

Graduate Endowment Abolition (Scotland) Act 2008

Widening Access Report – 2009/10

Laid before the Scottish Parliament by the Scottish Ministers

2 April 2009 SG/2009/59

Introduction

1. The Graduate Endowment Abolition (Scotland) Act 2008 (“the Act”) was passed by the Scottish Parliament on 28 February 2008 and received Royal Assent on 4 April 2008. Section 4 of the Act places an obligation on Scottish Ministers to report to the Scottish Parliament over the next five years on the impact that Section 1 of the Act has had in relation to widening access to higher education:

“4 Reports on impact of Act

(1) The Scottish Ministers must, within—

(a) the period of one year beginning on the day this Act received Royal Assent, and

(b) each of the four subsequent periods of one year,

lay before the Scottish Parliament a report assessing the impact that section 1 of this Act has had in relation to widening access to higher education.

(2) Without prejudice to the generality of subsection (1), a report under that subsection must include such information on—

(a) the proportion of Scottish domiciled entrants to higher education falling within subsection (3), and

(b) the proportion of such entrants who complete their course of higher education,

as the Scottish Ministers consider necessary to enable a comparison to be made with the equivalent figures for entrants to higher education in each academic session since 2001-02.

(3) An entrant to higher education falls within this subsection if the entrant is from one of the 20 per cent lowest ranked areas in the Scottish Index of Multiple Deprivation.”

Background to Graduate Endowment Abolition (Scotland) Bill

2. The graduate endowment fee (“the Fee”) was introduced in the academic year of 2001-02. It was envisaged that revenue gathered from the Fee would go towards improvements in student support to widen access and participation in tertiary education. The Fee was aimed at some Scottish and EU students studying for full-time degree courses at a publicly funded university or college in Scotland. The Fee itself was a fixed sum paid after completion of the degree course, either as a lump sum or by taking out an additional student loan.

3. There were a range of exemptions from payment including:

- Students who were assessed as being independent of their parents at the start of their courses
- Students that had been eligible for the Lone Parents’ Grant
- Part-time students
- Students over 25 years of age
- Students that had been eligible for the Disabled Students’ Allowance

- Students on a Higher National Diploma (HND) or Higher National Certificate (HNC) course
- Students who transferred directly to a degree course from an HNC or HND course starting before 2001-2002
- Students who have less than 2 academic years to complete their degree course after completing an HNC/HND
- Students who took less than 3 academic years to complete their degree course in all other circumstances
- Post-graduate students
- were taking certain degree courses that attract an income-assessed Scottish Executive Health Department bursary, such as nursing, midwifery and courses for the Allied Health Professions;
- failed to meet the requirements to be accredited with a degree;
- have completed a degree in a publicly-funded higher education institution before;
- were studying at a UK institution outside Scotland.

4. The Fee (i) failed to remove barriers to widening access and participation and (ii) had not generated the revenue expected. It burdened many graduates and their families with additional debt and acted as a disincentive to accessing higher education.

5. Around two thirds of students liable to pay the Graduate Endowment did so by means of a student loan, therefore increasing their debt, on average by over £2,000.

6. The Scottish Government consulted widely on the principle of abolishing the Fee. Almost all the respondees were in favour and recognised that the Fee has failed to achieve its original aims of reducing barriers to widening access to higher education.

7. The abolition of the Fee has immediately benefitted 50,000 students and graduates.

The impact of the Act on students from deprived areas

Statistical Data

8. The Scottish Government has a single overarching Purpose - to create a more successful country where all of Scotland can flourish through increasing sustainable economic growth. To achieve this, the Scottish Government's work is aligned around five Strategic Objectives that underpin our Purpose and describe the kind of Scotland we want to live in - a Scotland that is Wealthier and Fairer, Smarter, Healthier, Safer and Stronger and Greener.

9. Through the Smarter strategic objective, the Scottish Government is strongly committed to ensuring that access to education is based on ability to learn and not ability to pay. Removing barriers to accessing lifelong learning is a key element of this approach. All HEIs in Scotland are focused on having admission processes and support systems that ensure that everyone can take advantage of the opportunities offered by higher education regardless of background or personal circumstances.

10. Fiona Hyslop, Cabinet Secretary for Education and Lifelong Learning said during the Stage 2 consideration of the Graduate Endowment (Abolition) Scotland Bill:

“Debt and fear of debt have an adverse effect on the decisions that young people make about entering university. That in turn influences how successful all universities, agencies and Government can be with widening access initiatives. Debt is a particular disincentive for people from low-income backgrounds..... The abolition of the graduate endowment fee is only one element in our plans to reduce student debt.... We should bear in mind that many direct and indirect factors are at play, and abolition of the graduate endowment fee is only one factor... It might be difficult to draw out and assess the direct impact of the fee on widening access...”

11. In 1999, average student loan debt was £2,863. By 2006, it had doubled. For the first time since devolution, student loan debt fell in 2007 and now stands at £5,354.

12. The tables below give information on the proportion of Scottish domiciled entrants to higher education from the 20 per cent lowest ranked areas in the Scottish Index of Multiple Deprivation, and the estimated proportion of such entrants who complete their course of higher education, since 2001-02.

13. It is very important to note that the abolition of the Fee requires a report to be laid by 4 April. The sources of the statistics relevant to this report are published at various points throughout the year and therefore in any one year, there will be a lag between the data included in the report and the most up to date data available in that year.

Table 1¹ - Full-time first degree level Scottish Domiciled Entrants^a from Deprived Areas^b to Higher Education in the UK: 2001-02 to 2006-07

Type of Institution	Percentage of HE entrants from deprived areas						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 ^c	2007-08 ^d
Colleges	18%	15%	25%	25%	25%	23%	
Ancient Universities	7%	6%	6%	7%	6%	7%	
Specialised HEIs	5%	9%	7%	8%	8%	8%	
Post-92 HEIs	14%	14%	15%	16%	16%	15%	
Newer Universities	10%	10%	11%	11%	12%	11%	
Universities outside Scotland	4%	5%	5%	5%	5%	5%	
All entrants	10%	10%	11%	11%	12%	11%	
Total Entrants	27,990	28,855	29,670	28,150	28,405	28,225	

Sources: Higher Education Statistics Agency (HESA) & Scottish Funding Council.

¹ Numbers in this table have been rounded to the nearest 5. 0, 1, 2 are rounded to 0. Numbers may not sum exactly to totals due to rounding.

a. "Entrants" refers to those enrolments in their first year of study.

b. Deprived areas are taken to be the 20% lowest ranked areas in the Scottish Index of Multiple Deprivation 2004.

c. For 2006-07 deprived areas are taken to be the 20% lowest ranked areas in the Scottish Index of Multiple Deprivation 2006.

d. Statistics for 2007-08 are still to be published.

14. Table 1 shows that the proportion of Scottish domiciled entrants to Higher Education who come from the 20% most deprived areas has increased by one percentage point since 2001-02. Although progress has been made in improving overall participation rates from deprived areas to Higher Education, levels of participation vary between institutions in Scotland.

Table 2¹ - Scottish domiciled full-time, first year, first degree students from deprived areas in Higher Education supported by SAAS who were liable to pay the Graduate Endowment Fee

Academic Year	All	Liable for Graduate Endowment Fee ²	Percentage Liable for Graduate Endowment Fee
2001-02	2,245	1,335	59.5%
2002-03	2,295	1,415	61.6%
2003-04	2,260	1,330	58.9%
2004-05	2,245	1,390	61.9%
2005-06	2,165	1,320	61.0%
2006-07	2,100	1,270	60.3%
2007-08	2,170	1,335	61.7%

Source: Student Awards Agency for Scotland (SAAS)

¹ Student numbers have been rounded up or down to the nearest 5.

Only students who are in first year are shown

² Table 2 only provides information on SAAS supported Scottish domiciled full-time first degree students from deprived areas in the first year of their course. The numbers liable for the Fee are based on an approximation. It is not possible to know from management information held by SAAS whether such students have transferred straight to a degree after completing a Higher National Certificate or Diploma (HNC or HND) qualification started before 2001-2002.

15. **The abolition of graduate endowment fee has benefited a large percentage of students. Table 2 above shows that in 2007-2008 62% of full-time first year first degree students from the 20% most deprived areas would have had to pay the graduate endowment had it not been abolished. This compares with 73% of such students from non-deprived areas.**

Table 3¹ - Expected completion rates^a of Scottish domiciled entrants^b from deprived areas^c to higher education in UK higher education institutions: 2001-02 to 2006-07

Classification of entrant	Academic Year						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 ^d	2007-08 ^e
A) Entrants from deprived areas	80%	81%	77%	81%	80%	80%	
B) Entrants from non-deprived areas	85%	84%	83%	84%	84%	85%	
difference between A and B in percentage points (A-B)	-5	-4	-6	-3	-5	-5	

Source: Higher Education Statistics Agency (HESA).

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a. Completion rates based on patterns of progression between course years at the time of entry.

b. "Entrants" refers to those enrolments in their first year of study.

c. Deprived areas are taken to be the 20% lowest ranked areas in the Scottish Index of Multiple Deprivation 2004.

d. For 2006-07 deprived areas are taken to be the 20% lowest ranked areas in the Scottish Index of Multiple Deprivation 2006.

e. Statistics for 2007-08 are still to be published

Note: The figures above provide a relative comparison of completion rates between those entrants from deprived areas and those from non-deprived areas. The individual rates are calculated using the distribution of progression of all enrolments each year to provide proportions for entrants from both deprived and non-deprived areas. These are expected to be an over estimate of actual completion rates and should not be taken out of context.

16. Table 3 above provides a proxy measure of expected completion rates at the time of entry based on patterns of progression between course years and as such the rates in the table are likely to over estimate the rates of completion. Alternative, more robust, measures are currently being investigated.

17. Although the table shows that there is fluctuation between years (within 4 percentage points), the estimated completion rates for full-time Scottish domiciled entrants to first degree level study, who are classified as living in deprived areas, is relatively stable around 80% between 2001-02 and 2006-07. The estimated completion rate for those entrants from non-deprived areas has remained between 3 and 6 percentage points higher than those for entrants from deprived areas, 5 percentage points higher in both 2001-02 and 2006-07. Neither the estimated completion rates nor the difference between them has changed in 2006-07 compared to 2001-02.

Qualitative evidence

18. Wider evidence on how the abolition of the Fee has impacted on young peoples' decision to study will be available from the Student Income, Expenditure and Debt Survey ("SIEDS"), due to be published later in the year (April/May 2009). Given the Fee was only abolished in April 2008 it will also take some time before trends begin to emerge in the data.

19. An early indication from SIEDS indicates that well over half of students surveyed considered the cost of study before commencing their course. Of those, a proportion specifically considered the Fee when asked about their thoughts on current student support arrangements.

20. This would suggest that while the Fee can be a factor in a student's decision to study in its own right, it would be more accurate to consider the Fee in the wider context of debt generally and how both the fear of and actual debt affects student behaviour and outcomes. As two thirds of students liable to pay the Fee did so by means of a student loan, abolition of the Fee will impact on debt constraint.

21. While evidence from recent data (see Table 1) shows that the proportion of entrants from deprived areas have increased slightly in the period following the introduction of the Fee, what we cannot tell is whether this increase would have been faster in the absence of the Fee.

22. There are a number of evidence sources that suggest that the cost of study and fear of debt are potentially strong deterrents to going to university – this is especially the case for those with disadvantaged family backgrounds. This possibility is further substantiated by additional evidence that shows that those from poorer or more 'difficult' backgrounds are more debt averse than those from higher social classes.

23. Research in 2000¹ considered barriers to higher education in Scotland and highlighted that students from lower socio economic backgrounds were more likely to enrol in less advanced or prestigious courses than their more advantaged peers, specifically:

- Financial: Lack of funds and reluctance to take on debt limited the length of courses that many disadvantaged young people felt they could enrol in; and
- Geography: The costs of leaving home and daily commuting limited the range of institutions that some disadvantaged young people felt they could attend; and
- Social: The economic need to ensure a job at the end of it limited the range of subjects which many disadvantaged young people felt they could study.

24. (Buie, 2003)² found that a fear of debt could exert greater deterrent on disadvantaged students than their actual debt, especially when their fears are coupled by a lack of confidence about both their academic success and chances of finding a job on completion of their studies.

25. This research is backed up by further research from the Joseph Rowntree Foundation (JRF, 2005)³ which reported that young people from disadvantaged family backgrounds may be less willing to take on debts such as student loans for both

¹ Alasdair Forsyth & Andy Furlong. 2000. Socioeconomic disadvantage and access to higher education.

² Buie, E. (2003). Opportunity knocks or university challenge. *Search*. N39 pp28-31.

³ JRF (2005). From life crisis to lifelong learning – Rethinking Working Class 'Drop-out' from education.

economic and cultural reasons. Young people from family backgrounds in which debt seldom exceeds a few pounds may be daunted by the prospect of taking on thousands of pounds of debt in loans from the outset of their academic career with no guaranteed rewards or financial safety net.⁴

Other Scottish Government initiatives to improve student support

26. Recognition of the impact that debt and fear of debt have on young people entering HE is why this Government has taken a number of actions to tackle the issue of student debt. As well as abolishing the Graduate Endowment Fee, the Scottish Government introduced a number of new funding packages and made changes to support systems to assist students in 2008 including:

- providing an additional £30 million for student support from 2010-11. A consultation exercise of this is underway: *Supporting a Smarter Scotland, A consultation on supporting learners in higher education*⁵;
- the introduction of a fairer means test in further and higher education to ensure support is targeted where it is most needed;
- the introduction of a £38m package of grants for part-time learners in higher education replacing loans and benefitting up to 20,000 students;
- a review of the Disabled Students Allowance to ensure that students with a disability get the best possible support; and
- considering supplementary support through *Supporting a Smarter Scotland* to ensure it is best targeted to reduce additional financial barriers caused by personal circumstances including: Travel Expenses, Lone Parents Grant, Lone Parents Childcare Grant, Care Leavers Grant, and Discretionary Funds.

27. In addition the Government provided annual funding of £1.68m in 2008/09 to the Scottish Further and Higher Education Funding Council (SFC). This is the body that distributes funding for teaching and learning, research and other activities in Scotland's colleges and universities and plays a key role in widening access to higher education.

28. The SFC supports national collaboration in a range of wider access activities. It makes specific grant allocations to HEIs for widening access initiatives. These include:

⁴ Further sources of research on student debt include:

Callender, C. & Jackson, J. (2005). Does the Fear of Debt Deter Students from Higher Education? *Journal of Social Policy*. V34. N4 pp 509-540.

Callender et al. (2005). Higher and Further Education Students' Income, Expenditure, and Debt in Scotland 2004-2005.

Brennan et al. (2005). Survey of Higher Education Students' Attitudes to Debt and Term-time Working and their Impact on Attainment.

⁵ <http://www.scotland.gov.uk/Resource/Doc/82254/0075476.pdf>

- the Widening Access Retention Premium which focuses support on students from the most deprived backgrounds at risk of not continuing and progressing in higher education. [Total funding 2008-09 £10.269m]
- the Part-Time Incentive Premium is to encourage more part-time provision and increased part-time student enrolment [Total funding 2008-09 £8.234m]
- the Part-Time Fee Waiver is to assist participation in HE by part-time students from groups underrepresented in higher education, including unemployed and low-income groups, and those in receipt of non-means tested Disabled Living Allowance [Total funding 2008-09 £2.468m]

29. Updates on the impact and progress of these funds and other activities of the SFC can be found at www.sfc.ac.uk.