

Graduate Endowment Abolition (Scotland) Act 2008

Fifth Annual Widening Access Report – 2013/14

Laid before the Scottish Parliament by the Scottish Ministers

April 2013 SG/2013/10

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:

- a. Students who were assessed as being independent of their parents at the start of their courses
- b. Students that had been eligible for the Lone Parents' Grant
- c. Part-time students
- d. Students over 25 years of age
- e. Students that had been eligible for the Disabled Students' Allowance
- f. Students on a Higher National Diploma (HND) or Higher National Certificate (HNC) course

- g. Students who transferred directly to a degree course from an HNC or HND course starting before 2001-2002
- h. Students who have less than 2 academic years to complete their degree course after completing an HNC/HND
- i. Students who took less than 3 academic years to complete their degree course in all other circumstances
- j. Post-graduate students
- k. 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;
- l. failed to meet the requirements to be accredited with a degree;
- m. have completed a degree in a publicly-funded higher education institution before;
- n. 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 respondents 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, then 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 2000, the average student loan debt was £2,620; by 2006 this had increased to £6,300, then dropped to £5,940 in 2010. The latest statistics show that average debt for students who had just entered repayment in 2011 was £5,980¹ and the provisional figure for students who have just entered repayment in 2012 is slightly higher at £6,480. The increase in student debt since 2010 can be partly explained by Scottish students who took up fee loans to study in the rest of UK in 2006-07 or later and then entered repayment in 2010.

12. Tables 1, 1a and 2 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 since 2001-02. Table 3 gives information on the estimated proportion of such entrants who have completed their course of higher education, since 2002-03.

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.

¹ Last year's Widening Access Report gave a figure of £6,480 as the average student loan debt for 2011. This figure was based on a provisional statistical release from the Student Loan Company. The most recent statistics now show an average debt of £5,980 for students who have just entered repayment in 2011.

Table 1¹ - Full-time first degree level Scottish Domiciled Entrants^a from Deprived Areas^b to Higher Education in the UK: 2001-02 to 2011-12^c

Type of Institution	Percentage of HE entrants from deprived areas										
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 ^d	2011-12
Colleges ^c	-	-	-	-	24.4%	23.5%	22.1%	24.4%	30.0%	18.9%	20.1%
Ancient Universities	6.7%	6.0%	6.4%	7.0%	6.3%	6.5%	6.6%	6.8%	6.2%	6.6%	7.3%
Newer Universities	9.9%	9.8%	10.6%	11.1%	11.1%	10.9%	10.8%	10.4%	10.8%	10.6%	10.6%
Post-92 HEIs	14.0%	14.4%	15.0%	15.6%	16.2%	14.9%	14.5%	14.5%	15.6%	16.7%	15.5%
Specialised HEIs	5.3%	9.4%	7.3%	7.8%	7.0%	6.3%	7.9%	7.7%	7.3%	6.9%	9.5%
Universities outside Scotland	3.5%	4.7%	4.9%	4.9%	4.9%	5.0%	4.9%	6.4%	5.3%	5.7%	6.6%
All entrants	26,840	28,080	28,585	26,830	27,790	27,440	27,395	29,170	31,530	30,030	29,085
A - All entrants from deprived areas	10.0%	10.1%	10.6%	11.1%	11.4%	10.9%	10.7%	11.0%	11.3%	12.0%	11.9%
B - % of Scottish population living in deprived areas	20.4%	20.2%	20.0%	19.8%	19.7%	19.6%	19.3%	19.2%	19.1%	19.0%	19.0%
C - % of Scottish working age population living in deprived areas	19.8%	19.6%	19.5%	19.5%	19.4%	19.4%	19.0%	19.0%	18.9%	18.8%	18.8%
Under-representation of total population from deprived areas (A - B)	-10.4	-10.1	-9.3	-8.7	-8.3	-8.7	-8.6	-8.2	-7.8	-7.0	-7.1
Under-representation of working age population from deprived areas (A - C)	-9.8	-9.5	-8.9	-8.4	-8.0	-8.5	-8.3	-8.0	-7.6	-6.8	-6.9

Sources: Higher Education Statistics Agency (HESA) and Scottish Funding Council (SFC)

¹ Percentages have been calculated from unrounded values.

a. "entrants" refer to those enrolments in their first year of study.

b. Deprived areas are taken to be the 20 per cent lowest ranked areas in the Scottish Index of Multiple Deprivation. Different SIMDs have been used for different academic years depending on which SIMD most strongly related to which academic year.

c. Although colleges show a higher percentage of students from deprived areas, college students make up less than 2% of the total entrants to higher education at a full-time first degree level.

d. Due to the relatively small number of full-time entrants to first-degree level higher education in colleges, the introduction of a number of new HE courses in 2010-11 more than doubled the population of this group. The new courses had a lower percentage of entrants from deprived areas than the existing courses, which resulted in a large drop in the college percentage between 2009-10 and 2010-11.

14. Table 1 shows that the percentage of Scottish domiciled entrants to Higher Education who come from the 20% most deprived areas decreased by 0.1 percentage points from 12.0 per cent in 2010-11 to 11.9 per cent 2011-12. Over the period since 2001-02 there was an increase, with the 2011-12 figure 1.9 percentage points higher than the figure 10 years previous. Due to the general de-population of Scotland's 20 per cent most deprived areas, they now account for 18.8 per cent of the working-age population. In 2011-12, entrants from these areas were under-represented in Higher Education by 6.9 percentage points. This represents a substantial improvement since 2001-02, when the comparable figure was 9.8 percentage points. Although progress has been made in improving the representation of those from deprived areas in Higher Education overall, levels vary greatly between the different types of institutions within Scotland.

15. Additional analysis has been included below to identify entrants who would be expected to pay the graduate endowment fee, where it has been possible to do so. Entrants that can be identified as being exempt from the fee have been excluded from the analysis in Table 1a. For this group, the percentage of Scottish domiciled entrants from deprived areas increased by 0.6 percentage points between 2001-02 and 2011-12. As noted above, the percentage of the population living in the 20% most deprived areas decreased over the same period. Therefore, under-representation of these entrants improved by 1.6 percentage points since 2001-02, to 8.9 percentage points in 2011-12 (compared to the percentage of the working age population in those areas).

Table 1a¹ - Entrants^a to higher education in Scotland from deprived areas^b who are liable to pay the graduate endowment fee²: 2001-02 to 2011-12

	Percentage of HE entrants from deprived areas										
Type of Institution	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 ^d	2011-12
Colleges ^c	-	-	-	-	17.6%	23.4%	19.0%	17.2%	23.8%	15.3%	19.0%
Ancient Universities	6.1%	5.4%	5.7%	6.1%	5.4%	5.8%	5.8%	6.0%	5.6%	5.4%	6.1%
Newer Universities	8.9%	8.6%	8.9%	9.8%	9.4%	9.1%	9.0%	8.9%	9.5%	9.2%	8.5%
Post-92 HEIs	12.6%	13.2%	13.5%	14.2%	13.7%	13.1%	12.8%	13.0%	13.3%	13.8%	13.0%
Specialised HEIs	4.6%	8.2%	6.6%	7.8%	5.6%	5.2%	8.0%	7.7%	6.0%	5.2%	7.4%
All entrants	21,230	21,640	21,610	20,230	20,280	20,440	20,185	21,200	22,240	20,580	20,470
A - All entrants from deprived areas	9.3%	9.2%	9.5%	10.2%	9.6%	9.5%	9.5%	9.6%	9.7%	9.8%	9.9%
B - % of Scottish population living in deprived areas	20.4%	20.2%	20.0%	19.8%	19.7%	19.6%	19.3%	19.2%	19.1%	19.0%	19.0%
C - % of Scottish working age population living in deprived areas	19.8%	19.6%	19.5%	19.5%	19.4%	19.4%	19.0%	19.0%	18.9%	18.8%	18.8%
Under-representation of total population from deprived areas (A - B)	-11.1	-11.0	-10.5	-9.7	-10.1	-10.1	-9.8	-9.6	-9.4	-9.2	-9.1
Under-representation of working age population from deprived areas (A - C)	-10.5	-10.4	-10.0	-9.3	-9.8	-9.9	-9.5	-9.4	-9.2	-9.0	-8.9

Sources: Higher Education Statistics Agency (HESA) and Scottish Funding Council (SFC)

1 Percentages have been calculated from unrounded values.

2 Figures in the above table exclude those students exempt from paying the graduate endowment fee, where it has been possible to identify them from student records. All students meeting the following exemptions (see 'Introduction') have been excluded; b, c, d, f, j, k, n. In addition, some students meeting the following exemptions have been excluded; a, e, m.

a. "entrants" refer to those enrolments in their first year of study.

b. Deprived areas are taken to be the 20 per cent lowest ranked areas in the Scottish Index of Multiple Deprivation. Different SIMDs have been used for different academic years depending on which SIMD most strongly related to which academic year.

c. Although colleges show a higher percentage of students from deprived areas, college students make up less than 2% of the total entrants to higher education at a full-time first degree level.

d. Due to the relatively small number of full-time entrants to first-degree level higher education in colleges, the introduction of a number of new HE courses in 2010-11 more than doubled the population of this group. The new courses had a lower percentage of entrants from deprived areas than the existing courses, which resulted in a large drop in the college percentage between 2009-10 and 2010-11.

2 Figures in the above table exclude those students exempt from paying the graduate endowment fee, where it has been possible to identify them from student records. All students meeting the following exemptions (see 'Introduction') have been excluded; b, c, d, f, j, k, n. In addition, some students meeting the following exemptions have been excluded; a, e, m.

Table 2¹: Scottish Domiciled full-time first year, first degree students from deprived areas² in Higher Education supported by SAAS who were liable to pay the Graduate Endowment Fee

Academic Year	All	Liable for the Graduate Endowment Fee ³	% Eligible for Graduate Endowment Fee
2001-02	2,245	1,330	59.4%
2002-03	2,295	1,415	61.5%
2003-04	2,260	1,330	58.9%
2004-05	2,180	1,330	61.1%
2005-06	2,095	1,265	60.3%
2006-07	2,100	1,265	60.3%
2007-08	2,115	1,310	62.0%
2008-09	2,210	1,335	60.3%
2009-10	2,340	1,435	61.3%
2010-11	2,255	1,370	60.8%
2011-12	2,040	1,235	60.5%

Source: Student Awards Agency for Scotland (SAAS)

¹ Student numbers have been rounded up or down to the nearest 5 e.g. 0, 1, 2 round to 0; 3, 4 round to 5.

Percentages have been calculated on unrounded data and are rounded to one decimal place.

² Deprived areas are taken to be the 20 per cent lowest ranked areas in the Scottish Index of Multiple Deprivation. Different SIMDs have been used for different academic years depending on which SIMD most strongly related to which academic year.

³ The table provides information on SAAS supported, Scottish domiciled, full-time, first degree students from Scotland's 20% most deprived areas who are on the first year of a course. The numbers liable for the Fee are based on an approximation. It is not possible to know from the management information held by SAAS whether such students have transferred from an HNC/HND course started before 2001-2002. In addition, it is not possible to identify definitively those students who would not have been liable for the Fee as they had previously completed a degree course at a publically funded institution. Generally such students would not receive tuition fee support therefore students who did not receive such support have been excluded from the numbers liable for the Fee.

16. Table 2 above shows that the abolition of the graduate endowment fee continues to benefit a large percentage of students. In 2011-12, 60.5% of full-time first degree students from Scotland's 20% most deprived areas who were in the first year of a course would have had to pay the graduate endowment fee if and when they completed their course. This compares with 73.7% of such students from non-deprived areas in Scotland.

Table 3¹ - Projected completion rates of entrants^a to higher education in Scotland who are liable to pay the graduate endowment fee, by classification of entrant: 2002-03 to 2010-11

Classification of entrant	Academic Year								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
A) Entrants from deprived areas	60.6%	59.4%	62.8%	64.5%	61.8%	62.8%	65.5%	66.3%	68.0%
B) Entrants from non-deprived areas	72.7%	72.3%	74.8%	74.3%	74.6%	75.7%	75.7%	77.5%	78.1%
Percentage point difference between entrants from deprived and non-deprived areas (A-B)	-12.1	-12.9	-12.0	-9.8	-12.8	-12.9	-10.2	-11.2	-10.1

Source: Higher Education Statistics Agency (HESA)

¹ Figures in this table have been provided by HESA according to the methodology of their widening participation performance indicators, for more information about the methodology used is available online at http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=1440&Itemid=141

^a Figures in the above table exclude those students exempt from paying the graduate endowment fee, where it has been possible to identify them from student records. All students meeting the following exemptions (see 'Introduction') have been excluded; b, c, d, f, j, k, n. In addition, some students meeting the following exemptions have been excluded; a, e, m.

17. Table 3 above shows the projected completion rates of degree level entrants to higher education at higher education institutions in Scotland by the classification of the entrant (i.e. entrants from deprived areas and entrants from non-deprived areas).

18. For full-time Scottish domiciled entrants to first degree level study who are classified as living in deprived areas, the estimated completion rate was relatively stable from 2002-03 to 2006-07, fluctuating between 59 and 65 per cent. Over the next few years the estimated completion rate increased, reaching 68.0 per cent in 2010-11. The estimated completion rate for those entrants from non-deprived areas has remained between 9 and 13 percentage points higher than for entrants from deprived areas, with the difference decreasing from 12.1 to 10.1 percentage points between 2002-03 and 2010-11.

Other sources of evidence

19. When asked about fees, costs and the Graduate Endowment Fee in 2007-08 students said that costs for books/ equipment, rent/ housing, food/drink, entertainment, travel, and commercial loans were of greater concern to students than the Graduate Endowment Fees.² This suggests, as noted in previous reports laid in Parliament, that while the Fee could have been a factor in a student's decision to study at the time, it would be more accurate to consider the Fee in the wider context of costs and debt generally, and how both the fear of, and actual debt, impacts on student behaviour and outcomes.

20. Evidence from recent data (see Tables 1 and 1a) demonstrates that the proportion of entrants from deprived areas has increased slightly in the period following the introduction of the Fee. We are, however, unable to tell whether this increase would have been faster in the absence of the Fee.

21. Other evidence sources³ suggest that the fear of debt and cost of study can potentially dissuade prospective students to going to university. People from disadvantaged family backgrounds are especially vulnerable in this respect.

22. BIS research notes that most young people see debt as a normal part of life, but that those with the most negative attitudes to debt are among those least likely to apply to HE. It suggests that students from low income households see the costs of HE as a debt rather than an investment. Those from less privileged backgrounds were more likely to be concerned about debt, and those most averse to debt were among the less willing to participate in HE.⁴

23. However, more recent research shows that most young people, irrespective of their backgrounds, have high aspirations to go to HE and into the labour market. Young people from more deprived backgrounds don't, however, have the necessary tools and resources, including awareness of where to find appropriate information and guidance, to pursue their aspirations.⁵

24. While research from BIS has shown that the tuition fees introduced in England in 2006-07 did not impact on participation levels (even by those from deprived backgrounds), they seemed to have an impact on people's choices of where to study. The research showed that people from more deprived backgrounds tended to choose a university closer to home, often a less prestigious institution.⁶ As such those from disadvantaged backgrounds are at risk, unless counterbalancing policies (such as loans and grants) are available to them.

25. The OECD reports similar findings. In OECD countries where students are required to pay tuition fees, and can benefit from public subsidies, there are not lower levels of access to university-level education than the OECD average.⁷

² SIED report, Higher and Further Education Students' Income, Expenditure and Debt in Scotland 2007-08 <http://www.scotland.gov.uk/Publications/2009/06/24115743/0>

³ Brennan et al. (2005). Survey of Higher Education Students' Attitudes to Debt and Term-time Working and their Impact on Attainment; Buie, E. (2003). Opportunity knocks or university challenge. *Search*. N39 pp28-31; 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; Forsyth A & Furlong A. 2000. Socioeconomic disadvantage and access to higher education; JRF (2005). From life crisis to lifelong learning – Rethinking Working Class 'Drop-out' from education. Sutton Trust (2012). Findings from Ipsos MORI Young People Omnibus Survey (2011/12) published in a news release "Debt and cost worries deterring many potential students". Carasso et al (2012). Higher Fees, Higher Expectations? SKOPE Issues Paper 30.

⁴ BIS, Research Paper no. 3, 2009, Who is heading for HE? Young people's perceptions of, and Decisions about, Higher Education:

http://www.dius.gov.uk/research_and_analysis/~media/publications/B/BIS-RP-003

⁵ JRF, The influence of parents, place and poverty on educational attitudes and aspirations, 2011.

<http://www.jrf.org.uk/publications/influence-parents-places-and-poverty-educational>

Increasing higher education participation among disadvantaged young people and schools in poor communities, Sutton Trust <http://www.adcet.edu.au/StoredFile.aspx?id=2028&fn=Sutton+Trust+Research+interim+report+Oct+08.pdf>

⁶ BIS 2010, The role of finance in the decision making of HE applicants and students: Going into HE <http://www.employment-studies.co.uk/pdflibrary/bis10529.pdf>

⁷ OECD Education at a glance 2011, Indicator B5, <http://www.oecd.org/edu/skills-beyond-school/48631028.pdf>

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 from 2008 including:

Academic Year 2010/11

- The introduction of a new package of student support in academic year 2010-11, including for the first time, a new grant for independent students and an extra £2m for childcare support

Academic Year 2011/12

- The pooling of FE and HE childcare funds so that all lone parents, no matter what level of study, will receive a guaranteed sum of money (up to £1,215) from 2011/12 for childcare.
- Replacing the travel grant available prior to 2011 with an increase in the ceiling of £350. This increased the cash available to students by £10m, and meant that most students ended up with more money in their pockets.

Academic Year 2012/13

- From academic year 2012-13, a tuition fee loan under Postgraduate Students Allowance Scheme (PSAS) replaced the fee grant Scheme. The new Scheme will provide postgraduate students with up to £3,400 towards the cost of their tuition fees in the form of a non-means tested student loan. All eligible Scottish domiciled and EU students undertaking eligible courses will be eligible to apply.
- Under the new model, around 5,000 full and part-time postgraduate students will be eligible to apply for the tuition fee loan as opposed to 2,700 under the previous arrangements.

Academic Year 2013/14

- As part of the Post-16 Education Reform Programme, a new package of student support from academic year 2013-14 will be introduced which includes:
 - An annual minimum income of £7,250, through a combination of bursaries and loans, for students with a family income of less than £17,000 ;
 - All students, irrespective of circumstances, will be eligible for a non-means tested student loan of £4,500 a year; and
 - Part-time students with a personal income of less than £25,000 will from 2013-14 receive the equivalent of full tuition fee support; based on the proportion of the course they are studying.

27. In addition the Government provided annual funding of £1.5bn for 2012/13 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. In December 2012, the Government announced an additional £10m support for 2,089 additional funded places at universities in 2013/14. The funding is designed to:

- widen access by encouraging universities to recruit and retain students from the most deprived neighbourhoods in Scotland (727 additional places);
- increase the number of students articulating to university from college (1020 places); and
- boost skills for growth with 342 undergraduate places in key sector areas likely to have the greatest economic impact.

29. The SFC was asked by the Scottish Government to develop outcome agreements with the university sector. From AY 2012-13, these outcome agreements, to be agreed by the SFC on an annual basis with each university, will cover the range of the SFC's funding for each institution, including widening access.

30. Through the Post-16 Education (Scotland) Bill, the intention is to legislate to introduce statutory widening access agreements that the Scottish Government will use to bring about a step-change in participation rates. These agreements, will be individual to each institution with local circumstances and sectoral needs taken into account.

31. Updates on the widening access activities of the SFC can be found at www.sfc.ac.uk.