will pay the new level of tuition fees?

IAG have recommended that full-time Scottish domiciled students should be protected from the change. We have pointed out to the group the significant additional complexity that this will introduce to the system. Therefore, we must stress that any change to the fee arrangements should be clearly publicised and explained to students. Discussion of fees tends to cause anxiety and could potentially deter students. If the proposed changes are to have the desired effect of maintaining roughly the current cross-border flows, it is vital that the message gets across that higher fees do not mean a higher cost for eligible Scottish-domiciled students. We need to ensure that it is universally understood that the fee is publicly funded for Scottish-domiciled students. As a system becomes increasingly complex, explaining it clearly to the public becomes increasingly challenging, but also more vital than ever.

The overall funding of HE institutions in Scotland will not change because of the proposed fee changes because there will be complementary changes to the grant the Council pays to the institutions. Of course, we must do this in a transparent way and we must therefore seek to avoid as much as possible any unnecessary complications.

Medical tuition fees

There is no doubt that the pressure from cross-border flows is particularly acute in Medicine where there is a shortage of graduates staying on to practise in Scotland. Applications from England to Scottish medical schools for 2005-06 are up significantly, before the introduction of the new fee system in England takes effect. This shows the effect of perception on behaviour. We can only expect this pressure on cross-border applications to increase as the new fees come into effect. We agree that English medical schools are likely to set their tuition fees at the highest level, therefore, in order for the cost of studying medicine to be broadly comparable across the UK, a higher fee for Medical courses in Scotland will be required. We will also need to monitor closely the effects on cross-border flows of any changes in fee levels for other high demand courses in England to allow consultation in good time on any subsequent action required in Scotland.

Implications for FE

We agree that there is little cross-border pressure on HNC/HND. The balance between fee income and core funding in the college sector is different from the higher education institutions and a step increase in the fee for HNC/HND would significantly alter the balance of funding, leading to greater volatility in core funding. We therefore agree that current fees should be retained for HNC/HND. The college funding methodology would, however, have to reflect the new fees for the small amount of degree work undertaken in colleges.

Part time students

It should be noted that part-time fees are not at present regulated. They are set by the institutions. However, for the purposes of our funding model, SHEFC currently assume a fee which is an appropriate proportion of the full-time fee. Part-time provision is a major strand of our widening access policy and is a major element of provision in two of the SHEFC funded institutions. Therefore it is important that the part-time market should not be destabilised.

We discussed in IAG how SHEFC could continue to assume a part-time fee in proportion to the present full-time fee so that there is no incentive on institutions to increase part-time fees as a result of the change to full-time fees. As mentioned above we must ensure that HEIs are aware of and understand these changes so that we maintain the transparency and predictability of our funding methodology.

Timetable

Up to now the timing of setting of fees has been aligned with Westminster. Now that there are to be separate Scottish arrangements we would ask that the Scottish Executive build into its annual timetable arrangements which would ensure that universities and colleges are informed at the appropriate time what the fees will be for the following academic year so that they are able to take this into account in their planning and administrative arrangements.