

REVIEW OF FUNDING OF LEARNERS

FINAL REPORT

**Funding for Learners Division
Enterprise, Transport and Lifelong Learning Department**

September 2004

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EXECUTIVE SUMMARY

Background

- * This report presents the findings of the Review of Funding of Learners, the commitment to which was made in the Lifelong Learning Strategy for Scotland published by the Scottish Executive in February 2003.
- * The Review's terms of reference focused on identifying gaps and anomalies in the provision of funding to post-16 individual learners and recommending changes that will improve the coherence, equity and effectiveness of overall provision. The Review has covered Further Education student support, Higher Education student support, Education Maintenance Allowances and Individual Learning Accounts.
- * The Review has been undertaken by the Funding for Learners Division of the Enterprise, Transport and Lifelong Learning Department. There has been extensive internal (Executive) and external stakeholder input, involving workshops, meetings and correspondence with key stakeholders and the use of a Review webpage to report the work in progress and to publish stakeholder contributions.
- * The work for the Review has been undertaken in 11 workstreams. The first 3 workstreams covered essential background requirements: confirmation of the key analytical principles; mapping the current provision of learner support; and establishing the quantitative evidence base. The next 5 workstreams focused on the policy analysis: mode of study; level of study; additional needs (including childcare, hardship and special education needs); individual circumstances; and information, advice and guidance. The 3 remaining workstreams - covering the type of funding, delivery of funding, and entitlement to funding - have also commenced and will be taken forward in the post-Review phase.
- * The outputs of the Review take the form of a series of Action Points, the timetables for which are phased from immediate (pre 2004-05 academic year) actions to those to be undertaken in the period through to 2006.

Key findings

- * In 2001-02, approximately 280,000 students from Scotland studied full-time and almost 400,000 studied part-time. Nearly all full-time FE students receive funding from the Executive; in HE, the Executive (via the Student Awards Agency for Scotland) pays fees for three-quarters of all full-time students.
- * The fastest growth in both FE and HE numbers has come from part-time students (especially distance learners), who are usually not funded by the Executive. However, whilst there is no real reason to believe there is a suppressed demand due to funding constraints, the evidence base is not complete. There remains a need to identify

whether there are barriers to part-time learning, and whether these relate to funding or to other possible causes.

- * Academic research confirms that financial disadvantage is one barrier amongst a range of cultural and institutional factors that affect individuals' decisions to participate in post-compulsory education. Entering post-compulsory education can be perceived as a risky investment decision, especially for low income students.
- * The current system of learner support is generally robust in terms of encouraging progression from one level of learning to the next. However, a number of anomalies have been identified for correction. Similarly, although most of the concessions to the previous study rules in HE remain valid, these should be subject to regular review and removed when their purpose is served.
- * There is potential scope for improvement in the allocation of postgraduate support. In particular, there is an opportunity to examine whether the current allocation of Postgraduate Student Allowance Scheme (PSAS) courses is consistent with the best targeted use of the available funds. The aim should be to increase fairness and transparency and to reduce deadweight, within the context of wider postgraduate support.
- * The means test should be modernised in both FE and HE so that it reflects the modern definitions of families and households. It needs to be fair, equitable and as easy to understand as possible, as well as continuing to promote alignment in the support given to the sectors.
- * The interaction between student support (especially the means test) and the benefits system is regarded as a significant complexity and, for some potential students, a barrier to undertaking learning.
- * The current funding of the additional needs of learners presents a complex picture. This is the result of the combination of the many interventions to address specific needs over the years with the usual requirement for such interventions to be targeted. The main issues in relation to childcare are based around provision, transition (between FE and HE) and information, advice and guidance. Similarly, several issues require attention in support of learners with special education needs, many of which involve the further development of cross-cutting policies across the Executive.
- * The lack of clear information, advice and guidance (IAG) represents a failing of the current system of learner support. The provision of IAG on learner support is fragmented, there are gaps in provision as well as duplicate and inconsistent information, and the key stakeholder interactions are unstructured. There is a major opportunity to improve the nature of the IAG and the efficiency of its communication and dissemination to learners and potential learners.

Action Points

- * The main outputs of the Review are a series of Action Points with 3 timescales: “immediate”, “priority issues” and “medium term”. The actions relate to a number of key themes:
 - Improving the level of provision
 - Improving the coherence of provision
 - Removing gaps and anomalies
 - Improving information, advice and guidance
 - Improving the evidence base
 - Liaising further with internal/external stakeholders

- * The actions undertaken so far have included:
 - From 2004-05, abolishing the child element of the HE Dependants Grant and the FE Dependants Allowance, thereby removing the double-funding that was introduced with the Inland Revenue’s Child Tax Credits system.
 - Establishing a Disabled Students Stakeholder Group to work with the Executive’s policy divisions and SAAS on addressing the main issues relating to the eligibility for, and administration, of Disabled Students Allowance
 - Establishing an Information, Advice and Guidance Delivery Group to take forward a wide range of improvements that are necessary in IAG provision to learners, potential learners, learning institutions and intermediaries

- * Further actions will include:
 - Amending the means test in both FE and HE by simplifying the calculation process and moving towards a more modern definition of family relationships.
 - Improving the Postgraduate Student Allowance Scheme (PSAS) to ensure that there is a more straightforward and transparent approach to deciding which courses should be supported.
 - Examining how the administration of funds for students’ additional needs can be eased, particularly with regard to childcare and hardship in FE colleges.

- Improving the evidence base on part-time study, by undertaking further research on the motivations for study and the relative importance of funding constraints and other preventative factors

*Funding for Learners Division
Enterprise, Transport and Lifelong Learning Department
Scottish Executive*

September 2004

ACTION POINTS

Introduction

Timescales

- Immediate To be undertaken in preparation for the 2004-05 academic year.
- Priority issues To be taken forward in 2004-05.
- Medium term *Either* to be re-assessed as a priority issue in 2005-06 *or* to be considered in the context of the 2006 Spending Review

Improving the level of provision

Immediate

- * For the 2004-05 academic year, we have:
 - increased the rates of student support (loans, bursaries, grants and thresholds) in line with inflation – RPI(X) - so that their value is maintained in real terms.
 - disengaged the HE loan from supplementary grant eligibility, so that the latter is not affected by the upper age limit.

Priority issues

- * We will examine the policy options with respect to the potential extension of entitlement to learner support, the resulting financial and legal implications, and the impact on learners.

Medium term

- * We will examine the implications, including for costs, of moving towards pro rata support across the spectrum of part-time study in FE and HE, in line with the hours studied.

Improving the coherence of provision

Immediate

- * For the 2004-05 academic year, we have:

- abolished the child element of HE Dependents Grant and the School Meals Grant and, in FE, the child element of Dependents Allowance (given the introduction of Child Tax Credits, including to students).
- withdrawn the Hardship Loan for HE students and re-allocated the funds into an expanded Hardship Fund.
- abolished the Two Homes Grant in HE and the Two Homes Allowance in FE.
- in FE, combined the Young Students Retention Fund and the Hardship Fund into one fund for all students and amended the eligibility criteria.
- commenced the phased removal of most of the current Category A maintenance support, leaving Education Maintenance Allowances (EMAs) to cover maintenance to those aged up to 18 and the existing Categories B and C to those aged 18-25 and 25 and over.

Priority issues

- * We will take forward plans to simplify the means test, including:
 - in HE, taking into account the income of an unmarried partner, if the student is 25 or over
 - taking into account the income of the parent(s) or the parent and partner (whether married or not) in the HE means test
 - exploring whether same sex couples should be included within the new arrangements
 - in both FE and HE, basing the initial assessment on gross income and then reducing the required contributions, as determined by the set allowances
 - costing the proposed changes to ensure overall cost neutrality
 - providing clear information, advice and guidance to existing and potential students on the changes being made
- * We will examine whether loans for part-time HE students should be withdrawn and, if so, what the options are: for example, commuting the scheme to one of grant provision.
- * In HE, we will examine the case for establishing a single means-tested HE childcare fund.

- * We will consider the practicalities of FE colleges being able to vire childcare funds between non-advanced and advanced students.
- * We will consider whether, within FE colleges, there should be a single fund to address the hardship needs of all FE and HE students.
- * We will examine the policy options of changing the current types of FE and HE support, including the advantages and disadvantages of introducing loan availability for non-advanced students and extending bursary support in HE.

Medium term

- * We will consider the funding of the additional travel costs of learners when the details of how the Executive will meet the Partnership Agreement commitment to introduce concessionary travel for all in full-time education and training are more clearly established.

Removing gaps and anomalies

Immediate

- * From the 2004-05 academic year, we:
 - have changed the rules so that those who fail an HND are eligible to receive degree support from year 2 (rather than year 3) of a degree course.
 - will fund an immediate and last year of study (i.e. one year only) that enables a student to progress from an ordinary degree to an honours degree.
 - will fund those who graduate with an Advanced Diploma to undertake an immediate one-year course to study to honours level.
 - will stop taking Grant-in-Aid into account as previous support from public funds.
- * We have established a Disabled Students Stakeholder Group to work with the Executive's policy divisions and SAAS on addressing the main issues relating to the eligibility for, and administration of, Disabled Students Allowance (DSA).

Priority issues

- * We will take forward a project to develop an improved Postgraduate Students' Allowance Scheme (PSAS).
- * We will examine the anomalies currently surrounding the funding of PGDipCE courses.

- * We will remove minor differences that exist in the current guidance on residency requirements, either within or between the FE and HE sectors.
- * We will review the schedules to the student allowances and loan regulations and the FE Bursary Direction annually to take account of changes in Home Office policy and to address any issues which arise during the year.

Medium term

- * In conjunction with SFEFC, we will re-examine the waivers to the time-limited nature of FE previous support and previous study rules.
- * We will re-examine whether the time equivalence of support in FE is appropriate, both in terms of consistency of funding and with regard to the DWP assumptions on student support.
- * We will examine whether the lack of any time limit to the previous study rules in HE remains a valid feature of the system.
- * We will introduce a system of regular reviews of the concessions to the previous study rules in HE, in order to examine whether the reasons for their introduction remain valid.
- * We will review the exemption criteria from the Graduate Endowment for those in receipt of DSA.

Improving information, advice and guidance

Immediate

- * We have established an Information, Advice and Guidance (IAG) Delivery Group of key delivery partners and intermediaries to address the issues raised by the IAG workstream of the Review.
- * The *Current Provision of Information, Advice and Guidance* paper has been issued to the wider group of stakeholders for confirmation and feedback.
- * We are engaging with key stakeholders to ensure a straightforward and easily understood interaction between the ILA Scotland scheme, part-time FE/HE support and the fee waiver arrangements

Priority issues

- * From within the IAG Delivery Group, we have established an IAG Project Team to take forward the production of a number of key IAG outputs: a Communications Strategy, an Implementation Plan and an Evaluation Plan.
- * The outputs of the Project Team will provide the framework within which a number of key IAG issues will be addressed. These will be decided by the Delivery Group, but might include:
 - ensuring that accurate and consistent IAG is distributed to learners and potential learners on public sector websites and in other media.
 - assessing what standards/business processes should exist to ensure accurate and consistent IAG is maintained: for example, a Code of Practice for organisations.
 - deciding on the provision of an overview of all learner funding at the national level.
 - working towards the adoption of a common terminology in the description of funding arrangements (e.g. with respect to grants and bursaries).
 - examining which types of individual and organisation require different levels of information on learner funding, and where that information should come from.
 - examining the role of intermediaries, and the information and training needs they require to provide advice and guidance on the funding of learners. This is with particular reference to specialist, community and voluntary organisations.
 - deciding how best to clarify the current arrangements with regard to learner support and the Benefits system, ensuring that all relevant stakeholders are fully informed.
 - deciding what the best communication model should be for future IAG provision on learner funding, the emphasis being on using the current communication structure to better effect.
 - examining whether a feasibility study should be commissioned for the development of *learndirect scotland's* National Learning Opportunities Database to include information on funding
- * We will clarify the existing definitions of part-time study used by various agencies, with the aim of providing full information for all stakeholders
- * In conjunction with SAAS and SFEFC, we will provide clearer guidance on the use of hardship funds to FE colleges and HE institutions.

Improving the evidence base

Immediate

- * We have published background papers on:
 - the underlying policy bases for the types of funding of HE support, FE support, EMAs and ILAs.
 - the existing arrangements for assessing learners' eligibility and paying funding to learners.
 - the existing entitlements, guaranteed and discretionary funding across HE support, FE support, EMAs and ILAs.
- * Via SFEFC, we have identified the amount of Dependants Allowance spent on adult dependants and have retained this element of the scheme.
- * In collaboration with SFEFC and SAAS, we have surveyed FE and HE bursary officers in order to improve the evidence base on the use of Hardship Funds.
- * We have commissioned a research study into the types of funding, and associated eligibility criteria and payment arrangements, provided for learners in tertiary education systems elsewhere.
- * We have commissioned a Scotland-only survey of student income, expenditure and debt in both the HE and FE sectors in Scotland.

Priority issues

- * We will review research on why people want to study part-time (including via distance learning), what sort of part-time study they want, and the relative importance of funding constraints and other factors in preventing part-time study
- * We will undertake further investigation of the take-up and funding of free-standing HNCs and HNC/HND progression.
- * We will commission research on the application of FE colleges' local discretion of waiving previous study rules on the grounds of the obsolescence of skills in order to ensure that consistent standards are being adopted.

Medium term

- * We will evaluate the impact of the immediate action points introduced for the 2004-05 academic year (i.e. year 2 support for HND failures, funding progression from an ordinary degree or Advanced Diploma to an honours degree).

Liaising further with internal and external stakeholders

Priority issues

- * We will discuss with key stakeholders how the current terminology used in the student support literature with respect to age (“young”, “mature”, etc) might be improved and brought up to date, linking this to the broader work on Information, Advice and Guidance.
- * We will liaise with DfES and DTI on the appropriate changes to be made (if required) to the upper age limits on student loans, in order to meet the requirements of the European Employment Directive.
- * We will continue to liaise with the Home Office, DfES and DWP on the implications for student support of changes in areas of reserved policy relating to citizenship and residency.
- * We will examine the criteria for awarding Disability Premium Funding (DPF) to HEIs.
- * We will contribute to cross-cutting policy development on childcare provision, including assessing the information needs of non-traditional learners, in conjunction with officials in the Education and Development Departments dealing with social inclusion and child poverty issues.

Medium term

- * We will contribute to the development of cross-cutting policies within the Executive with regard to:
 - examining the current arrangements by which individuals cannot be categorised both as in the Group 18 category of special needs and as having extended learning support (ELS) needs.
 - examining the audit arrangements for Group 18/ELS provision in order to establish a “library” of equipment/access facilities in colleges.
 - reviewing the system of Non-Medical Personal Helper (NMPH) support with a view to identifying alternative arrangements that support both students and NMPHs.
 - supporting individuals with complex needs for whom there is no suitable provision in Scotland.

1. INTRODUCTION

Terms of reference and objectives

This report presents the findings of the Review of Funding for Learners carried out by the Funding for Learners Division (FFL) of the Enterprise, Transport and Lifelong Learning Department (ETLLD) of the Scottish Executive.

The commitment to undertake the Review was made in the Lifelong Learning Strategy for Scotland, published by the Minister for Enterprise and Lifelong Learning in February 2003:

“We will carry out a full review of the funding of learners during the course of 2003, in close consultation with all relevant stakeholders and drawing on all the available evidence. The review will clarify the principles of learner support.... The review will not re-examine the basic principles underpinning the support of students in the HE sector and it will not revisit the provision of free tuition and the introduction of the Graduate Endowment. The review will consider the scope and practicalities of extending the existing entitlements to funding for learners”.

Life Through Learning: Learning Through Life (p61).

The Lifelong Learning Strategy referred to a vision of a system in which there are:

- no gaps or unjustifiable differences in the provision of funding for learners;
- clear, accurate and relevant information and guidance on the funding available to individuals and businesses for learning, delivered through joined-up information services.

The terms of reference for the Review were set out in the scoping paper distributed to internal and stakeholders in June 2003 and published on the Review’s website¹:

“To examine the current arrangements in the post-16 funding of individual learners in order to:

- identify gaps and anomalies; and
- recommend changes that will improve the coherence, equity and effectiveness of overall provision”.

¹ *Review of Funding of Learners: Scoping Document for External Stakeholders*, June 2003. The Review’s website is: <http://www.scotland.gov.uk/about/ELLD/FoL/00017431/page677853067.aspx>

The scoping paper stated that the Review would cover FE student support, HE student support, Education Maintenance Allowances (EMAs) and Individual Learning Accounts (ILAs), thus providing a cross-cutting remit with respect to the funding of individual learners. The commitment was to:

- Clarify the underlying principles for learner support and communicate them to stakeholders.
- Map out current learner funding provision.
- Identify anomalies and gaps in provision under the following themes:
 - Mode of study
 - Level of study
 - Additional needs
 - Individual circumstances
- Establish - and bring together in a coherent way - the quantitative and qualitative evidence on learner support and the client base.
- Look at the articulation of learner funding across sectors.
- Examine the current arrangements for providing information, advice and guidance about learner funding and recommend an improved communication strategy.
- Examine the scope for extending entitlement to learner funding.

The scoping paper also confirmed that the Review would not revisit the abolition of tuition fees for eligible HE students and the introduction of the Graduate Endowment. Nor would it cover the funding of doctoral research students, adult literacy and numeracy, workplace learning or the support provided under Welfare to Work programmes.

Context

The Lifelong Learning Strategy for Scotland sets out the current policy context within which the Review has been undertaken. This includes the merger of the two Funding Councils (SHEFC and SFEFC), examination of the current quality assurance landscape in Scotland, and the commitment to improve the quality and consistency of information for learners. Similarly, across the Executive more generally, there are a number of other policy initiatives and actions which are of relevance for this Review, including: Phase 3 of the Review of Higher Education, which sought to create a robust evidence base to better understand the competitiveness of the Scottish HE sector²; the review of the funding of medical and other health care professionals; and the Executive's target to reduce the numbers in the NEET (not in employment, education or training) group. These initiatives are not discussed here; however, in undertaking the Review, we have liaised with the appropriate policy colleagues to ensure consistency of objective and approach.

² *The Competitiveness of Higher Education in Scotland*, Scottish Executive, February 2004.

Similarly, in the wider UK context, it is relevant to note: the Department for Education and Skills's (DfES) HE Review³; the introduction, from April 2003, of the new system of Tax Credits, administered by the Inland Revenue, with particular reference to student eligibility for credits; and the DfES Skills Strategy⁴, which incorporates the results of a Review of Funding Adult Learners. FFL officials are also in regular contact with their counterparts in Wales and Northern Ireland.

Methodological approach

It has been widely recognized for some time that a number of key policy issues relating to the funding of learners required attention and/or resolution. Many (though not all) of these issues were identified in the Enterprise and Lifelong Learning (ELL) Committee's 2002 report on Lifelong Learning⁵; others were brought to the Executive's attention by key stakeholders or represented unfinished business in the Executive's policy formulation.

In order to address these (and other) issues in a coherent Review, there were three initial requirements.

First, it was essential to have a basic conceptual framework underpinning learner support in Scotland. Accordingly, in parallel with the distribution of the scoping papers to internal and external stakeholders, we released a position paper summarising the current thinking on the key political parameters, administrative criteria and analytical principles which, in combination, constitute such a framework.⁶

As we had hoped, the publication of the position paper – together with discussion in informal workshops - prompted a number of informed and considered responses from key stakeholders (see Appendix B below). In general, the principles were confirmed as robust and valid although, as expected, agreement was not unanimous on some of the detail. Our shared understanding of the principles with stakeholders has assisted in establishing the overall policy direction of the review and reaching particular decisions on specific issues relating to the funding of learners. They provide the framework against which we can take stock of our funding programmes, examine their efficiency and consistency, and tackle anomalies in provision.

The second initial requirement was to map the current provision of learner support. Given that the rationale for the Review is to address gaps and anomalies in provision, it was obviously important to form a detailed picture of the existing arrangements. Accordingly,

³ *The Future of Higher Education*, DfES, January 2003.

⁴ *21st Century Skills: Realising our Potential*, DfES, July 2003.

⁵ *Final Report on Lifelong Learning*, 2002, SP Paper 679.

⁶ *Review of Funding of Learners: Underlying Parameters, Criteria and Principles*, Funding for Learners Division Position Paper, June 2003. See Appendix B below.

these were mapped in relation to age, income, dependants, special education needs, travel, childcare, hardship, residence and cross-border study.⁷

Third, the Review required the firm foundations of a robust evidence base. As background to the Review, the Analytical Services Division (ASD) of ETLLD was commissioned to draw together the available quantitative information on publicly funded learning in the HE and FE sectors in Scotland.⁸

The requirements identified above constituted the first 3 of the Review's 11 workstreams: i.e.

- Workstream 1. Establishing the political parameters, administrative criteria and analytical principles
- Workstream 2. Mapping current provision
- Workstream 3. Establishing the evidence base

These workstreams were effectively completed by September 2003, enabling progress to be made on the next group of 4 workstreams, dealing with the detail of the eligibility criteria for learner support:

- Workstream 4. Mode of study
- Workstream 5. Level of study
- Workstream 6. Additional needs
- Workstream 7. Individual circumstances

At the same time, background analysis and research was taken forward for another workstream, the significance of which is relevant for the whole content of the Review:

- Workstream 11. Communication of information, advice and guidance

This leaves 3 remaining workstreams, the analysis for which has commenced and which will be taken forward as key elements of the Review's action points:

- Workstream 8. Type of funding
- Workstream 9. Delivery of funding
- Workstream 10. Entitlement to funding

⁷ *Review of Funding of Learners: Mapping of Current Provision*, Funding for Learners Division Position Paper, June 2003. See Appendix A below.

⁸ *Review of Funding of Learners: Quantitative Background*, Analytical Services Division Position Paper, September 2003. See Appendix A below.

Stakeholder consultation

The Review has drawn upon the network of ETLLED contacts to undertake informal stakeholder consultation. For external stakeholders, this has been in several phases:

- A workshop with key stakeholders⁹ was held in June 2003 to discuss the scope of the Review, the key principles underpinning learner support and the specific policy issues to be addressed.
- The scoping document for the Review was distributed to stakeholders, inviting feedback and comment, and placed on the Review website.
- Stakeholder inputs were requested as contributions to the discussion on the Review website.
- FFL officials met key stakeholders on an individual basis to discuss specific points relating to their areas of interest.

As noted, a number of key stakeholders made informative and constructive responses to the working paper on the underlying conceptual framework for the Review, either in bilateral consultation or in the form of a written contribution to the Review's website. The latter include submissions from *learn direct scotland*, Universities Scotland, the HE Disability Coordinators/Advisers National Network, Open University, Skill Scotland, Community Education Scotland and NUS Scotland. We are grateful for these contributions, which are noted further in Appendix B below.

In addition to the external stakeholders, there are several internal stakeholders (i.e. within the Executive), with whom we have liaised on the Review. These include colleagues elsewhere in ETLLED as well as in the Health, Justice, Education and Development departments.

Contents of the Report

The core of the report is contained in Sections 2-6 below, which outline the policy analysis undertaken with respect to workstreams 4-7 and 11. These sections consider the key issues relating to the mode of study, the level of study, the individual circumstances of learners, learners' additional needs, and information, advice and guidance. Section 7 then summarises the progress on the 3 remaining workstreams, relating to the type of funding, delivery of funding and entitlement to funding.

Each of these areas of analysis has generated a series of Action Points, which are of three types:

- **Immediate** To be undertaken in preparation for the 2004-05 academic year.

⁹ Association of Scottish Colleges, Association of Directors of Education in Scotland, Careers Scotland, Coalition of Higher Education Students in Scotland (CHESS), Continuing Education Managers in Scotland (CEMS), COSLA, Future Skills Scotland, *learn direct scotland*, NUS Scotland, Scottish Further Education Funding Council, Scottish Higher Education Funding Council, STUC, Universities Scotland.

- Priority issues To be taken forward in 2004-05.
- Medium term *Either* to be re-assessed as a priority issue in 2005-06 *or* to be considered in the context of the 2006 Spending Review

It will be seen that progress has already been made on the “immediate” Action Points. Indeed, in the majority of cases, the actions have already been completed.

The Action Points relate to a number of key themes, which are consistent with the Review’s terms of reference. The themes are:

- Improving the level of provision
- Improving the coherence of provision
- Removing gaps and anomalies
- Improving information, advice and guidance
- Improving the evidence base
- Liaising further with internal/external stakeholders

The Appendices to the report summarise the background analysis, described above, undertaken in the first three workstreams of the Review. Appendix A outlines the evidence base with respect to the quantitative background, the mapping of current funding and the input of academic research. Appendix B summarises the underlying political parameters, administrative criteria and analytical principles underpinning the Review. For completeness, Appendix C contains a glossary of terms.

A report of this nature is invariably somewhat lengthy, given the breadth of material covered. The Executive Summary and Action Points, which precede this Introduction, provide a comprehensive and stand-alone summary of the main outputs of the Review.

2. MODE OF STUDY

SCOPE OF ANALYSIS

A key element of the Review has been to examine the extent to which support for the funding of learners reflects the different modes by which learning is undertaken. Are the differences in the funding arrangements justified and what are the financial costs and other implications of making changes? The issues are of considerable significance and cover full-time and part-time study, distance learning, cross-border study and overseas study.

DISCUSSION

Part-time students

Most students studying part-time (or on distance learning courses, see below) are liable to pay tuition fees. However, part-time students in FE can receive (means tested) bursary support for travel and study costs and also, at the college's discretion, pro rata maintenance, dependants, special education needs and two homes allowances. They may also be able to retain benefits entitlements and, if on certain benefits, be eligible for fee waiver. In HE, part-time students are entitled to limited support with study costs and can access discretionary fee waiver support through the funding council. They do not receive maintenance support.

Historically, the reasons for limiting maintenance support for part-time study have been largely financial, though there has also been an underlying presumption that part-time students have more opportunities to support themselves through employment. We recognise that this is overly simplistic: many students will be unable to work due to disability or caring responsibilities; many students prefer the "bite sized" approach to accessing learning; and, on the supply side, some courses might only be available on a part-time basis.

The view that support for part-time students should be enhanced is widely held. The Enterprise and Lifelong Learning Committee recommended that "part-time learners should be entitled to the same (or pro rata) fee arrangements as full-time learners. The same arrangements for repayment, where appropriate, should also apply".¹⁰ A similar view has been expressed in some of the stakeholder contributions to this Review. For example, Universities Scotland commented that "for lifelong learning to become a reality, it needs to be supported by a commitment to fund learning by modes other than full-time. [P]art-time students.... are disadvantaged under current support arrangements. Although many part-time students may be supported through employment or through benefits, they are not entitled to the same level of support as full-time students".

In principle, we support the concept of a seamless system in which there is no differential treatment of learner support because of the mode of study. There should be different

¹⁰ *Final Report on Lifelong Learning*, 2002, SP Paper 679, paragraph 103.

packages of support relating to the needs of different students, but these should be based on common principles. This approach would have the virtue of parity of treatment between the different forms of study, as well as contributing to the widening access agenda. However, the usual requirement to minimise deadweight would remain, so that, as far as possible, support was targeted where it was most needed.

This leads to the first of two points of caution: namely that, in the absence of any widespread support, there has still been a rapid growth in part-time study. The quantitative evidence reported in Appendix 1 below includes reference to the fact that, in recent years, the main growth in both FE and HE has been in part-time courses (i.e. by part-time older women in FE and for part-time sub-degree level in HE). A key question, therefore, is whether significant government intervention to support part-time study *per se* is actually required (as opposed to increased support to meet specific additional needs such as childcare).

Second, we recognise that the evidence base is not complete. The bulk of the available data cover those already undertaking part-time study, not those who would like to study but who are unable to do so due to funding constraints. At present, we do not detect a significant suppressed demand for part-time study. However, **there is a need to identify whether there are significant numbers or groups of people who want to study part-time, but cannot do so without support. We propose to address this through specific research.** This will allow us to assess, for example, whether the barriers to part-time study primarily relate to the funding regime or to other possible causes such as the inappropriate or inconvenient provision of courses. If the latter, then more generous support to the learner may not lead to greater participation in the first instance, although it might be expected that, over time, increased demand would stimulate a supply-side response.

The review of part-time support has confirmed the requirement to resolve other, more specific, issues. One is the definition of part-time study. In HE, there is no formal definition of what constitutes a part-time course. For student support purposes – i.e. eligibility for a student loan, Disabled Students Allowance and supplementary grants – there is a minimum requirement of at least 50% of a full-time course. In FE, students are considered part-time if the study is for less than 21 hours per week and full-time if study is for more than 21 hours. The complexity lies in the interaction with the benefits system; study for less than 16 hours does not attract student support and the student is eligible for benefits. This leaves a window of 16-21 hours for part-time support.

We believe that, across the spectrum of part-time study, a long-term aim should be to move towards pro rata support, in line with the hours studied. However, we do not propose to take this forward in the short term. The more pressing needs are twofold: to establish a more definitive evidence base on the demand (and potential demand) for support for part-time learning; and to ensure that all the relevant stakeholders (including students, institutions and those engaged with delivering benefits) are fully informed about the current arrangements with regard to the definition of part-time learning and the interaction with the benefits system. The research to be undertaken on the former has been noted above. With regard to the latter, **we will take this forward as a key output in improving the range of**

information, advice and guidance to learners and potential learners (see Section 6 below).

Second, there is the relationship between part-time support and the fee waiver in both FE and HE. The former is paid directly to the student. The funding for the latter is via the institution, which is reimbursed for income foregone through not charging a fee to the eligible student, but it also brings a direct financial benefit to the (less well off) student who is able to benefit under the rules.

This relationship will be supplemented with the introduction of the new scheme of Individual Learning Accounts. ILA Scotland will provide targeted support for a wide range of learning¹¹ on courses at registered learning providers for those with individual incomes below £15,000 (from Autumn 2004) as well as a universal offer of support for ICT training leading to a recognized certificate or qualification up to and including SVQ Level 2 (from Spring 2005). A key task - which is included in the project management for ILA Scotland implementation - will be **to ensure that there is a straightforward and easily understood interaction between the ILA Scotland scheme, part-time FE support, part-time HE support and the fee waiver arrangements. We are taking this forward with the key stakeholders, including the Funding Councils, SAAS, SUFI and the FE colleges and HEIs.**

Third, the Review has confirmed that, within HE, the provision of loans for part-time students (of up to £500 for each year of the course, to meet study-related costs) has had relatively little take up. **We will examine whether the scheme should be withdrawn and, if so, what the options are: for example, commuting the scheme to one of grant provision within the available resources.** (DfES will be adopting this approach in England and Wales for the 2004-05 academic year). However, we have decided to retain the part-time loans scheme for at least one further year (2004-05), so that we can assess the role of loans for part-time study in the context of the further research to be conducted on the demand for part-time study (see above). This means that, in the short term at least, there will be no disruption to the funding arrangements of those part-time students who have taken out loans.

Distance learning

The encouragement of distance learning was supported by several stakeholders. In its analysis of the ways to widen participation, the Open University referred to the need for HE and FE “to move into new conceptual spaces regarding curriculum design and delivery, student support and transparency in what they offer”; distance learning would certainly be covered by this description. Similarly, and more directly, *learndirect scotland* stated that “the ways in which [distance and e-learning] is currently categorised for funding purposes serves as a potential disincentive to some students for whom it may represent the most appropriate mode of study for a wide range of reasons, from personal circumstance to geographic location”.

¹¹ Subject to particular exclusions, as specified in the ILA Scotland *Definition of Eligible Learning*.

In principle, we support the development of distance learning for the same reasons as given above for the development of part-time study: it is an important means of reaching the different profile of learners via improved flexibility in student support and delivery. However, the same caveats apply. It is noted in Appendix 1 below that, in recent years, notwithstanding the limited financial support available¹², the growth rate for open and distance learning (ODL) has far exceeded that of other categories of student. The same question arises, therefore, as in the context of part-time study: what is the market failure that additional support would seek to correct?

As with part-time study in general (of which distance learning is largely a sub-set), the evidence base is not complete. **We will incorporate distance learning in the research to be commissioned on the extent of latent demand for part-time study.** We will also monitor the take up of approved distance learning courses in the new ILA Scotland scheme.

Cross-border study

Under the arrangements set out in the Higher Education Act (2004), Scottish-domiciled students in HE institutions in England and Wales will be liable for top-up fees from 2006-07. Scottish Ministers announced the policy response to this aspect of student support – which has been outside the scope of this Review – in June 2004. From 2006, Scottish-domiciled students starting courses in English HE institutions will receive a non-means tested loan of up to £3,000 towards the cost of tuition fees, repayable on the same terms as the loans currently provided for living costs and replacing the current means-tested fee remission of up to £1,125. They will also receive up to £2,000 of their living cost support in the form of a means-tested bursary. These arrangements will apply to independent students as well as those who are still dependent upon a parental contribution towards their support.

The general implications of the Act for HE institutions in Scotland (including for cross-border student flows) have been examined in Phase 3 of the Executive's Review of Higher Education, the report of which was published in February 2004.¹³ The remit of that Review was "to create a robust base of information on HE in Scotland in key areas relevant to our understanding of the competitiveness of Scottish HE in a UK and wider context".

Responsibility for funding FE students who study cross-border lies with the Local Authority where the student normally resides and is discretionary. This is the case for both Scottish students who study in England and for English students who study in Scotland. The student can also apply to the Local Authority in which the college is situated, although again any support available is discretionary.

¹² Distance learning support in HE is the same as for part-time study. In FE, there is generally no support at all, with the exception of discretionary means tested study and travel support for Category A or fee-waiver eligible students who attend the college at least once.

¹³ *The Competitiveness of Higher Education in Scotland*, Scottish Executive, February 2004.

An exception to this arrangement is in the case of Scottish students who attend dance and drama courses in England. The Scottish Executive participates in the DfES Dance and Drama Awards Scheme, reimbursing DfES for fees and maintenance costs of Scottish students who receive an award. However, any additional funding would still be the responsibility of the student's Local Authority.

Education Maintenance Allowances (EMAs) are being rolled out nationally across Scotland, England, Wales and Northern Ireland from 2004-05. There are likely to be slight variations between the programmes and so, for administrative simplicity, arrangements have been made to allow Scottish students studying in England to receive the English EMA. Similarly, English students studying in Scotland would receive the EMA under the Scottish criteria. These students would not be eligible to receive any other support from the bursary funds. The same reciprocal arrangements will apply with the other devolved administrations.

In FE, the specific requirements of students with special education needs who are obliged undertake courses in a supported environment in England because of the unavailability of such courses in Scotland are addressed in Section 5 below.

Overseas study

Under the current arrangements for support to Scottish HE students overseas, students who spend a period of time at an institution abroad as a compulsory part of their UK course may currently qualify for the "elsewhere", "high cost" or "higher cost" rate of loan, depending on the country of study. This ensures that they receive a higher level of support if studying in a country which has a relatively high cost of living. Students also receive support to offset additional travel costs and medical insurance. Students who voluntarily choose to spend a period of time studying abroad are restricted to the "elsewhere" rate of loan and are not eligible for supplementary grants. The only exception to this concerns students who volunteer to participate in the EU-funded Erasmus exchange programme.

These arrangements reflect the Executive's prioritisation of resources in order to bring about widened access to HE for individuals from all backgrounds, and there are no plans to make changes.

ACTIONS

Immediate

- * We are engaging with the key stakeholders to ensure a straightforward and easily understood interaction between the ILA Scotland scheme, part-time FE/HE support and the fee waiver arrangements

Priority issues

- * We will review the research on why people want to study part-time (including via distance learning), what sort of part-time study they want, and the relative importance of funding constraints and other factors in preventing part-time study
- * We will examine whether loans for part-time HE students should be withdrawn and, if so, what the options are: for example, commuting the scheme to one of grant provision.
- * We will clarify the existing definitions of part-time study used by various agencies, with the aim of providing full information for all stakeholders
- * We will also clarify the interaction with benefits eligibility with a view to ensuring a consistent approach and the provision of clearer advice to learners and potential learners

Medium term

- * We will examine the implications, including for costs, of moving towards pro rata support across the spectrum of part-time study in FE and HE, in line with the hours studied.

3. LEVEL OF STUDY

SCOPE OF ANALYSIS

This section considers how the current provision supports an individual with respect to the level of study, with particular reference to the transition between non-advanced and advanced study. The key principles relate to the equitable provision of funding and the promotion of articulation and progression, as well as to the widening access agenda. There is an obvious read across to the development work being undertaken on the Scottish Credit and Qualifications Framework (SCQF), which brings together all Scottish mainstream qualifications into a single unified framework.

The scope of the analysis therefore covers: “previous study” (and previous support) rules; progression; concessions in HE; Grant-in-Aid; and non-research postgraduate study.

DISCUSSION

Previous study and support rules

Previous study and support rules apply in further and higher education, though not to Education Maintenance Allowances or Individual Learning Accounts. In general, eligibility for support depends on (a) whether the student already holds a qualification at the same or an equivalent or higher level and (b) whether the student has previously received support from public funds. The previous study rules encourage (upward) progression, as support received towards a lower level of study is generally not taken into account when assessing eligibility for support to study at a higher level (although, as seen below, there are some anomalies here). The same rationale applies in both sectors: i.e. the policy preference is for allocating the scarce resources towards widening, rather than deepening, access

This approach was challenged by the ELL Committee, which argued that “there is.... a need for funding to recognise that progression may not always be upward, particularly in the context of re-skilling for a fast-moving economy. Individuals may need to move ‘sideways’ and gain new competencies in new areas at the same level” and recommended that “the current entitlement to learning should be made more flexible, so that more than one qualification at the same level can be undertaken”.¹⁴

Under the current arrangements, there are some significant differences in the coverage and application of the previous study rules in FE and HE, including:

- * whether the rules apply to fees (HE) or living costs (FE);
- * whether the rules should be time-limited (as they are in FE);
- * the level of local discretion in deciding eligibility (as in FE);

¹⁴ *Final Report on Lifelong Learning*, 2002, SP Paper 679, paragraphs 96 and 100.

- * the complexities added by a number of concessions (especially in HE).

We discuss these issues below and indicate where a number of changes to the current arrangements are to be made.

In terms of previous support in further education, any previous bursary or SAAS support or equivalent towards maintenance, study or travel costs is taken into account (with the exception of previous support for Category A students, which is disregarded). These rules do not apply to the additional funds for Hardship, Childcare or the Young Students Retention Fund or eligibility for fee waiver support. A student can apply so long as the student and course are both SUMmable (which makes no reference to previous support or study).¹⁵

There are two key features of the rules in FE. The first is the time-limited nature of the previous support rules. A student may have received support and still be eligible if he/she has not received cumulative support up to equivalent of 3 years support within the last 6 years and one of the following applies: viz. that the support in question was last received:

- * at least 4 years ago; or
- * at least 2 years ago and the student had been registered jobseeker for at least 3 months immediately prior to enrolling on the current course; or
- * for a course which enabled the student to progress to the current course; or
- * for a course the student failed to pass or failed to complete on medical or compassionate grounds; or
- * any other reason (but only if students hasn't relied on this paragraph to be eligible within last 4 years).

Given the underlying principles of student support described in Appendix B below – and, specifically, in terms of value for money – **it is appropriate that these waivers are subject to regular reconsideration. We will take this forward with SFEFC as a medium term action, with particular reference to the “catch-all” nature of the last one listed above.**

The second characteristic of the application of the previous study rules to non-advanced courses is the extent of the flexibility and discretion afforded to FE colleges. This is appropriate, given that non-advanced learning experience is often short and modular, with the FE sector providing a very wide range of programmes - including adult basic education (ABE), special needs education, New Deal training, and full-time and part-time non-advanced vocational programmes – as well as advanced courses.

The previous study rules are such that students should not ordinarily be adding to or improving an existing advanced level qualification, regardless of whether or not they received funding for this. However, the FE college can deem the student to be eligible where the existing qualification is obsolete in the workplace or to them and/or unrelated to

¹⁵ Student activity is measured in SUMS (student unit of measurement) where one unit is roughly 40 hours of learning. A one year full-time FE course broadly equates to 21 SUMS or 840 learning hours.

the course they wish to pursue. This is not time limited. In practice, therefore, if the student is studying a second course at FE level, then he/she could receive bursary support (subject to the previous support rules). Moreover, if the student is undertaking an FE level course in preparation for a second HE level course, he/she could still receive bursary support if the college is satisfied that the existing HE qualification is obsolete.

We consider that there is much to be said for FE colleges applying flexibility in the interpretation of the previous study arrangements, on the basis of their knowledge of the demand and supply of skills in the local labour market, including the obsolescence of skill sets. However, **there is also a need for a better understanding of how this flexibility is being applied, in order that we can ensure that consistent standards are being adopted. We will commission further research on this.**

One other follow up action should be noted. **We will consider whether the time equivalence is appropriate, both in terms of consistency of funding and with regard to the DWP assumptions on student support.** (This is largely a technical issue, which is not critical to the existence of the previous support rule itself).

Finally, we note that Grant in Aid support is not taken into account in the application of the previous support rules. This is not consistent with the treatment of Grant-in-Aid in HE. We return to this below.

In higher education, the basic principle underlying student support is that assistance from public funds should be available to all eligible students to enable them to undertake one course of HE up to a first degree or equivalent level. Assistance is not generally available to enable students to add to, or improve upon, their existing degree level qualifications. For many years, this concept applied to both tuition fees and living costs. However, the student support arrangements introduced in 1999-2000 are such that all eligible students can now apply for assistance with living costs in the form of the student loan and any supplementary grants to which they may be entitled, regardless of previous study. Hence, the use of “public funds” now refers to support for tuition fees and/or Grant-in-Aid payable in respect of a full-time HE course.

It should be noted that the relaxation of the application of previous support rules to supplementary grants eligibility does not include the Young Students’ Bursary, the Young Students Outside Scotland Bursary and additional loans. Eligibility for the discretionary Mature Students Bursary is also dependent upon eligibility for tuition fee support.

Student support in HE is consistent with the underlying principles, summarised in Appendix B below, of widening access: i.e. encouraging more people to do a course in HE rather than to encourage people to stay in HE and do more than one HE course at the same level. As noted above, the previous study rules also encourage progression. A student who obtains a HNC can continue on to an HND and then on to the second year of a degree, provided that this is in one (or a related) subject.

We return to the previous study and previous support rules in HE below, in the context of the existing concessions to the current arrangements.

Progression

We have considered various aspects of progression. Much of the current system is robust; in other areas, we have identified a number of anomalies for correction.

* *Further education to higher education.* Non-advanced qualifications and any support received in respect of achieving them are not taken into account when assessing eligibility for support to undertake a higher education course. There are no plans to change this arrangement.

* *Higher National Certificate.* To receive support to undertake an HNC course, applicants must not have completed (successfully or unsuccessfully) a free standing HNC course with assistance from public funds. However, those who have failed a course at HND or above still get support to undertake a free standing HNC for the first time. We are content with this, given the significant role played by HNCs in placing students on the qualifications ladder.

* *Higher National Diploma.* HNC support is not taken into account in the funding of an HND course as, normally, students would articulate directly into year 2 of the HND. However, we are aware that we have incomplete information about this, and **we will undertake further investigation of the take-up and funding of free-standing HNCs and HNC/HND progression.**

* *Degree.* Students do not receive support if they have previously been supported to undertake a degree.

We are aware that some HEIs insist on HND graduates starting again in year 1 of a degree. This is a decision for the institutions. However, we do not propose to introduce student support from year 1, as this would send the wrong signals in terms of the SCQF. Students who successfully complete an HND course are eligible for funding from year 2 of a degree course.

This applies to students who have successfully undertaken 2 years of HNC/HND study and to those who complete a one year free standing HNC followed by 2 years at HND. However, at present, students who fail or fail to successfully complete an HND only receive degree support from year 3 of a degree course, despite the fact that students who fail sub-degree courses are less likely to articulate into the later years of a degree course. We do not think this can be justified. Henceforth, **we will change the rules so that those who fail an HND are eligible to receive degree support from year 2 of a degree course.**

Exceptionally, some people may hold a postgraduate qualification without having obtained an undergraduate qualification with support from public funds (e.g. a part-time degree). In

such cases, the postgraduate qualification in itself would not preclude support for a full-time undergraduate course.

* *Honours Degree.* At present, students who graduate with an ordinary degree cannot receive support to undertake an honours year (on the grounds that students do not receive further support to undertake a second first degree).¹⁶ Research suggests that this has a disproportionate impact on students from low income households, who often initially prefer to take the (shorter) ordinary degree due to concerns about accruing debt, but who subsequently realise that the honours year would have been the preferred option. The discussion in Appendix A (section A3) refers to factors such as the lack of information, fear of future debt and cultural background in constraining the FE and HE choices of low income students. Given this evidence, we do not consider that the current position is equitable. Abolishing this rule will also simplify the system, address an issue which is the subject of regular complaint and remove a barrier to progression. Henceforth, **we will fund an immediate and last year of study (i.e. one year only) that enables a student to progress from an ordinary degree to an honours degree.**

* *Advanced Diploma.* These courses are normally one year long and undertaken on progression from HND. Because they are treated as equivalent to an ordinary degree, students who complete an Advanced Diploma but do not graduate can currently be funded for the honours year of a degree course (in the same way as applies at present to a student who completes an ordinary degree course without graduating). In line with the change described in the previous paragraph, **we will fund those who graduate with an Advanced Diploma to undertake an immediate one-year course to study to honours level.**

* *Students who change degree course.* Students who change course will have their entitlement to assistance for second and subsequent courses worked out using the formula $n-x$ where n is the minimum length of the new course or old course (whichever is longer) and x is the period for which support has already been received. Support is provided for the latter years of the new course (with the exception of Allied Health Professional courses) to reduce the risk of non-completion. These arrangements will be left unchanged.

* *HE to FE to HE.* Where a student is supported to undertake a non-advanced level course, despite previous HE study/support, and subsequently wishes to progress to HE, his/her original HE study will probably prevent this. We do not consider this to be an anomaly: the previous study rules should apply.

The effects of the changes listed above are captured in Chart 3.1, which shows the articulation routes between further and higher education that will now apply. We estimate that the funding of the changes noted here can be met from within the current expenditure provision for student support. As a medium term action point, **we will evaluate the impact**

¹⁶ At present, an exception is made where the institution does not offer an honours year and the student wishes to transfer to another institution which does (provided that the student has not graduated from the original institution). In reality, however, almost all institutions require at least 2 years study before awarding any qualification.

of the changes introduced for the 2004-05 academic year (i.e. year 2 support for HND failures, funding progression from an ordinary degree or Advanced Diploma to an honours degree).

Concessions in higher education

Over the years, a number of concessions to the previous study rules have been adopted in HE. It is appropriate to look at these afresh.

* *False Start Year.* Under the current arrangements, students who decide in their first year that they do not like their institution or course may receive assistance for the full length of their second course under the “false start” rule. The decision can be taken by the student after one day in attendance or up to a full academic year; if the student starts the second year of the original course, he/she is ineligible for this concession. The false start rule can only be invoked once.

At present, the rule does not cover those undertaking a free-standing HNC. We considered whether this was an anomaly and decided that it was not.

* *Change of Career.* Under the current arrangements, graduates who are unable to pursue their chosen career, or students who are unable to pursue their chosen course, because of medical difficulties (e.g. a qualified physiotherapist who develops problems relating to mobility or dexterity) can receive support from SAAS to undertake another HE course up to degree level. We do not propose any changes here.

* *Degree Courses.* As noted, students normally receive support for one degree only. However, there are a number of exceptions:

- Candidates for the Ministry. Students who take a second degree in Divinity, Theology, etc are supported, providing they have been accepted as a candidate for the ministry. This is subject to an overall limit of 7 years support. Students whose first degree qualified them in one of a number of specific professions are not eligible, nor are students who hold an undergraduate degree and a postgraduate qualification which was obtained with support from the Postgraduate Student Allowance Scheme (PSAS).
- Medicine/Dentistry. Students who take medicine or dentistry as a second degree get full support from year 5. The specific profession rule outlined above also applies. Some medicine and dentistry courses may enable the student to complete an intercalated degree (e.g. qualifying in surgery) before going on to complete the original course. This is not considered a change of course and full support is provided.
- Allied Health Professions. Students who have a degree (or Diploma in Nursing) receive full support towards years 1 and 2 of a degree in one of the Allied Health Professions. The only exceptions are those who already have a degree in another health profession.

- Nursing Degree/Diploma. There are no previous study or support rules for the Nursing and Midwifery Bursary Scheme.
- Other specific courses. Architecture students receive undergraduate support for the postgraduate elements of their course which enable them to register and practise. The same applies to students undertaking the Postgraduate Certificate in Education (PGCE). Students undertaking the Postgraduate Diploma in Community Education (PGDipCE) receive undergraduate student support, but have postgraduate level fees paid on their behalf (this is only provided to students taking up one of the allocated quota places). We return to postgraduate support below.

The concessions described here for specific degree courses have arisen for several different (and historical) reasons: for example, to meet specific shortages in certain areas of the labour market, or in response to persuasive requests from professional groups. We consider that most, if not all, of the concessions remain valid. However, in conjunction with officials elsewhere in the Executive, **we intend to introduce a system of regular reviews of the concessions** in order to examine whether this is the case. The reviews will be given context by the forthcoming legislation on the merger of the Funding Councils, the perceived needs across the Executive for workplace planning, and the public sector employment commitments made in the Partnership Agreement. This process will address the “ratchet” effect, in which concessions to the previous study rules are introduced in HE for legitimate short or medium term reasons, but are not then removed when their purpose is served.

Given the examples listed above, an important set of general questions arises. For example, if someone has completed a degree in a subject area which was in demand several years ago but now has little relevance to the economy, and that person is having difficulty finding a new job, should he/she be allowed to acquire new skills by completing a further HE course? More specifically, if we can identify areas of specific occupational or sectoral labour market shortage, should we not adjust the rules governing student support to encourage increased numbers to take specific courses?

The latter point is addressed by one of the key principles underpinning learner support, summarised in Appendix B below: namely, that it is not appropriate to use differential student support arrangements explicitly to address specific occupational or sectoral labour shortages. There are several reasons for this, of which three stand out. First, in the majority of cases, such an approach does not address the principal source of the difficulty: the recruitment and/or retention of employees. Indeed, at the extreme, such a policy might simply result in higher levels of student support, but no increase in employment in the occupation, as graduates may choose to work outwith Scotland or to change occupation. Second, such a policy would add to the complexity surrounding learner/student support arrangements at a time when, through the Review, we are committed to simplify and rationalise them. Third, it is likely to cause the “bidding up” of student awards by competing occupational interests, leading to a high level of deadweight and the diversion of resources away from front-line public service delivery.

The question of skills atrophy is not straightforward. On the one hand, there is already some flexibility built into the system. As noted, we are supportive of the concession in HE for people who need to change course or career for medical reasons; similarly, we provide support for professionally qualified students wishing to undertake a PGCE course in a designated shortage subject. On the other hand, given the limited resources available for student support, the general relaxation of the previous study rules for this reason would undermine the policy aim of widening access. However, having noted above that we intend to review the rules surrounding the time limits on repeated living cost support in FE, **it is also appropriate to examine whether the lack of any time limit to the previous study rules in HE remains a valid feature of the system. We will reflect further on this.**

Grant-in-Aid

Under the current arrangements, the Grant-in-Aid funding which SHEFC provides to the institution for a full-time HE place taken up by a student is taken into account as previous support from public funds, regardless of whether or not the student receives tuition fee support. (There is no analogous application in FE, where SFEFC funding is not taken into account by colleges).

This rule has an effect in cases where: qualifications are obtained by students who have previously self-funded; and students are repeating a year on academic grounds having (a) withdrawn the year before after having completed more than 25% of the year in an FE college or (b) withdrawn the year before after the tuition fee cut-off date (1 December for autumn start university courses).

In considering Grant-in-Aid, the starting point should be to recognise that the SHEFC funding of a place is usually at least 4 times as expensive as tuition fee support. It is reasonable to ask, therefore, whether it makes sense to refuse tuition fee support if a student has previously self-funded on a SHEFC-funded place, but not to refuse access to the SHEFC-funded place itself. Moreover, as things stand, there are inconsistencies in the current application of the rule: for example, we do not take into account either previous part-time study or repeat study due to academic failure or on medical/compassionate grounds. (Academic failures do not get support for the repeat year, but the Grant-in-Aid for that year is not taken into account when calculating their future support).

Perhaps the key point is that the Grant-in-Aid rule was devised for a period in which tuition fee support in Scotland was means-tested. At that time, the intention was to prevent young students from wealthy families from graduating, having received no fee support (but access to a publicly funded place), and then applying as an independent student and receiving means-tested tuition fee support for a further degree. The abolition of tuition fees for eligible students on courses in Scotland, from 2000-01, means that the circumstances are now fundamentally different. Moreover, there are relatively few self-funding students in Scotland. Accordingly, **we will stop taking Grant-in-Aid into account as previous support from public funds.** This will have the additional beneficial effects of moving the HE rules into line with FE and easing the administrative requirements on SAAS.

Non-research postgraduate study

PSAS

The Scottish Executive funds three areas of postgraduate study: the Postgraduate Students' Allowance Scheme (PSAS), which covers 9 month taught postgraduate diploma courses on largely vocational subjects; the Postgraduate Certificate in Education (PGCE); and the Postgraduate Diploma in Community Education (PGDipCE). All are administered by SAAS. (Postgraduate support is also available through other sources such as the UK Research Councils, European Social Fund and Career Development Loans; these are not discussed here).

Excluding PGCE students (who are funded in the same way as undergraduates), there were approximately 50,500 postgraduate students at Scottish HE institutions and FE colleges in 2001-02, of whom 24,900 (49%) were Scottish-domiciled. Almost 70% of the total were Doctorate or Masters students. Of the remainder, the majority - 3,660 full-time and 9,130 part-time students - were undertaking postgraduate vocational study in Scotland. Of these, in turn, approximately 2,500 received support through the Postgraduate Student Allowance Scheme (PSAS), which funds the payment of tuition fees, a means-tested maintenance grant and some supplementary allowances. Approximately 4,000 postgraduate students are funded through the Funding Councils' Grant-in-Aid to institutions.

There are two means by which PSAS courses are supported: via a quota system whereby a fixed number of places on a particular course at a particular institution qualify for support, and for places on courses which have no quota applied to them (the majority). The decision on which courses are to be supported is made by the Executive (including SAAS) and HMIE, based on bids from institutions, and these are offered on a quota or non-quota basis.

The PSAS system was subject to detailed review in 1999 by the Postgraduate Review Committee, chaired by the late Stewart Miller with two representatives from universities. The Committee's terms of reference included that: arrangements for student support should be fair and transparent; value for money and cost-effectiveness should be obtained; and resources should be concentrated in the areas resulting in greatest public benefit, in line with Ministerial priorities. The Committee received evidence from 27 organisations and individuals over a period of 7 months. However, much of the evidence was of an impressionistic nature and the Committee did not receive any firm statistics in relation to employer or student demand for postgraduate courses.

The Committee concluded that PSAS funding had grown for some time in an accretionary manner without rigorous planning or review. The vast majority of courses funded through the PSAS were largely conversion/vocational courses, where the student is a graduate, but the course content is largely at undergraduate level. The Committee reported that it was not clear why certain courses had particular quotas and others had not and, year on year, there had been only marginal change in the courses. It was also noted that less than half the total

number of postgraduate places taken by Scots are supported by PSAS; the rest are taken up by students who pay their own fees or obtain alternative forms of support.

The main recommendation in the Postgraduate Committee's Report, published in November 1999, was that funding for postgraduate students should be continued, but based on the PGCE model. This is the same as for current undergraduates: i.e. payment of tuition fees and access to a means tested loan, repayable when income reaches a certain level (as opposed to payment of tuition fees and means-tested grant, as under the PSAS). The Committee saw virtue in moving nearer to the undergraduate model and removing the need for a different model of support for postgraduates. In addition, the Committee recommended the abolition of the quota system and the introduction of "priority" courses (central to the Scottish Executive's objectives) and "other" courses and the extension of any part-time initiatives for undergraduates to include part-time postgraduates.

The Miller Committee's report was passed to the Committee of Inquiry into Student Finance (the Cubie Committee), then under way, to take into account in its deliberations. In the event, the Cubie Committee only touched on the postgraduate situation and recommended a further review. As a consequence, it was agreed that the Executive would undertake a further consultation exercise, pulling the issues raised by the two committees together. The subsequent consultation paper, issued in May 2000, made clear that: there was no scope to increase the overall financial expenditure on postgraduate support; the Cubie recommendation that postgraduates should be exempt from the Graduate Endowment was accepted; the Cubie recommendation that Disabled Students Allowance should be extended to all students with disabilities on postgraduate courses was partially accepted in that DSA is available to all full-time postgraduate students in receipt of support towards tuition fees and/or living costs from SAAS; the PGCE arrangements did not form part of the consultation.

The responses to the consultation were generally supportive of the view that postgraduate courses to be supported should be relevant to establishing a knowledge-led economy by addressing skill-shortage areas and contributing to the development of a skilled workforce. One of the main concerns of the original review and some of the responses on the consultation was the lack of strategic direction for PSAS. It was suggested that there should be a set of criteria against which the current (and any future) scheme should be evaluated and that these should link to Ministers' overall priorities for the HE sector and its role in delivering economic as well as social and individual benefits.

Next steps

In the period since the consultation exercise was completed, there have been significant developments across the HE sector in Scotland. There is now an opportunity to examine whether the current allocation of PSAS courses is consistent with the best use of the available funds in addressing Scotland's economic and social priorities. This includes the assessment of the extent to which the allocation includes some deadweight: i.e. that PSAS grants are made to some students who would have undertaken their courses anyway due to the high private returns that accrue.

We will take forward a project to develop an improved PSAS. The objective will be to establish a clear and robust policy rationale, with a firm evidence base, for the support for students undertaking short-term postgraduate courses.

Given the extensive review of non-research postgraduate student support captured by the combination of the Miller and Cubie Committees and the subsequent consultation, we do not propose to undertake a further programme of formal consultation on PSAS. However, we will liaise with stakeholders in the analysis of the policy options, as appropriate.

The project will take place within the context of wider postgraduate support. However, the focus will be on deriving a more straightforward and transparent approach to deciding which postgraduate courses should be supported through PSAS. The key issues to be resolved include whether:

- * PSAS should continue to comprise a means-tested non-repayable grant for maintenance costs, or support should be provided through income-contingent loans, as with undergraduates.
- * postgraduates should be assessed as independent students, or the assessment should continue to be based on household income (unless the student is aged 25 or over at the start of the course).
- * the current quota/non-quota system of supported courses should be abolished.
- * PSAS awards should be restricted to students from low income households, who might otherwise face income constraints to obtaining the postgraduate vocational qualifications required for professional progression.

It is recognised that the transition arrangements from the current PSAS arrangements to a revised scheme would require careful planning, given the potential implications for key stakeholders, including Universities Scotland, NUS Scotland, certain professional groups, SAAS and SHEFC.

Other schemes

The PGCE scheme is unusual in having the characteristics of undergraduate support (in terms of the level of tuition fees and the availability of student loans). The scheme works well in meeting the current requirements of the teaching profession; given the Partnership Agreement commitment with regard to the number of teachers in post by 2007, we do not propose any changes to the support provided to PGCE courses.

The PGDipCE courses also currently receive loan-based support, although they constitute part of the quota-ed category of PSAS places. **This is an anomaly, which we will review as a priority action.**

ACTIONS

Immediate

- * From the 2004-05 academic year, we:
 - will have changed the rules so that those who fail an HND are eligible to receive degree support from year 2 (rather than year 3) of a degree course.
 - will fund an immediate and last year of study (i.e. one year only) that enables a student to progress from an ordinary degree to an honours degree.
 - will fund those who graduate with an Advanced Diploma to undertake an immediate one-year course to study to honours level.
 - will stop taking Grant-in-Aid into account as previous support from public funds.

Priority issues

- * We will undertake further investigation of the take-up and funding of free-standing HNCs and HNC/HND progression.
- * We will commission research on the application of FE colleges' local discretion of waiving previous study rules on the grounds of the obsolescence of skills in order to ensure that consistent standards are being adopted.
- * We will take forward a project to develop an improved Postgraduate Students' Allowance Scheme (PSAS).
- * We will examine the anomalies currently surrounding the funding of PGDipCE courses.

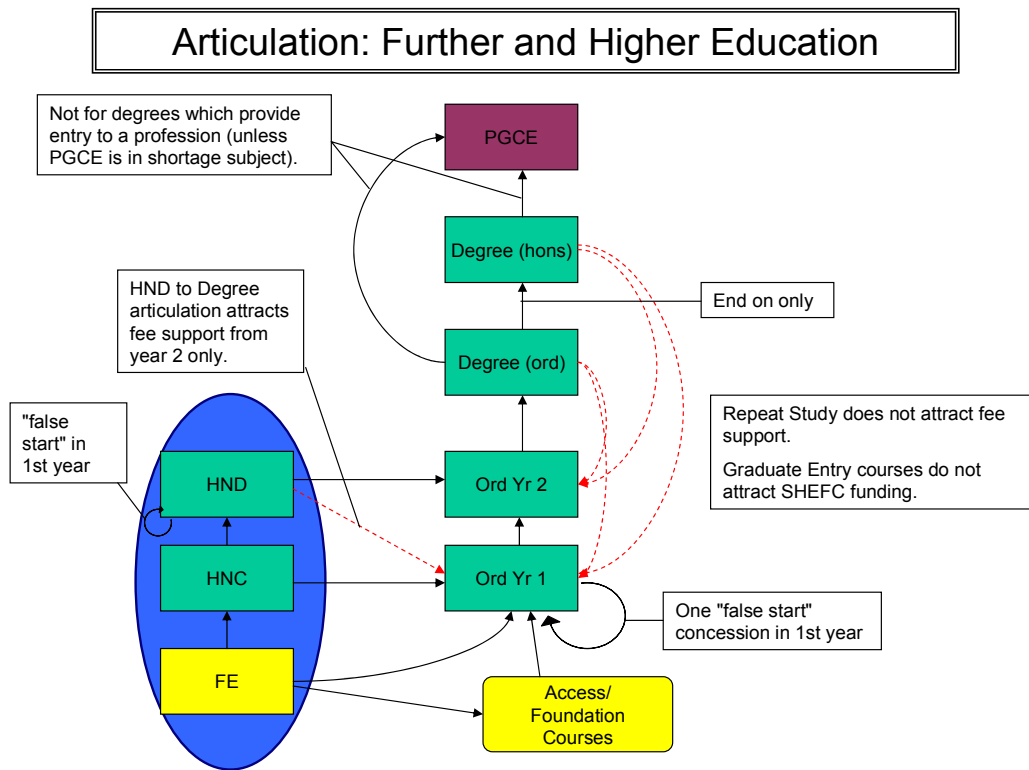
Medium term

- * In conjunction with SFEFC, we will re-examine the waivers to the time-limited nature of FE previous support and previous study rules.
- * We will re-examine whether the time equivalence of support in FE is appropriate, both in terms of consistency of funding and with regard to the DWP assumptions on student support.
- * We will examine whether the lack of any time limit to the previous study rules in HE remains a valid feature of the system.

- * We will introduce a system of regular reviews of the concessions to the previous study rules in HE, in order to examine whether the reasons for their introduction remain valid.

- * We will evaluate the impact of the immediate action points introduced for the 2004-05 academic year (i.e. year 2 support for HND failures, funding progression from an ordinary degree or Advanced Diploma to an honours degree).

Chart 3.1



4. INDIVIDUAL CIRCUMSTANCES

SCOPE OF ANALYSIS

This part of the Review covers the criteria for assessing the individual's circumstances, and whether these are fair and equitable and applied consistently across all levels, modes and sectors. The main criteria are age, income and residency.

We recognise that any changes or alignments need to be consistent with other developments within the broader Scottish Executive and/or UK Government policy framework: for example, Education Maintenance Allowances, Inland Revenue tax credits and the DWP benefits assessments.

DISCUSSION

Age

The current age differentiations for the 4 funding programmes being considered in this Review are summarised in Table 4.1.

Table 4.1. Differentiations for eligibility by age, by funding programme

	Minimum Age	Differentiation	Maximum Age
ILA	18	None	None
EMA [1]	16	None	19
FE	16	3 categories: A (16 to 17); B (18 to 25); and C (25+)	None
HE	16 [2]	2 categories: young/dependent (16 to 25) mature/independent (25+)	50 (or 54 if returning to work)

Notes: [1] When national roll out begins in 2004-05, age eligibility will be determined with reference to the 2 school leaving dates

[2] Eligibility is determined by reference to official school leaving date rather than age

At the lower end of the age range, there are three points to note from the Review.

A small number of HE students start courses before their 16th birthday. Under the current arrangements, Child Benefit is payable for the student; SAAS pays tuition fees but not maintenance support (until the next official leaving date, when child support ends). The new Child Benefit arrangements will stop support after the 16th birthday, rather than the next leaving date.

In a separate exercise, the Executive is reviewing the collaboration between schools and FE colleges in Scotland. This follows the Partnership Agreement commitment to “enable 14-16 year olds to develop vocational skills and improve their employment prospects by allowing them to undertake courses in FE colleges as part of the school-based curriculum”. The

School/College review was launched in October 2003 and full consultation is taking place in 2004. Currently, student support is not provided to individuals before the minimum school-leaving age and, irrespective of the outcome of the School/College review, there is no intention to start doing so.

The national roll-out of Education Maintenance Allowances has implications for maintenance support in FE. **Most of the current Category A support will be removed, leaving EMAs to cover maintenance to the majority of students aged up to 18** and the existing Categories B and C bursaries to cover those aged 18-25 and 25 and over, respectively. Category A maintenance will be retained for part-time students and those who are eligible under the Bursary Policy, but not under the EMA programme. These changes are being implemented over time to reflect the phased introduction of EMAs by age, beginning with eligible 16 year olds from August 2004. Additional allowances (e.g. travel allowance, away from home allowance) will remain for all age groups, means tested for those aged over 18.

We have taken the opportunity provided by the Review to re-consider whether the age of 25 marks an appropriate point of differentiation for student support in both FE and HE. The answer is that it does: the Family Law (Scotland) Act obliges parents to support their children up to the age of 25 when undertaking education or training. However, **we do not regard the current terminology used in the student support literature (“young”, “mature”, etc) as satisfactory, and we will discuss with key stakeholders how this might be improved and brought up to date.**

There are no maximum age restrictions in FE or for ILAs. In FE, all full-time Scottish students, regardless of age, receive fee waiver for their course of study; part-time students on certain benefits can also receive this. If a student receives fee waiver, he/she is eligible to be assessed to receive student support, which is means tested and discretionary. By contrast, eligibility for some forms of support in HE may depend on age. The student loan scheme has never been seen as an appropriate mechanism through which to support students aged 55 and over. Students over 55 years can receive tuition fees but not student support (i.e. loans). Students aged 50-54 can receive both tuition fees and student support, if they can show that they plan to return to employment when they complete their studies. Students aged 50-54 who cannot show this, or who are 55 or older, are not eligible for support. This restriction is based on the current policy (across the UK) of writing off student loans at the age of 65 and represents a rational attempt by government to obtain value for money on its student loan account.

We are aware that there are two potential flaws with these arrangements. First, they appear inconsistent with the concept of lifelong learning: specifically to “a Scotland where people have the chance to learn, irrespective of their background or current personal circumstances”.¹⁷ Second, they might not meet the age strand of the European Employment Directive, which the UK is scheduled to implement from October 2006. **We will continue**

¹⁷ *Life Through Learning: Learning Through Life*, Goal 5 (p3 and ff).

to liaise with DfES and DTI on the appropriate changes to be made (if required) to the upper age limits on student loans.

In the meantime, there is one action that we will take forward. At present, students aged 55 and over (and students aged 50-54 who cannot show that they plan to return to work) are also ineligible for supplementary grant support (with the exception of Disabled Students Allowance). Henceforth, **we will disengage the HE loan from supplementary grant eligibility (e.g. mean tested travel grants), so that the latter is not affected by the upper age limit. This has been undertaken in time for the 2004-05 academic year.**

Income: the Means Test

All support for living costs for further and higher education (except Disabled Students' Allowance in HE and travel, study and Special Educational Needs Allowance for FE Category A students) is assessed on the basis of need according to set criteria: i.e. it is means tested. FE college Bursary Officers and the Student Awards Agency for Scotland (SAAS) ask students for information about themselves and their families and use this information to determine the financial support they will receive from the Executive

As part of this Review, we have looked at how the means test can be modernised in FE and HE.¹⁸ There are four main reasons for this:

- to ensure that the means test is as simple and easy to understand as possible;
- to ensure that the means test reflects the modern definitions of families and households;
- to ensure that the means test is fair and equitable;
- to further promote alignment of FE and HE student support.

The review of the means test covers the treatment of HE students, who are eligible for support from SAAS, and those students over 18 year olds in FE (Category B and C). As noted above, arrangements for those students in FE aged under 18 (Category A) are being amended to accommodate the national roll out of Education Maintenance Allowances.

The feedback from stakeholders suggests that, when changes are eventually made, students should be given clear advice in plenty of time before the new arrangements are implemented. Given that, in addition, further consideration will be required in certain key areas of the proposed changes (discussed below), the implementation of a new means test will need detailed preparation and careful planning. This will include costing the changes so that savings to public funds (e.g. from partner contributions in HE) are balanced by any increased costs (e.g. to partner dependants).

¹⁸ Eligibility for support from the ILA Scotland and Education Maintenance Allowance schemes is also subject to means testing. In the first phase of ILA Scotland (from Autumn 2004), targeted support will be available for those with an individual gross income up to £15,000; eligibility for EMA support will be available in households with incomes up to £30,000.

Income assessment

The current arrangement in HE is that, before an award of student support is made, SAAS look at the student's own unearned income and, separately, at the income of the student's parents, spouse and children (where relevant). Student income, spouse income, parent income and children's income are all treated separately and differently. Some of these differences are summarised below; the key point is that the overall income of the household is not considered together as a total amount.

By contrast, in FE the income assessment is based on the total income available. This can include income from the student, their partner, parents (including step-parents and guardians) and their partners. This is consistent with the approach taken elsewhere, for example with EMAs and by the Inland Revenue for the purposes of calculating tax credits.

We propose to change the basis of the calculation in HE. Rather than make separate calculations, based on individuals' relationship to the student, **we will make the HE means test more like that in FE by applying one assessment based on the total household income**. This will be simpler and easier for students and their families to understand.

This change will require clear guidance to be prepared by the Executive on the definition of the "household" and the way that "household income" is to be assessed.

Student income

In HE, some student income such as Child Benefit and earnings are not taken into account by SAAS and do not affect the amount of support provided. Other forms of income (usually income received due to need or achievement, such as sponsorship) are only taken into account after they reach a certain level. The most common examples of what a student is allowed to have (in 2003-04) are: £4,250 in scholarship income; £3,420 in pension payments; and £2,045 of trust income, before support is directly reduced on a pound for pound basis.

Similarly, in FE, some student income such as non-taxable benefits and privately funded grants are not taken into account and do not affect the amount of support provided. Some other forms of income are only taken into account after they reach a certain level. The most common examples of what a student is allowed to have are: £3,913 in earned income, £1,634 in most types of unearned income, and £2,279 in trust income where the student has no parents living. Some other categories of income are taken fully into account: for example, any maintenance paid to the student for their benefit from a former partner and all Working and Child Tax Credit. Deductions are then made (on a pound for pound basis) for any child support or maintenance payments made by the student in respect of a child or former partner who does not live in the household.

We considered whether to take the HE student's own earnings (or a portion of these earnings) into account when calculating the support available. This may seem fairer to students who do not have this income stream, but could lead to financial difficulty for some

students who rely on this additional income. It would also act as a major disincentive to students to seek part-time employment. In addition, students would miss out on other benefits from working, such as work experience and acquiring new skills. We do not propose to explore this option.

Similarly, we could choose to reduce the level of support, if a student receives a private bursary or sponsorship. Again, this would be fairer to students who are not fortunate enough to have this additional income, but would reduce the impact of private schemes for providing extra support. We have no plans to make changes in this area.

Parental income

In both FE and HE, students who are 25 years old or over prior to the start of the academic year, or have been married prior to the start of the academic year, or who have been self-supporting through earnings or benefits for any three years before the first day of the first academic year of their course, are classed as independent. Students are classed as independent for the duration of their course and are not expected to receive financial help from their parents.

In HE, for students who are not classed as independent, SAAS take into account the income of both natural parents where they usually live together as a married couple. Where they do not live together, SAAS take into account only the income of the parent with whom the student lives. Step-parents are not asked to contribute unless they have legally adopted the student.

In FE, for students who are not classed as independent, the income of both natural parents is taken into account where they live together as a married couple. Where they have formally separated, the income of the parent with whom the student lives and, if applicable, their partner (whether they are married or not) is taken into account.

We consider that, in HE, there is a need to move towards the modern definition of the family and to recognise the role of partners (where living together as though married), rather than just married couples, in providing parental support. Accordingly, we propose to take the arrangements in HE closer to those in FE. As part of the plan to simplify the means test, **we will move towards a system which takes into account the income of the parent(s) or the income of the parent and partner (whether married or not) in assessing the level of parental support.** This approach is consistent with that used in FE, EMAs, DWP Benefit support and Inland Revenue Tax Credits. Where relevant, **we will seek to include same sex couples within these new arrangements for assessing the income of parents and their partners.**

Spouse income

If an HE student is married and lives with his/her spouse before the start of the academic year, then the income of the wife/husband will be taken into account when assessing who should contribute to the support and by how much. If a student under 25 marries after the

start of the academic year, then the student's parents' income is taken into account, providing the student could not be defined as "independent" in some other way. Current arrangements do not treat people who live together in the same way as a married couple. The unmarried partner of a student is not expected to make any contribution to their support.

The position is different in FE. For Category C students (i.e. over 25 or independent), the student's partner to whom he/she is not married, is treated in the same way as a married partner. For reference, DfES also treat an HE student's partner to whom they are not married in the same way as a married partner, provided that the student is 25 or over

For HE students, we propose to move to the same arrangement as in DfES. This will mean that **we will take into account the income of an unmarried partner in the HE means test, if the student is 25 or over**. As in the context of parental income (discussed above), we will provide guidance on the definition of "partner", based on the concept of living together as though married. We recognise that it is important that we get the definition of partner correct and to avoid too loose a definition that takes in cases that are not really comparable with a married couple. Where relevant, **we will seek to include same sex couples within these new arrangements**.

In bringing forward plans in this area, we recognise that changes will be required in the administrative arrangements; as the existing system does not require an assessment of partners' income in HE (unlike FE), SAAS does not currently need to mirror the direct contact between Bursary Officers and students in FE colleges.

Any changes to the current treatment of partners could have consequences for other areas of student support. For example, an unmarried student parent living with a partner on a low income would currently be eligible for Lone Parents' Grant. Were we to formally recognise partners, such a parent would lose this entitlement.

The income used

Gross income is a person's earned and unearned income, including money for paid employment, interest from savings, and any other kind of income. This applies to the income of the student, student partner, parent(s) or guardian(s) and their partner, as applicable.

In HE, the concept of income used in the assessment of student support is residual income, which is gross income minus the following¹⁹:

- Superannuation contributions shown on the P60.
- Retirement annuity premiums and private pensions payments.
- Up to £1,895 for the cost of domestic assistance where both of the parents of the student (or the spouse) are disabled.
- An allowance of £975 if a parent is also receiving a grant.

¹⁹ The figures used in this section apply to 2003-04.

- Other charges and expenses allowed for income tax purposes by the Inland Revenue excluding membership fees of professional bodies and societies.

In HE, SAAS use the residual income of parents and spouses to calculate whether they should give financial help to the student. After residual income and the assessed contribution have been calculated, there is a deduction of £160 for each dependent child in the family (other than the student).

In FE, the income taken as the starting point for assessment (for example, for a Category A or Category B student) is the assessable parents' gross aggregated income for the previous full financial tax year. From that figure, the following is added or deducted to derive residual income:

- Add All unearned income, including maintenance paid by a former partner into the household for the parent
All working family and childcare tax credit
- Deduct Child support paid on behalf of a child, other than the student, who does not live in the same household.
Maintenance payments paid on behalf of a former partner who does not live in the same household

After the contribution has been assessed, it is reduced by £132 for each child dependent on the student's parents or spouse (other than the student).

In both FE and HE, we will make an initial assessment based on gross income and then reduce any contribution by amounts for the kind of allowances made for residual income. In aggregate, the net effect will be designed to be the same as the current arrangements – i.e. the change will be cost neutral – but the assessment will be clearer to understand.

The Benefits system

It is clear from both the stakeholder consultation underpinning the Review and independent academic research that the interaction between the student support means test and the Benefits system is regarded as a significant complexity and, for some potential students, a barrier to undertaking learning.

The Benefits system itself has been outside the scope of the Review; it is a reserved matter for the UK Government. Executive officials are in regular contact with Whitehall departments on the interaction with student support.

The principal area in which the Review can – and will – have an impact in this regard concerns the provision of information, advice and guidance, particularly with respect to raising awareness of the current relationships between Benefits and student support and any proposed changes. We return to this in Section 6 below.

Income: level

Bursaries and thresholds

The Partnership Agreement includes commitments to “review the eligibility criteria for student bursaries with a view to increasing the family income ceiling and review the maximum amount available” and to “support a higher threshold for repayment of student loans across the UK”.

In order to meet the commitment on student bursaries – specifically, the Young Students’ Bursary (YSB) - there are several variables that could be changed: the level of bursary, the income threshold at which the maximum bursary ceases to be available, the income threshold at which no bursary is available and the rate of taper for reducing the bursary level, which is a factor of the difference between these two thresholds. Any or all of these variables can be adjusted to provide more support, more support to more students or the maximum support to more students.

The Executive will make an announcement on the Partnership Agreement commitment on student bursaries in the 2004 Spending Review. In the meantime, **for the 2004-05 academic year, there has been a general increase in the rates of student support (loans, bursaries, grants and thresholds) in line with inflation – RPI(X) - so that their value is maintained in real terms.**

Scottish Ministers announced in May 2004 that the income threshold for the repayment of student loans would increase to £15,000 (from £10,000) from April 2005.

Student income, expenditure and debt survey

In order to improve the evidence base on student support in Scotland for the 2006 Spending Review, **we have commissioned a Scotland-only survey of student income, expenditure and debt in both the HE and FE sectors in Scotland.** The survey will collect comprehensive data from a nationally representative sample of full time undergraduate students studying in Scotland (originally domiciled in Scotland and non-domiciled) and attending publicly funded HE and FE institutions. The research will be conducted in the 2004-05 academic year. The survey will be the first of its kind to cover both sectors in Scotland.

In addition to providing baseline data on student income, expenditure and debt, the survey will seek to identify:

- any differences in the distribution of income and expenditure between students with different socio-economic characteristics
- any differences in the distribution of income and expenditure between students undertaking different courses of study; and

- the characteristics of those students most “at risk” of experiencing low income, debt and financial hardship

Residency

In order to be eligible for student support in further and higher education in Scotland, a student must meet certain residency criteria. In FE, this is set out in the Further Education Bursaries (Scotland) Direction 2003 and in HE reference would be made primarily to the Students’ Allowances (Scotland) Regulations 1999, as amended 2001.

In order to be eligible, students must have been ordinarily resident in the United Kingdom and Islands throughout the three year period immediately preceding the first day of the first academic year of the course, and be ordinarily resident in Scotland on that date. However, a student may be deemed to meet these criteria if he or she would have done so, but for the temporary employment abroad of his or her parents.

Temporary employment abroad is considered to apply to service personnel and therefore, in general, the situation of students from armed forces families is provided for in the residence criteria.

The Review has not included policy towards residency criteria *per se* within its terms of reference. However, feedback from stakeholders (including *learn direct scotland*) referred to the need for clear and consistent guidance to be applied across the board. Accordingly, **we will identify the (relatively minor) differences that exist in the current guidance, either within or between the FE and HE sectors, so that these can be removed.**

In terms of student support, the current policy in Scotland towards asylum seekers is that there is free entitlement (subject to availability) for ESOL²⁰ classes in FE (full-time or part-time) or other part-time non-advanced courses, as well as limited student support for transport and study costs. Asylum seekers are not eligible for HE support, although students recognised under the terms of the UN Convention 1951 as genuine refugees and their spouses and children are eligible for support from the date of their award and do not have to satisfy the 3 year residence requirement.

Policy in this area is reserved to the UK Government. **Executive officials will continue to liaise with the Home Office, DfES and DWP on the implications for student support of changes in areas of reserved policy relating to citizenship and residency.** This includes assessing the implications of the Crick Report on Citizenship and the replacement by the Home Office, in April 2003, of the Exceptional Leave to Enter or Remain (ELE/R) immigrant status with the statuses of Humanitarian Protection (HP) and Discretionary Leave (DL). Where appropriate, **we will review the schedules to the student allowances and loan regulations and the FE Bursary Direction annually to take account of changes in Home Office policy and to address any issues which arise during the year.**

²⁰ English as a Second or Other Language.

ACTIONS

Immediate

- * For the 2004-05 academic year, we have:
 - increased the rates of student support (loans, bursaries, grants and thresholds) in line with inflation – RPI(X) - so that their value is maintained in real terms.
 - commenced the phased removal of most of the current Category A maintenance support, leaving EMAs to cover maintenance to those aged up to 18 and the existing Categories B and C to those aged 18-25 and 25 and over.
 - disengaged the HE loan from supplementary grant eligibility, so that the latter is not affected by the upper age limit.
- * We have commissioned a Scotland-only survey of student income, expenditure and debt in both the HE and FE sectors in Scotland.

Priority issues

- * We will discuss with key stakeholders how the current terminology used in the student support literature with respect to age (“young”, “mature”, etc) might be improved and brought up to date.
- * We will liaise with DfES and DTI on the appropriate changes to be made (if required) to the upper age limits on student loans, in order to meet the requirements of the European Employment Directive.
- * We will take forward plans to simplify the means test, including:
 - in HE, taking into account the income of an unmarried partner, if the student is 25 or over
 - taking into account the income of the parent(s) or the parent and partner (whether married or not) in the HE means test
 - exploring whether same sex couples should be included within the new arrangements
 - in both FE and HE, basing the initial assessment on gross income and then reducing the required contributions, as determined by the set allowances
 - costing the proposed changes to ensure overall cost neutrality

- providing clear information, advice and guidance to existing and potential students on the changes being made.
- * We will remove minor differences that exist in the current guidance on residency, either within or between the FE and HE sectors.
- * We will continue to liaise with the Home Office, DfES and DWP on the implications for student support of changes in areas of reserved policy relating to citizenship and residency.
- * We will review the schedules to the student allowances and loan regulations and the FE Bursary Direction annually to take account of changes in Home Office policy and to address any issues which arise during the year.

5. ADDITIONAL NEEDS

SCOPE OF ANALYSIS

The current funding of the additional needs of learners presents a complex picture. This is the result of the combination of the many interventions to address specific needs over the years with the usual requirement for such interventions to be targeted. In this section, we examine the additional needs brought about by dependants, special education needs (SEN) and hardship, and also refer to travel and second homes.

It is worth emphasising that our principal aim is to address the constraints that each of these needs specifically imposes on the learning activity. In this respect, the learner support policies are (only) part of the broader portfolio of government interventions (by the UK Government, Scottish Executive and/or local authorities). These include: the new (April 2003) Tax Credit regime introduced by the Inland Revenue; the Disability Discrimination Act 1995 (DDA), which places legislative obligations on institutions to provide physical infrastructures that ensure that people with disabilities are not discriminated against; and the Education (Additional Support for Learning) (Scotland) Act 2004, which gives a new focus to supporting all children and young people who may need additional support to benefit from school education. This new Act makes provision for improving transition from school with a view to ensuring that there is a continuum of support. Subordinate legislation will place a new duty on agencies, including FE colleges, to assist local authorities with preparation, planning and support for transitions.

DISCUSSION

Dependants

The current (2003-04) provision for dependants – children and adults – in FE and HE is summarised in Table 5.1. In the national roll out of Education Maintenance Allowances, recipients will be eligible for the same additional allowances as in the current Category A bursaries, including dependants allowance. No provision for dependants is planned in the design of ILA Scotland.

It is widely recognised that appropriate childcare provision is a key factor in individuals' engagement (or re-engagement) with training/learning and, thereafter, with the jobs market. The Executive's policy stance is based on the funding of formal childcare only: i.e. that which is approved by the Care Commission. In assessing the current provision for dependants, we have consulted extensively with stakeholders, both within the Executive (Education and Development Departments) and externally (One Parent Family Scotland, One plus, 4-Consulting, Rosemount, Scottish Poverty Inclusion Unit, Child Poverty Action Group, NUS Scotland) and we are grateful for the significant contributions that have been

made. We have also drawn on the evidence base provided by the internal research and analytical papers (see Appendix A below) and external research²¹.

Table 5.1. Current provision for dependants

Financial Support for Individuals with dependants in <u>Higher Education</u>. Full-time only.	Financial Support for Individuals with dependants in <u>Further Education</u>. Full-time and pro-rata for part-time.
<p>Dependants' Grant – income assessed grant for spouse, dependent children for whom the student has legal responsibility. Any grant for an adult partner is payable if they are legally married; must declare their spouse's income. Only one grant can be claimed for each child. Administered by SAAS as part of wider student support claim.</p> <p><i>Child element of this grant has been superseded by Student eligibility to Child Tax Credit and will be with drawn from 2004/05. Adult element will remain.</i></p>	<p>Dependants' Allowance – for full time students who have legal, financial or care responsibility for a dependent partner, adult or child (the college can use its discretion to also offer eligible part-time students maintenance, dependants or two homes allowances). Can be part of the bursary support, when each dependants' weekly income is lower than the dependants allowance rates in bursary policy. Administered as part of wider bursary by institution. (£43.85/wk for adult or first child and £10.68/wk for first child after adult dependent and each subsequent child).</p>
<p>Lone Parents' Grant – provision for widowed, divorced, separated or single students with children. An additional grant of £1,125/yr or additional disregards of income. This is administered by SAAS as part of the wider support claim.</p>	
<p>Additional Childcare Grant for Lone parents – additional supplementary grant for students who receive the Lone Parents' Grant and are required to meet all or part of costs for registered childcare. Can receive up to £1,050/yr depending on the cost of the childcare. Administered by the SAAS as part of wider student support claim.</p>	<p>FE childcare Fund – Discretionary fund to support childcare needs of all students but particularly lone parents, mature students and part-time students. Additional to bursary funding, not means tested. Fund is administered by the institution and can take the form of childcare provision or funding to students to support childcare costs.</p>
<p>Mature Students' Bursary Fund – income based grant for mature students in Scotland. Additional to any loan entitlement. Financial support to individual students to support childcare costs up to £2000/yr Can also be used to cover housing costs and excess travel. Administered by Institutions</p>	

The main points raised in consultation with stakeholders have been based around three broad issues: provision, transition/progression and information/advice/guidance. (The last of these is noted here, for completeness, though discussed more fully in Section 6 below):

- Provision: availability, cost and access
 - lack of provision for after-school care for children over primary school age.
 - the cost of childcare and the funding of second and subsequent children.

²¹ Enterprise and Lifelong Learning Committee Inquiry into Lifelong Learning, Evidence Base, 2002; *Breaking Barriers*, Scottish Poverty Information Unit for Rosemount, 2003; *Impact of Childcare Support for Lone Parents*, 4-consulting ltd for tSE, 2003; *Making Ends Meet*, Scottish Poverty Information Unit for CPAG (part funded by tSE), 2003; *Survey of Childcare Provision for Lone Parents in Further and Higher Education*, One Parent Families Scotland, 2002.

- the lack of formal childcare arrangements in rural areas.
 - student support funding of formal childcare provision only.
 - students who are parents incurring additional travel costs
- Transition and progression
 - differences in childcare provision between FE and HE.
 - differences in the way financial support is administered in FE and HE (e.g. application; number of funds; allocation to student or institution)
 - the potential reduction in childcare support when moving from FE to HE
 - the transition from benefits to student support and impact of tax credits.
- Information, advice and guidance
 - inadequacy of IAG in relation to the number and availability of student advisors within colleges and universities, and also the knowledge base of those advisors.
 - ineffective dissemination of current and accurate information to other organisations that may be the source of IAG for many learners with dependants.

The starting point for the policy response is to recognise the effect of the introduction of Child Tax Credits (including to students) from April 2003. In particular, students can now receive, through the tax credit system, financial help towards the cost of dependent children and free school meals. In order to remove the double funding of students with children, **the child element of HE Dependants Grant and the School Meals Grant and, in FE, the child element of Dependants Allowance have been abolished from 2004-05.**

The majority of parent students will be better off under the Tax Credit system and will not, therefore, be adversely affected by the change. A small minority of students (those with only one child) will be £165 worse off. These students will have access to Hardship Funds and the guidance provided to institutions on this has made it clear that the Executive expects these students to be given priority.

As part of the process of incorporating the tax changes that have been introduced at the UK level, **we have liaised with SFEFC to examine the Dependants Allowance spent on adult dependants. We have retained this element of the scheme.**

It is clear that the provision of support to meet the childcare needs of students should be consistent with, and part of, the broader policies towards childcare across the Executive as a whole. Accordingly, **we will contribute to cross-cutting policy development on childcare provision, including assessing the information needs of non-traditional learners, in conjunction with officials in the Education and Development Departments dealing with social inclusion and child poverty issues.** This process will be informed by information gathered across the Executive - for example, the Parents Demand for Childcare Survey, which was published in June 2004.

The administration of childcare support will be streamlined in two ways. First, we will seek to relax some of the current constraints that apply within FE colleges. **We will consider the practicalities of FE colleges being able to vire childcare funds between non-advanced and advanced students.** This would allow institutions' funding to reflect the varying needs and student profiles, as well as generating efficiencies in the delivery of funding within colleges.

Second, in HE, **we will examine the case for establishing a single means-tested HE childcare fund** through merging the existing Lone Parent Grant and Additional Childcare Grant for Lone Parents and some (perhaps 60%) of the Mature Students Bursary Fund. This will require further analysis of provision and need and will be undertaken within the wider context of the Executive's Childcare Strategy.

Special Education Needs

The current provision for students in FE and HE with special education needs (SEN) is summarised in Table 5.2.

Table 5.2. Current provision for students with special education needs

Financial Support for individuals with SEN in Higher Education	Financial Support for individuals with SEN in Further Education
<p>Disabled Students Allowance (DSA) Non means-tested allowance, for eligible students who by the nature of their disability incur additional expenditure as a result of undertaking their course of study. An assessment report which specifies the applicants' equipment needs is required. Administered by SAAS.</p> <p>Basic Allowance: towards general expenditure such as tapes and other small items of equipment. It can be used to top up other 2 allowances if necessary (up to £1,490 for full-time students in 2003/04).</p> <p>Annual Allowance for non-medical personal help (NMPH) e.g. readers for the blind or helpers for people in wheelchairs (up to £11,280 for full-time students in 2003/04).</p> <p>One off allowance for the purchase of major items of equipment e.g. a laptop (up to £4,460 for full-time students for the duration of the course).</p> <p>Although not met out of DSA, additional travel can be payable where a student in receipt of living cost assistance incurs extra travel costs in getting to college as a result of their disability, for example, because they need to use taxis. This means that the maximum travel limit can be exceeded and it is not means tested.</p>	<p>Additional SEN Allowance within bursary support Means tested for all part-time students, and for full-time Category B and C students. Uncapped funds. This provides additional support towards study and travel-related expenses, where the student incurs additional expenditure in attending college by virtue of his or her disability, for example college can pay for taxi costs. Includes those on Dominant Programme Group 18, and those on Extended Learning Support (ELS). Administered by Colleges.</p> <p>*Uncapped funds are part of defined total bursary pot allocated to college – so SEN is discretionary and not a guarantee.</p>

As in the analysis of childcare support, there has been a significant and constructive input from external stakeholders to our examination of SEN requirements. This has included contributions from Access Centre managers, BRITE, LEAD, Skills Scotland, the Disability Co-ordinators Advisers National Network, COSLA, Scottish Disability Team, SFEFC, SHEFC and NUS Scotland. The Skill Scotland paper, published on the Review's website, referred to key principles relating to: disability-related costs; coherence between different modes of study for disabled people; funding that is flexible, prompt and coherent; and clear and accessible information.

A wide range of issues and anomalies have been suggested by stakeholders as requiring attention. These include:

- General differences between FE and HE. In FE, the SEN fund is uncapped but discretionary within a capped total budget; in HE, DSA is an entitlement
- The potential double funding of HE students in FE through DSA and Extended Learning Support (ELS), albeit that DSA goes to the student and ELS to the college, potentially with a considerable delay.
- Improving Access in institutions. Funding for access to HE institutions is increasing, but DSA applications are also still increasing.²² Also, Disability Premium Funding to HE institutions is based on numbers of DSA recipients, rather than numbers of individuals with disability.
- Assessment. Clearer definitions are required of what constitutes satisfactory evidence of additional needs, as well as the requirements and qualifications of assessors. In FE, individuals cannot be categorised as having both Group 18 and ELS needs.
- Equipment bought through DSA is often not received in time to start the course and may also not be required. Students do not own the equipment purchased with public funds and assessments for equipment are not carried out in the context of institutional facilities.
- Requirements for audit for both ELS and DSA vary. They also do not demonstrate what equipment is available in which college or whether DSA is being spent as recommended.
- Issues surrounding Non Medical Personal Helpers (NMPH) include the student as employer and the skills/qualifications of NMPH. In FE, there is no funding for NMPH, although institutional funding can be used to a certain extent.
- There are varying working practices with regard to joined-up support across educational institutions, in relation to understanding roles and responsibilities and offering support to individuals. There is inconsistent provision of local authority funding of FE complex needs students in England.
- No DSA funding is available for access courses in HE
- No DSA funding is available to those studying less than 50% of a full-time course in HE.
- Post-graduate students are not being entitled to DSA unless they are in receipt of Postgraduate Students' Allowance Scheme (PSAS) funding. Part-time postgraduate students are not entitled to claim DSA.

²² The number of DSA applicants has risen from 1,250 in 2000-01 to 1,650 in 2001-02 and 2,800 in 2002-03.

- A view amongst some stakeholders is that exemption from Graduate Endowment should not be based on receipt of DSA.
- There is a need for more effective Information Advice and Guidance for pre-FE and FE in relation to funding support for additional needs. This needs to reflect the roles of all the relevant authorities.
- Distance Learning students currently cannot claim DSA for non-medical help and travelling expenses for attending tutorials.

Given the wide range of issues that have been raised in consultation, it is clearly important to establish an order of priority for the follow up actions to be undertaken. We also need to consider the interactions between the various issues to be addressed.

Many of the issues noted above relate to the eligibility for, and application of, Disabled Students Allowance. Our starting point, therefore, has been **to establish a Disabled Students Stakeholder Group to work with the Executive's policy divisions and SAAS**. The Group will decide itself where its initial attention should be focused. This is likely to include the consideration of:

- a clear diagnostic definition of "disability", as opposed to the general definition derived from the DDA.
- clarification of the evidence required to support a DSA assessment of need.
- communications between SAAS, the HE institution and the student on the progress of a DSA application.
- a clear definition of the requirements and qualifications for assessors.
- inclusion of the institutional context (facilities and access) as part of assessment.
- ensuring that those students who have complex needs are assessed by Access Centres, with those with less complex needs being assessed in the normal way by institutions (educational psychologists) until the Access Centres are at full capacity,
- the extension of the BRITE initiative to HE

Much of the future analysis of SEN requirements will contribute to the evidence base for the Executive's 2006 Spending Review. For example, the Disabled Students Stakeholder Group is likely to move on to consider:

- the need to monitor whether individuals use DSA as recommended by their assessment of need, and the mechanism to recall funding if necessary.
- a feasibility study on access to DSA for distance learners to cover travel costs for attending tutorials.
- whether DSA awards for equipment could be issued prior to course start to enable familiarity with equipment.
- whether DSA for NMPH could be extended to cover all study periods, including field trips and extended time for the completion of courses.

Our analysis in this workstream has confirmed that a number of other actions will require co-ordinated policy making across different parts of the Executive, in conjunction with key stakeholders. We will contribute to the development of cross-cutting policies with regard to:

- **Examining the criteria for awarding Disability Premium Funding (DPF) to HEIs.** In order to encourage the improvement of access by institutions, there is a strong case for linking DPF funding to the number of students with additional needs at the college/university, instead of (as at present) linking it to the number of students in receipt of DSA. We will take this forward as a priority issue.
- **Examining the current arrangements by which individuals cannot be categorised both as in the Group 18 category of special needs (i.e. having specific behavioural/emotional needs requiring specific classes or group work) and as having extended learning support needs (e.g. deaf, blind, physical disability requiring one-to-one support).**
- **Examining the audit arrangements for Group 18/ELS provision in order to establish a “library” of equipment/access facilities in colleges.**
- **Reviewing the system of NMPH support** with a view to identifying alternative arrangements that support both students and NMPHs (e.g. responsibilities for employment, extension to field trips, extended study times)
- **Supporting individuals with complex needs for whom there is no suitable provision in Scotland.** Responsibility for funding the support of such students currently rests with local authorities. We will publish a new guidance document – *Partnership Matters* – in Autumn 2004, which will aim to provide clarity on the roles and responsibilities of all the agencies involved in supporting students with additional needs.

A separate medium term action will be to **review the exemption criteria from the Graduate Endowment (GE)**. During stakeholder consultation, the view was expressed that exemption from GE should not be based on receipt of DSA. This is considered discriminatory, given the earning potential of individuals with disabilities. Policy relating to the GE lies outside the scope of this Review. However, we note these views for future reference.

Hardship

In HE, there are currently three funds supporting students in hardship: Hardship Funds and a proportion of the Mature Students Bursary Fund (both of which are administered by the institutions) and the Hardship Loan (which is administered by SAAS).

Hardship Loans were introduced in 1998-99 as an additional and discretionary source of funding for students facing financial difficulties. Eligible students who have applied for and received the first instalment of their standard student loan can apply through their institution for a Hardship Loan of up to £500. The Universities Scotland contribution to the consultation process noted the challenge presented to HEIs by the Hardship Loan, given that HEIs are obliged to honour both eligible students’ entitlement to a loan and the requirement

to stay within the budget that they have been allocated. According to feedback from students and institutions, this difficulty is often resolved by institutions disregarding the nominal maximum amounts set out by SAAS. In addition, the Hardship Loan can represent an extra element of complexity for students.

Having noted these points, **we have decided to follow the DfES lead of withdrawing the Hardship Loan and re-allocating the funds into an expanded Hardship Fund. From 2004-05, this has involved withdrawing the current £500 Hardship Loan and adding the available resource value to the HEIs Hardship Fund budgets.** Adding the Hardship Loan resources to the Hardship Fund will enable us to simplify the arrangements, while still maintaining the discretionary support mechanism through institutions.

The Mature Students Bursary Fund (MSBF) was introduced in 2001 as part of the (then) new package of HE student support. Its aim was to contribute to widening access to full-time HE to groups who were traditionally under-represented. It is targeted to new independent HE students with registered or formal childcare costs, though it is also used to provide assistance with housing and excess travel costs. The requirement for the childcare costs to be formal is in line with the National Childcare Strategy, though it means that students are not eligible to receive support towards informal childcare arrangements. The MSBF was funded from a redistribution of some of the funding available for Hardship (Access) Funds.

MSBF is a discretionary fund disbursed by HEIs and FE colleges. The allocations to each institution are based on an assessment of the likely numbers of new mature students, lone parents and students with dependant children at the institution, based on the number of such students in the previous year. There have been inevitable variations in the accuracy of each year's predictions, by institution, during the phasing in of the scheme.

Many HEIs and FE colleges have had difficulty in spending their MSBF allocation according to the criteria set out for the fund. As a result, they have faced an underspend on their MSBF provision, whilst continuing to face pressures on their Hardship Funds. Although these pressures have been alleviated, to some extent, in each of the last two years, through the Executive's approval of the virement of a proportion of the MSBF allocation into Hardship Funds, the current arrangements are not satisfactory. The consistent feedback from stakeholders is that MSBF is not an effectual stream of learner support.

We are aware that there is a general lack of empirical information on the financial circumstances of mature students. This is being addressed in the research exercises on the use of Hardship Funds in FE and HE (see below) and the Student Income and Expenditure Survey (see Section 4). This will provide a firm evidence base for reform or removal of the MSBF.

In FE, hardship is addressed through the Young Students Retention Fund (YSRF) and Hardship Funds. (Childcare funds are also sometimes accessed). There is no real reason for having two separate hardship funds. A single fund would simplify the system, reduce the administrative burden and benefit students. Accordingly, **for 2004-05, the YSRF has been**

combined with the Hardship Fund, with amended eligibility criteria. This has been reflected in the SFEFC guidance for the 2004-05 academic year.

Until recently, young students in FE were on substantially less of an award than their older counterparts and we are aware that many colleges use the YSRF to compensate for this and also to offer financial incentives for students to return to college after holiday breaks. It is relevant to note that there will be less need for this, from 2004-05 onwards, with the phased introduction of EMAs. More young students will be eligible for allowances due to the higher upper income threshold and EMAs will also offer bonus payments.

There is little reliable information on the use of Hardship Funds. Accordingly, **in collaboration with SFEFC and SAAS, we have surveyed FE and HE bursary officers in order to improve the evidence base.** The questionnaire focused on how Hardship Funds are actually used in practice, which types of students apply, when applications are made, and the administrative difficulties associated with their application. This information will provide a more robust basis for better meeting the genuine hardship needs in the sectors.

We are sympathetic to the view that, within FE colleges, there should be more flexibility between funds where there are both HE and FE students and varying demand: i.e. the creation of a single fund for both HE and FE. **We will assess the evidence provided on this in the survey of bursary officers.** A required feature of the single fund, if it were introduced, would be the more systematic recording of how the funds are spent. This would assist in ensuring that there is transparency in the discretionary allocations and that the appropriate targeting of resources is taking place.

We have also noted the view that discretionary hardship funds should be abolished with the money allocated for hardship used instead as part of an entitlement for students. We can understand how this view is reached, given that many institutions allocate hardship support in advance to students and run out of funds early in the year due to demand. However, we remain committed to the original intention behind the hardship funds: namely, that they are to provide support of last resort in the event of the emergency and unforeseen financial hardship of students throughout the year. **In conjunction with SAAS and SFEFC, we will provide clearer guidance on the use of hardship funds to FE colleges and HE institutions.**

Travel

The Partnership Agreement includes a commitment to introduce a scheme of national bus, rail and ferry concessionary travel for young people, initially for all in full-time education or training. Executive officials are currently finalising a consultation document.

We will return to considering the funding of the additional travel costs of learners when the details of the Executive's proposals for travel support for young people are more clearly established.

Second Homes

The Two Homes Grant in HE and the Two Homes Allowance in FE have been abolished from 2004-05. This will assist in focusing the use of resources on where they are most needed and aid the simplification of the student support arrangements.

Within the annual Hardship Fund Guidance document, guidance is given to institutions to provide awards, where appropriate, to those students for whom the removal of the Two Homes Grant causes hardship.

ACTION POINTS

Immediate

For the 2004-05 academic year, we have:

- * abolished the child element of HE Dependants Grant and the School Meals Grant and, in FE, the child element of Dependants Allowance (given the introduction of Child Tax Credits, including to students).
- * withdrawn the Hardship Loan for HE students and re-allocated the funds into an expanded Hardship Fund.
- * abolished the Two Homes Grant in HE and the Two Homes Allowance in FE.
- * in FE, combined the Young Students Retention Fund and the Hardship Fund into one fund for all students and amended the eligibility criteria.

Other immediate actions have been to:

- * establish a Disabled Students Stakeholder Group to work with the Executive's policy divisions and SAAS on addressing the main issues relating to the eligibility for, and administration of, DSA.
- * in collaboration with SFEFC and SAAS, survey FE and HE bursary officers in order to improve the evidence base on the use of Hardship Funds.
- * via SFEFC, identify the amount of Dependants Allowance spent on adult dependants and retain this element of the scheme.

Priority issues

- * We will consider the practicalities of FE colleges being able to vire childcare funds between non-advanced and advanced students.

- * We will consider whether, within FE colleges, there should be a single fund to address the hardship needs of all FE and HE students.
- * In HE, we will examine the case for establishing a single means-tested HE childcare fund.
- * We will contribute to cross-cutting policy development on childcare provision, including assessing the information needs of non-traditional learners, in conjunction with officials in the Education and Development Departments dealing with social inclusion and child poverty issues.
- * In conjunction with SAAS and SFEFC, we will provide clearer guidance on the use of hardship funds to FE colleges and HE institutions.
- * We will examine the criteria for awarding Disability Premium Funding (DPF) to HEIs.

Medium term

- * We will review the exemption criteria from the Graduate Endowment for those in receipt of DSA.
- * We will consider the funding of the additional travel costs of learners when the details of how the Executive will meet the Partnership Agreement commitment to introduce concessionary travel for all in full-time education and training are more clearly established.
- * We will contribute to the development of cross-cutting policies with regard to:
 - examining the current arrangements by which individuals cannot be categorised both as in the Group 18 category of special needs and as having extended learning support (ELS) needs.
 - examining the audit arrangements for Group 18/ELS provision in order to establish a “library” of equipment/access facilities in colleges.
 - reviewing the system of NMPH support with a view to identifying alternative arrangements that support both students and NMPHs.
 - supporting individuals with complex needs for whom there is no suitable provision in Scotland.

6. INFORMATION, ADVICE AND GUIDANCE

SCOPE OF ANALYSIS

The scoping of this part of the Review covered all aspects of information, advice and guidance (IAG) from all sources, in all media, to all learners and potential learners in Scotland, in relation to the funding of learners. General IAG for learners (i.e. other than on funding issues) was out of scope.

The objectives were twofold:

- * To identify areas for improvement in the communication of information in the context of the Lifelong Learning Strategy's vision of a system in which there is "clear, accurate and relevant information and guidance on the funding available to individuals and businesses for learning, delivered through joined-up information services".
- * To develop proposals for the delivery of improved information, advice and guidance on funding for learners in Scotland, based on IAG which is:
 - clear and accessible from the perspective of the learner or potential learner.
 - delivered effectively and coherently by delivery partners, intermediaries and IAG practitioners.

DISCUSSION

Stakeholder consultation and baseline evidence

In undertaking the analysis for this part of the Review, we have drawn on information derived from a number of sources, including: bilateral meetings/interviews with various stakeholders (Careers Scotland, *learndirect scotland*, SAAS, NUS Scotland, SFEFC, Local Authority Community Learning and Development); stakeholder events held in June and September 2003 (the latter specifically on Special Education Needs students); and feedback on IAG in the contributions (published on the Review's website) from Universities Scotland, *learndirect scotland*, Careers Scotland, SFEFC, Open University, Association of Scottish Colleges, Skill Scotland and NUS Scotland.

The primary research has included surveys of IAG provision sent to all Scottish FE colleges and HE institutions, as well as a range of other published and unpublished material.²³

²³ For example: *Summary of research findings from Making Ends Meet: an exploration of parent student poverty, family finances and institutional support*, Scottish Poverty Information Unit, Glasgow Caledonian University, 2003; *Survey of Student Experience*, Scottish Funding Councils for Further and Higher Education, 2003; primary research on ILAs from SUFI, George Street Research and York Consultants; an analysis of data

Specific work on learner perceptions has also been undertaken by researchers at Glasgow Caledonian University.

Current provision

The mapping of the current provision of information, advice and guidance on the funding of adult learners has been captured in the *Current Provision of Information, Advice and Guidance* paper published on the Review's website. Although this is not reproduced at length here, a summary of its main findings provides useful background to the consideration of the key policy issues.

The provision of IAG on the funding of learners is fragmented. Information is sector-specific and no one organisation has responsibility for providing this service. The Funding for Learners (FFL) Division of the Scottish Executive has policy responsibility for student and other individual learner support, and the FFL website summarises the financial support available in HE and FE and for EMAs. The website has links to SAAS, *learndirect scotland*, Student Loan Company (SLC), Careers Scotland, FE colleges, and those Local Authorities piloting EMAs. The general Scottish Executive website also has a section on learning funding support and grants, with links to SAAS, SLC, FE colleges and the EMA website.

SAAS is the main provider of detailed information and advice on higher education student support in Scotland. They provide information and guidance to school leavers, HE students, their parents and spouses on the financial support available, eligibility criteria and the application process. They currently provide detailed and comprehensive written guides, but are moving towards providing more information through their website for students. In addition to operating a general enquiry unit, SAAS have specialist enquiry sections for undergraduates, disabled students and postgraduate students. They provide a website for Student Support Advisers and publish the written Hardship Fund Guide and the Mature Students Bursary Fund Guide for the HE sector.

FFL publishes summary information on HE student support through a series of leaflets that describe the amount of loan and bursary support that may be available for students. These are organised by target groups, covering young students, mature students, lone parents and part-time or distance learning students.

Colleges and HE institutions provide their own information on the financial support they offer (hardship funds etc), through their own publications or websites. The other main information sources used for student financial support are those from SAAS, SLC, DfES, the Child Poverty Action Group (CPAG) and Citizen's Advice Bureau.

FE colleges are the only major source of IAG on learner funding for further education study. They encompass nearly all aspects and schemes of funding for learners, not just higher or further education; colleges also work with students who receive support from other sources

from *Learndirect scotland*, 2003; FFL survey on Higher Education leaflets, 2003; SAAS annual customer survey; and evidence submitted to the ELL Committee on Lifelong Learning.

such as New Deal, collaborative European Social Fund Projects, and the various forms of income support. For part-time students, the college's main role concerns support for study and study-related costs rather than maintenance or income support. The provision of IAG is closely linked to face-to-face recruitment and enrolment with the result that any potential learner can make enquiries both about opportunities for learning and the finance to support it. Where possible, colleges give decisions on the offer of a place and funding for a learner at the same time.

Most colleges use the SAAS guidance for HE students. A large number produce and use their own internal college guidance on student funding. They also use the guidance produced by SFEFC on Further Education Bursary Policy and most colleges have their own personal ad hoc methods for pulling together this guidance. External sources of information include the EMA website, Job Centre and Benefits Agency, Bursary Advisory Groups, SQA, SLC, Child Poverty Action Group, Citizen's Advice Bureau, Fundfinder Software, Hardship Funds, DFES, commercial banks and NUS Scotland.

SFEFC have no direct contact with students, but produce written guidance for FE colleges on student funding for non-advanced courses. These guidelines cover fee waiver grant policy, FE bursaries, Childcare fund, FE Hardship Fund and the Young Students Retention Fund.

The Scottish Executive has produced publicity material for Local Authorities Education Departments and FE colleges for the first year of national roll-out of Education Maintenance Allowances (EMAs) in 2004-05. Local authorities are working with local partners to provide the most effective targeting of information. SFEFC have produced written guidance for FE colleges. The EMA website has a general area for learners and an area registered for Local Authorities which contains detailed guidance.

There are two key National Providers of IAG. *learndirect scotland* was established to provide individuals with expert advice on learning opportunities and funding available to them. It operates a national database of learning opportunities available through public, private and voluntary sector organisations. This database is drawn from data provided by course providers and used by helpline staff to answer enquiries. Although it contains information on the funding provider, based on level of qualification offered, it does not include any funding information. The helpline will refer the caller to the appropriate funding provider - i.e. SAAS or the local FE college - for specific funding information. The *learndirect scotland* website does include a section on funding, and covers student loans, mature student bursaries for full time HE students, and a section on childcare. The website also has links to the SAAS website

learndirect scotland and SAAS are the two delivery partners for ILA Scotland. The marketing and promotion of the scheme, including dealing with general enquiries about learner funding, is the responsibility of *learndirect scotland*, although the contact points have ILA Scotland branding.

Careers Scotland is Scotland's all-age careers guidance service. It is a national operation, aligned with the two enterprise networks (Scottish Enterprise and Highlands and Islands Enterprise) and has over 100 local centres. It offers comprehensive and independent advice on employment, enterprise and learning opportunities to individuals, employers and the learning and guidance community.

Careers Scotland primarily disseminate funding information produced from other sources (e.g. SAAS and FE colleges) and use that information to provide general advice on what funding is available to adult learners. It produces a broad overview of the finance that is available, drawing on existing sources, and refers potential students to other appropriate agencies. The website includes a section on funding, consisting of summary information with links to the FFL and SAAS websites.

The Local Authority provision of IAG is based around Community Learning and Development. Community Learning staff are in local communities across Scotland, offering adults their first step back into learning, and providing first line guidance. They provide basic skills to start learning and then signpost or refer adult learners to specialist advisers such as Careers Scotland and local colleges. They place great emphasis on partnership working, involving local colleges, economic agencies and the voluntary sector.

Other organisations that provide information to adult learners include NUS Scotland, Trade Union learning representatives, the Child Poverty Action Group and the Educational Grants Advisory Service. In addition, organisations such as One Parent Families Scotland and Skill Scotland (the National Bureau for students with disabilities) produce information on the financial assistance available for the particular groups they represent.

With regard to standards and training, the majority of those who provide an information, advice and guidance service are qualified. Some have vocational qualifications in Customer Care (SVQ level 3 or level 4). Most professional staff have a degree or equivalent professional qualification; a number also have postgraduate qualifications in guidance, and money advice training.

Key issues

A number of important issues have been raised by the mapping of the current provision of IAG on learner funding and in the engagement with stakeholders. These are summarised below.

There is general agreement that the lack of clear IAG represents a failing of the current system of learner support. As *learndirect scotland* noted in its stakeholder contribution, there would be no point in introducing a more coherent system of funding if the IAG available were not made clearer and more accessible at the same time.

We preface our analysis with two definitional points. First, there is a distinction to be made between the provision of Information and the provision of Advice and Guidance. A number of organisations use the term "guidance" to describe the material they produce to assist in

the interpretation of the rules, or to provide guidelines on how a source of funding is distributed to students. However, the professional definition is more along the lines of “Guidance helps learners and potential learners to understand the options for training, education and work, so that they can make decisions about their future.” We use the latter definition.

We also distinguish between “signposting” and “referral”. Generally, organisations use “signposting” to make clients aware of the services of another adviser or provider at an early stage, and it is very similar in practice to information giving. “Referrals” are when clients are directed towards a different adviser or service after an initial exploration of their needs. Referrals also tend to be formal, for example appointments are made with other providers for the client and data about the client is transferred.

The emerging issues fall into three categories relating to: the nature of the information provided; the communication structure for IAG; and whether the current IAG has sufficient learner focus. Each is discussed in turn.

Nature of information provided

The analysis of IAG provision has been undertaken with a view to examining how well two of the key principles identified for the Review²⁴ have been satisfied, namely:

- full information should be available to learners and learning providers, so that they can make appropriate choices in obtaining and providing learning opportunities.
- within the context of targeted support, entitlements are simply explained and customer-friendly, and information on funding is readily accessible, so that all stakeholders – especially learners and potential learners - are aware of what support is available, to whom and when and what form the administration of that support will take.

Gaps in current provision

The evidence suggests that it is difficult to get a clear overview of the support that is available for adult learners. Although broad summaries of support are available from a number of organisations, and through various websites, most current information on financial support for learners is sector specific, i.e. for HE, FE or EMAs. The current provision of sector specific funding information can complicate the message, as potential students are not always clear on the financial impact of moving from FE to HE. We judge that a more holistic approach towards information provision - at least at summary level - would help provide potential adult learners with an introduction to the funding available.

Whilst the funding streams remain distinct, which they are likely to do so in the medium term, most detailed information and advice will remain specific as well. However, we

²⁴ See section 3 above.

believe there is a need for an overview of learning funding provision at national level, available for use by all IAG providers. Organisations, which provide IAG to adult learners, could benefit from access to good quality summary information produced by a central source, thus ensuring consistency and accuracy for use by them directly, or to assist them in the provision of their own material. Such a summary would also help eliminate the duplications and inconsistencies that are apparent between different organisations (see below).

One of the biggest gaps currently is the lack of any national available source of IAG on learner funding in further education. The information on HE provision is relatively good; SAAS administer the funds and provide the detailed information and guidance to students and other organisations, whilst FFL provide summary targeted information. However, there is no such national resource for FE due to the discretionary and local nature of FE provision. We need to consider what can be done to produce national resources for FE provision for two reasons: it does not exist now (although both NUS Scotland and Careers Scotland produce summaries); and most learners that are being targeted will start in FE.

Another significant gap is funding information for people on welfare benefits. This includes information about the effects on housing benefit, lone parent allowances, details of how travel expenses are paid, working tax credit, and fee waivers for those in receipt of means-tested benefits. Research²⁵ indicates that benefit or welfare advice agencies, including local authorities, independent generic services and state welfare and employment agencies, are seldom seen as helpful by these students. They were viewed as being more used to processing claims, and giving general information about benefits and the impact of work on benefits, rather than advising on the impact of entering education or training. There is plenty of anecdotal evidence that potential learners want to know what impact taking up a learning or training opportunity will have on their benefit entitlement. The stakeholder feedback confirmed that misunderstanding of benefit rules can mean that students do not receive their full entitlement or are faced with demands for repayment of benefits paid in error. Some of this missing information has recently been addressed by the publication of the CPAG book *Benefits for students in Scotland handbook*. However, we need to ensure all the relevant stakeholders (including students, institutions and those engaged with delivering the benefits system) are fully informed of the current arrangements.

The complexity of the funding arrangements (see below) makes it difficult to provide specific detailed advice based on an individual's circumstances. The stakeholder feedback suggested that, in relation to the number and availability of student advisers within colleges and universities, the mainstream knowledge about student support is generally good, but there was not a high level of knowledge for specific information about other issues such as childcare options or special needs. There was some indication that this is a deterrent to potential learners.²⁶

²⁵ Scottish Poverty Information Unit, Glasgow Caledonian University, 2003. See footnote 21 above.

²⁶ See, for example, the Skill Scotland: National Bureau for Students with Disabilities submission to the Review, 2003.

Duplicate and inconsistent information

There are several different sources for the same information: e.g. FFL, *learnirect scotland*, Careers Scotland, and the many different websites. Essentially the same information is being repackaged by different organisations for their own presentational reasons.

Clearly, information on funding should be consistent across the Scottish Executive and its delivery partners. A brief analysis of the existing information provided shows that certain grants/support referred to by FFL and/or SAAS are not mentioned by Careers Scotland or *learnirect scotland* and that different terminology is sometimes used to refer to the same support.

Complexity of information

To a large extent, the complexity of the information reflects the current complexity of the different funding systems themselves. Prior to this Review, there were 9 different funding streams in FE and 16 in HE as well as the forthcoming introduction of ILA Scotland and the national roll out of EMAs.

The ELL Committee observed that significant resources within FE colleges were being diverted to providing guidance for learners on the wide range of funding streams.²⁷ The same is true in the HE context; Universities Scotland observed that the complexity of the current system diverts resources in HEIs to the provision of advice on funding for students and to the administration of numerous discretionary funds.

The complexity of information is an issue of which SAAS are aware. A common complaint from students is that the SAAS guides contain too much information and students find it confusing. The SAAS surveys of HE institutions on their guidance, service and literature receive the same feedback. However, in our survey of HEIs, some institutions expressed a desire for SAAS to provide fuller guidance direct to students and advise them more accurately of their entitlement. This would enable the institution to concentrate its advice and support on those who really need it, rather than having to help the majority of students understand the many and varied sources of financial assistance.

Clearly, any moves to streamline the overall funding system will make it easier to improve the IAG that is given. However, the challenge remains as how to provide clear, user-friendly, accessible information, whilst the system is itself complex. This does not necessarily mean that the emphasis should be on trying to provide some sort of “simplified” information. Rather, there is a case for moving towards better provision of appropriate advice and guidance through intermediaries, whilst ensuring that there is adequate training available to intermediaries to provide this service.

²⁷ *Final Report on Lifelong Learning*, 2002, SP Paper 679, paragraph 342.

The communications structure for IAG

Key stakeholder interactions patchy and unstructured

There are few formal processes to disseminate information. It is generally an ad hoc provision driven by the needs of each organisation, with no strategic overview of who requires what information and who should provide it.

Who should provide IAG on funding?

The Lifelong Learning Strategy²⁸ is quite clear that there should be a single source of information and advice on funding: a one-stop shop. The strategy states that “we will establish a national source of information and advice on funding that is linked to information in the national database on learning opportunities, serviced by *learndirect scotland*. We shall therefore work with *learndirect scotland* and SAAS to find the most efficient way of doing this, ensuring that this information is available to those traditionally disengaged from learning”. This approach is supported by NUS Scotland, whose submission to the Review’s website states that “[t]he most effective method of ensuring that students are well informed is for a central source to be developed. This “one stop shop”.... should provide information on funding for all types of courses, including ILAs, EMAs, nursing and postgraduate support”.²⁹

It is recognised that the local variations in support at the FE level mean that it is difficult to provide a national advice service for prospective students on financial support. One solution might be to establish a clear and definitive database on the funding available nationally and locally. However, this database would have to be maintained and updated regularly by the local colleges, who would need an incentive to keep it up-to-date. We should not underestimate the demands placed on a national service to provide the detailed calculations and advice which would be required, given the current absence of centralised information on FE student support. Advisors would need to know actual amounts, in order to provide appropriate advice. They would also require a clear picture of what funding options are available, which options are best suited for which groups, whether they are means-tested and how the means-test works.

An alternative option that has been suggested would be to provide a national web-based resource that provides a compendium of the main national references sources, websites and databases about funding for learners.

From the opposite perspective, the view held by some stakeholders is that, given the current complexity of learner funding and the differences between schemes, it is valid to have different sources of information and advice on funding, depending on the different levels and types of IAG that are required. In this model, *learndirect scotland* and Careers Scotland

²⁸ *Life through Learning, Learning through Life*, February 2003, p.61

²⁹ *Response to the Funding for Learners Review*, NUS Scotland, February 2004.

would provide general IAG at the national level, in conjunction with community organisations, and signpost potential learners to the appropriate provider; SAAS, FE colleges and HE institutions would provide detailed information and advice about their respective offers once a particular learning route had been chosen.

Effectiveness of IAG providers

The effectiveness of IAG providers raises a number of questions. Do we want all advisers to have access to all information and/or all options available to learners so that, from the learner's point of view, there are no "wrong doors"? Potential advisers include: student advice centres in colleges and universities; Careers Scotland and *learnndirect scotland* staff; Local Authority - Community Learning; JobCentres; and specialist/voluntary organisations such as the Citizens Advice Bureau, One Parent Family Scotland, Child Poverty Action Group and Skill Scotland.

In this type of system, the level of information required by advisers would, of course, be very considerable, if they are to be in a position to provide the full range of advice and guidance on funding to adult learners, rather than being a signposting or referral service. For example, an adviser would be required to provide detailed information and advice for student parents, disabled students and others with specific needs. As noted above, the stakeholder feedback on the current knowledge base of student advisers suggests that this would be a formidable challenge.

A related issue concerns the ability of such advisers to give impartial advice and guidance, given that colleges generally only have detailed knowledge of their own courses and funding arrangements.

Similarly, some agencies will generally only provide information on the learning and funding within their remit: e.g. JobCentres advise on New Deal, but do not currently provide information on student funding.

The analysis of IAG on learner support confirms the importance of partnerships and networks. In the FE sector, bursary officers operate an e-mail network that allows them to exchange information and resolve queries amongst themselves. SAAS operate a similar type of web service for HE student support advisers. However, those organisations that are in contact with potential non-traditional adult learners – for example, community, voluntary and specialist groups - do not generally have access to the relevant and up-to-date funding information. There is a need to determine the types of information that these advisers require, as well as an opportunity to use community networks/partnerships to share information on funding of learners e.g. through Community Learning and Development Partnerships.

Learner focus

Lack of awareness

There is a general lack of awareness by potential learners of the funding that is available and where to go for information and advice. Research undertaken in the development of the ILA Scotland scheme revealed that almost one in three adults surveyed (32%) did not know where to go for information and advice on funding.³⁰ 31% of respondents mentioned colleges, 10% local councils and 7% employers, but only 3% of respondents mentioned specialist advice organisations/helplines. *learnirect scotland* and Careers Scotland are not well-known sources for information on learner funding.³¹

Lack of learner focus

The need for learner focus in the IAG on funding has been confirmed in the stakeholder consultation. Feedback suggests that individuals need a clear idea of the amount of financial support they are likely to receive (including the impact on benefits) and the costs to be incurred before they commit themselves to taking a course. There is also research evidence that certain groups of learners prefer personal advice and guidance at local level, outside of the college environment. This point reinforces evidence given to the ELL Committee, namely that the provision of IAG through technology cannot replace the need for local IAG providers in person, especially when providing advice and guidance to non-traditional learners; one-to-one contact is valued by the socially and economically excluded. The York Consulting Report on the first ILA scheme concluded that the national marketing activities did not have a significant impact on recruitment of target groups such as those with no qualifications and labour market returners, and that the targeting of key groups would be required in future marketing. This approach is being adopted with the successor scheme (ILA Scotland).

We commissioned further research (from Glasgow Caledonian University) on what learners and potential learners want/need to know in order to make an informed decision. This research has corroborated the initial findings presented in this section.

THE NEXT STEPS

The IAG Delivery Group

It is clear that the assessment of current IAG provision generates a wide range of important issues to address. This needs to be done in a systematic way, focusing on priorities.

³⁰ George St Report, 2003.

³¹ The York Consulting Report on the first ILA scheme (June 2002) reinforces this point; the prime sources of information are friends, family and training providers.

We have established an IAG Delivery Group to address the issues raised by the IAG workstream of the Review. The Delivery Group is comprised of the key delivery partners and intermediaries for IAG. Its objectives are:

- to consider the issues identified in the analysis of the current provision.
- to develop proposals to improve the current provision of IAG on funding.
- to take forward the implementation of the agreed proposals.

Accordingly, the Delivery Group will look at ways:

- to improve the communication structure
- to raise learner awareness of funding opportunities
- to move towards provision of learner focused information
- to simplify the message
- to eliminate duplication and inconsistency
- to provide quality control of information.

The emphasis will be on improving what already exists and making it work more effectively for the learner, rather than proposing new initiatives that require new funding.

The IAG Project Team

From within the Delivery Group, we have established an IAG Project Team to take forward the production of a number of key IAG outputs: a Communications Strategy, an Implementation Plan and an Evaluation Plan. The aim here is to apply the basic principles of project management to deliver these outputs to a clearly defined timetable. The Project Team is small and influential and with the relevant practitioner expertise to assess the impact of proposals.

The role of the Project Team is:

- to review the current provision of IAG, and the key issues that have been identified
- to define/confirm the information requirements of key stakeholders and learners
- to define the required communications structure: i.e. who should provide what information, advice and guidance, and to whom
- to develop the different options and proposals to meet these requirements,
- to develop an action plan for implementing agreed proposals.
- to determine evaluation criteria for assessing the effectiveness and impact of implemented proposals
- to produce the communications strategy, implementation and evaluation plans

ACTIONS

Immediate

- * We have established an IAG Delivery Group of key delivery partners and intermediaries to address the issues raised by the IAG workstream of the Review.
- * The *Current Provision of Information, Advice and Guidance* paper has been issued to the wider group of stakeholders for confirmation and feedback.

Priority

- * From within the IAG Delivery Group, we have established an IAG Project Team to take forward the production of a number of key IAG outputs: a Communications Strategy, an Implementation Plan and an Evaluation Plan.
- * The outputs of the Project Team will provide the framework within which a number of key IAG issues will be addressed. These will be decided by the Delivery Group, but might include:
 - ensuring that accurate and consistent IAG is distributed to learners and potential learners on public sector websites and in other media.
 - assessing what standards/business processes should exist to ensure accurate and consistent IAG is maintained: for example, a Code of Practice for organisations.
 - deciding on the provision of an overview of all learner funding at the national level.
 - working towards the adoption of a common terminology in the description of funding arrangements (e.g. with respect to grants and bursaries).
 - examining which types of individual and organisation require different levels of information on learner funding, and where that information should come from.
 - examining the role of intermediaries, and the information and training needs they require to provide advice and guidance on the funding of learners. This is with particular reference to specialist, community and voluntary organisations.
 - deciding how best to clarify the current arrangements with regard to learner support and the Benefits system, ensuring that all relevant stakeholders are fully informed.
 - deciding what the best communication model should be for future IAG provision on learner funding, the emphasis being on using the current communication structure to better effect.
 - examining whether a feasibility study should be commissioned for the development of *learndirect scotland's* National Learning Opportunities Database to include information on funding.

7. OTHER WORKSTREAMS

SCOPE OF ANALYSIS

It was noted in Section 1 that, in the case of 3 of the Review's workstreams, the analysis has commenced and is being taken forward as part of the Review's action points. These are:

- Workstream 8. Type of funding
- Workstream 9. Delivery of funding
- Workstream 10. Entitlement to funding.

Each is discussed briefly here.

DISCUSSION

Type of funding

The type of support available across the different learner programmes varies: the learner support available in HE is via means tested bursaries and/or loans; in FE, learner funding is offered as means tested bursaries only; in the national roll-out, EMA payments take the form of allowances to students; with ILA Scotland, learners will not receive grants or loans, as the payment will be made directly from the Executive to the learning provider.

These different support structures for funding post-compulsory learning have arisen due to the establishment of specific programmes to meet different needs. Over the last decade, HE student support has centred on widening access and the provision of affordable mechanisms for supporting students. FE support has had an emphasis on being flexible and discretionary. The roll-out of EMAs is targeted at an age-specific and income-specific group of learners. By contrast, ILA Scotland will provide direct support towards tuition fee costs (in contrast to the maintenance/living cost support which can also be provided by the other three programmes). **The underlying policy basis for these systems has been examined in more detail in a background paper on the Review website.**³²

One of the significant features of the four programmes is that student loans are only available for advanced level qualifications. Given this starting point, two main issues arise. The first is whether, in FE, the feasibility of introducing loan availability as an extension of the current bursary system should be considered. The critical factor is whether this would obviate a funding gap and enable more individuals to undertake learning opportunities. Such an arrangement would also bring more consistency across the further and higher

³² *The Current Type of Funding for Advanced and Non-advanced Study*, Funding for Learners Division, February 2004.

education systems in Scotland. The need to examine this issue was endorsed by *learndirect scotland* in its contribution to the stakeholder feedback.

Second – a corollary of the first point – there is the question as to whether bursary support should be extended as a proportion of the learner support package in HE.

Accordingly, we will examine the policy options of changing the current arrangements for FE and HE support, including the advantages and disadvantages of introducing loan availability for non-advanced students and extending bursary support in HE. This will involve consultation with stakeholders and research by Analytical Services colleagues of comparable systems in other countries.

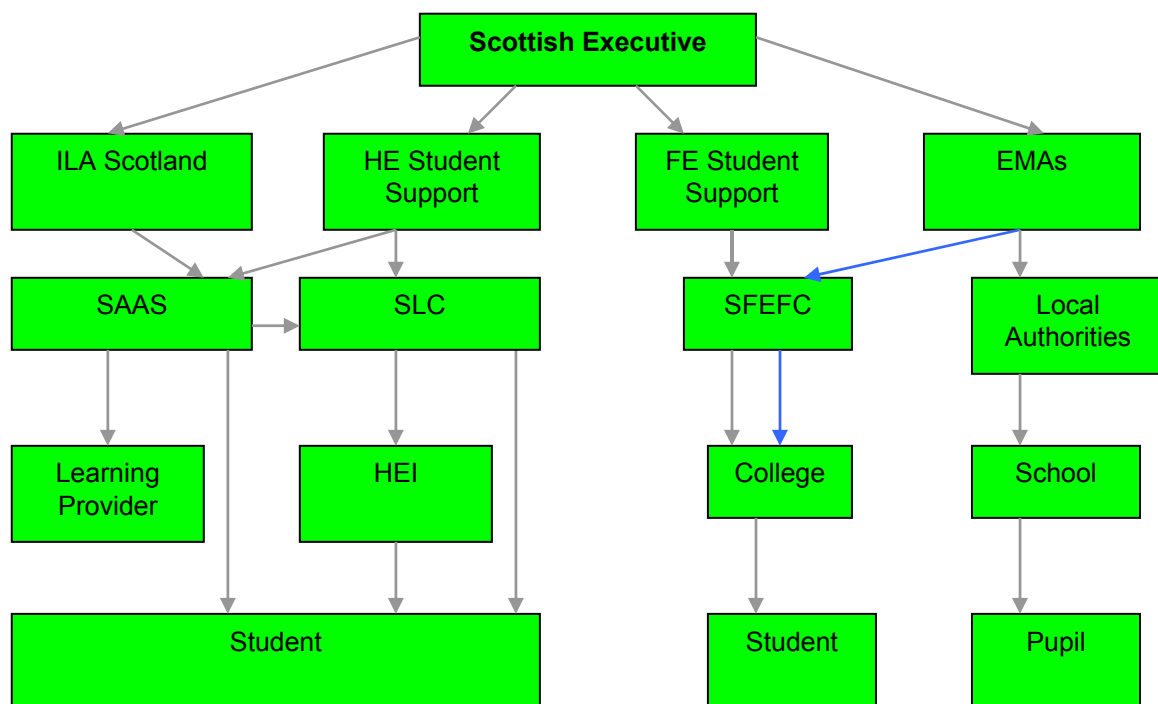
It is important to note the interaction between the funding programmes. For example, ILA Scotland support will be used to fund the fees element of some FE and HE courses, whilst EMAs will be the principal maintenance element for young people within the wider FE student support system. Consideration will be given to this in the next stage of this workstream.

Delivery of funding

Arrangements for assessment

The delivery of the funding flows in the current FE and HE student support arrangements, the successor ILA scheme (ILA Scotland, from Autumn 2004) and the national roll out of EMAs (from August 2004) is summarised in Chart 7.1.

Chart 7.1. Current and prospective delivery of funding flows



It was stated in the initial scoping of the Review that we would examine the current and/or prospective arrangements for assessing learners' eligibility and paying funding to learners, identifying best practice and assessing whether any variations in approach are justified. It was also noted that this analysis logically occurs towards the end of the Review. Accordingly, **we have commissioned a research study into the types of funding, and associated eligibility criteria and payment arrangements, provided for learners in tertiary education systems elsewhere.**

As background to this work, **a summary paper on the existing arrangements in Scotland has been published on the Review's webpage.**³³

Entitlement to funding

The concept of learning entitlements featured strongly in the ELL Committee's report on Lifelong Learning, published in October 2002. The Committee took the view that an effective approach to upskilling the Scottish workforce would be to give every working age adult in Scotland 720 SCQF learning credits - equivalent to 6 years post compulsory education - that they could "spend" on learning as and when they wished.

Whilst Ministers gave this a cautious welcome, the ELL Committee recommendations were not taken on board in full because the financial implications were difficult to quantify and likely to be significant, and the investment could not guarantee returns in terms of learning attainment. Moreover, there was no baseline for entitlement in current spending plans.

The Lifelong Learning Strategy, published in February 2003, proposed a package of concerted action to raise participation in learning through tackling motivational issues, provide a quality learning experience and create a responsive learner centered system, characterised by good advice and guidance and easy articulation between sectors. In addition, commitments were given to initiate a care-leavers learning entitlement pilot³⁴ and to examining the potential for extending existing entitlements to funding for learners.

Accordingly, the overall objectives of this workstream within the Review are to identify the potential extension of entitlement to student support and the associated estimated financial impact for the Executive. This will be undertaken in two phases. First, **we have published a paper on the existing entitlements, guaranteed and discretionary funding across HE support, FE support, EMAs and ILAs.**³⁵ Second, **we will examine the policy options with respect to the potential extension of entitlement to learner support, the resulting financial and legal implications, and the impact on learners.**

³³ *Current and prospective arrangements for assessing learners' eligibility and paying funding to learners on the 4 Funding for Learners programmes*, Funding for Learners, Division, February 2004.

³⁴ This is being taken forward by the Skills For Life and Work Division within ETLDD.

³⁵ *Existing Entitlements, Guaranteed and Discretionary Funding across Funding for Learners*, Funding for Learners Division, February 2004.

We note the need for the careful use of terminology. It is useful to note, for example, that, in the DfES Skills Strategy (July 2003), the entitlement proposals are only looking at the fee elements associated with post-compulsory learning, not at student support. In Scotland, by contrast, there tends to be a more holistic view of the subject: i.e. one which looks at the offer to learners from both a fee payment and student support perspective.

The dictionary definition of entitlement is “that to which one has a right or claim”. However, our assessment of the evidence and our general discussion of the subject with stakeholders shows that there are various definitions of entitlement, as well as different ways in which it is used. To many, entitlement is the right to a publicly funded post-compulsory education place (in some cases providing some entry criteria are met); to others, it also represents the right to maintenance support as well. Guarantee and entitlement are sometimes confused with, moreover, entitlement often being a heavily “loaded” term with more subjective connotations than guarantee or discretion. It is often used synonymously with universality and in direct contrast to discretion.

Our starting point, therefore, will be that entitlement means something which is legally enshrined by statute (similar to entitlements to tax credits, benefits, annual/sick leave, pay, etc) and which, if claimed, is always available.

There is less of a debate on the exact definition of guarantee. Although often akin to an entitlement in practice (i.e. an individual receiving a benefit, providing certain criteria are met), it differs in that it is not protected or enshrined in statute. Similarly, in lifelong learning terms, the meaning of discretionary funding is clear: i.e. funding which is given at the judgement of the institution in question, without any predetermined rights/claims being exercised.

ACTIONS

Immediate

- * We have published background papers on:
 - the underlying policy bases for the types of funding of HE support, FE support, EMAs and ILAs.
 - the existing arrangements for assessing learners' eligibility and paying funding to learners.
 - the existing entitlements, guaranteed and discretionary funding across HE support, FE support, EMAs and ILAs.
- * We have commissioned a research study into the types of funding, and associated eligibility criteria and payment arrangements, provided for learners in tertiary education systems elsewhere.

Priority

- * We will examine the policy options of changing the current arrangements for FE and HE support, including the advantages and disadvantages of introducing loan availability for non-advanced students and extending bursary support in HE.
- * We will examine the policy options with respect to the potential extension of entitlement to learner support, the resulting financial and legal implications, and the impact on learners.

APPENDIX A. THE EVIDENCE BASE

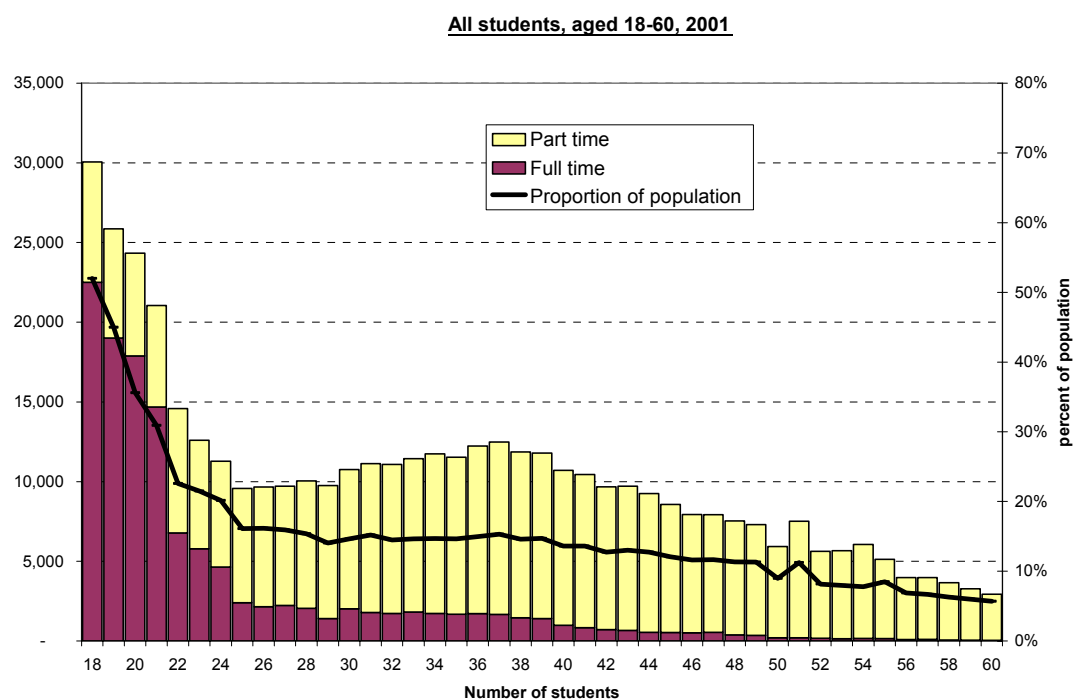
A2.1 THE QUANTITATIVE BACKGROUND

A detailed paper *Review of Funding of Learners: Quantitative Background*³⁶, available on the Review's website³⁷, provides a comprehensive summary of the students (aged over 16) undertaking different types of learning in Scotland (full-time, part-time, FE, HE, open and distance learning, etc) and the number being funded by the Executive. The paper is not reproduced here, but we give a summary of the main points.

Table A2.1. Total number in education (aged 16+) in Scotland in 2001/02 (thousands)

Level	Full-time	Part-time	Total
School (16+)	70	-	70
Further Education	39	252	291
HE (Scottish domiciled)	128	82	210
HE (non Scottish domiciled)	42	4	46
Open University	-	15	15
Non vocational FE		40	40
Total	278	395	673
Non credit bearing courses at HEI	-	143	
Scottish domiciled students at HEI outside Scotland	8	5	

Chart A2.1. Distribution of students (aged 18+) in FE, HE and the Open University, by age



³⁶ Prepared by the Analytical Services Division of the Enterprise, Transport and Lifelong Learning Department of the Scottish Executive, with contributions from policy divisions.

³⁷ <http://www.scotland.gov.uk/about/ELLD/FoL/00017431/page677853067.aspx>

Table A2.1 gives the total number aged 16 and over in education; Chart A2.1 shows the distribution of students aged 18 and over (excluding those at school) by age.

Total numbers undertaking learning

- Management information identifies a total of 673,000 students in Scotland, including non-domiciled HE students and the Open University. This is the equivalent of 22 per cent of the working age population (of 3.1 million). If those attending non accredited courses at HE institutions are added, the total is over 800,000.
- Approximately 280,000 students from Scotland studied full-time and almost 400,000 studied part-time in 2001/02.
- If the numbers undertaking some form of learning whilst at work (though not as students) are also included, this brings the total to well over a million: about one-third of all people of working age during the course of a year.
- The distribution of adult students by age shows that young adults (aged 18-22) clearly dominate. The rise in numbers in their late 30s reflects the age distribution of the general population.

Further education

- The main growth in FE (and in HE) has been in part-time courses, particularly among older women.
- Among young people in FE, the majority are male – both full-time and part-time students. This is the only part of the whole education system where males outnumber females. In schools and universities and among older FE students, females form the majority.

Higher education

- Within the HE system, 44 per cent of students are taking first degrees and 19 per cent postgraduate degrees. 37 per cent are studying at sub-degree level.
- Including open and distance learners, 37 per cent of HE students are part-time. This proportion is slightly higher (39 per cent) for Scottish domiciled students.
- The biggest growth in HE has been among part-time students (at sub degree level).

Open and distance learning

- Two groups dominate the total number of open and distance learning (ODL) students: Scottish domiciled students doing sub degree courses and overseas postgraduates. Together they constitute 79% of all ODL.
- The growth rate for ODL has far exceeded that of other categories of student in recent years. Between 1996/97 and 2001/02, the number of students on HE courses in Scotland (in HEIs or FE colleges) rose by 34,000 (an increase of 14%). Most of that (21,000) was a growth in part time students and, of that, the number of ODL increased by 14,000.
- ODL now account for 11% of all HE students. Approximately one-third of Scottish part-time students in HE are open or distance learners (48% when the Open University is included).

Government Training Programmes

- There are currently over 30,000 Modern Apprenticeships in training - double that in 2001. In addition, 28,500 people have successfully completed their apprenticeships since the programme began. The Skillseeker programme currently has over 12,000 people undertaking training.

Learning outside the formal education system

- The numbers working towards a qualification outside the education system are large. Labour Force Survey data (for Spring 2002) indicated that: 168,000 employees were enrolled as part-time students (including those working towards a qualification); a further 107,000 people were working towards qualification, but not enrolled as students; and 40,000 non-working people were working towards a qualification or enrolled as a student.
- In total, this implies that over 300,000 people were undertaking some learning outside the education system.

State funding of learning

- In FE, the number with bursaries or EMAs is approximately equal to the number of full-time students. This implies that nearly all full-time FE students receive funding from the Executive.
- Among young people in part-time FE, most of the support appears to come through Modern Apprenticeships and Skillseekers, or other employer-funded apprenticeships.
- The fastest growth in both FE and HE numbers has come from part-time students, who are usually not funded by the Executive.

- In HE, the Student Awards Agency for Scotland (SAAS) pays fees for three quarters of the full-time students. There are many other sources of funding – for instance the Health Department – but the data show that, for 11% of full-time and 50% of part-time students, there is no recorded source of funding.

Additional data on HE support provided by the Student Awards Agency for Scotland are available in *Student Awards in Scotland 2002/03*, released by the Executive as a National Statistics publication in February 2004. This shows that:

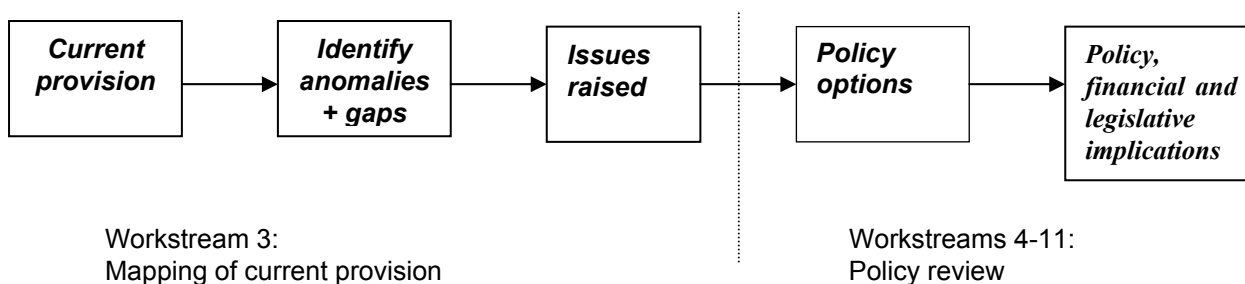
- The number of students who received SAAS support and/or made successful applications for student loans assessed by SAAS increased by 7.1 per cent between 1997/98 and 2002/03.
- In terms of the amount of support provided by SAAS through grants, fee payments and loans, there was an annual increase of 4.1 per cent to £438 million in 2002/03. This figure comprised 19 per cent from the various student award schemes, 29 per cent in the form of fee payments and 52 per cent in student loan authorisations.
- Over the period 1997/98 to 2002/03, total support increased by 49.4 per cent from its 1997/98 level of £293 million.

A2.2 MAPPING OF CURRENT FUNDING

The working paper *Review of Funding of Learners: Mapping of Current Provision* was placed on the Review’s webpage in June 2003. The paper describes the current provision within FE support, HE support, Education Maintenance Allowances and Individual Learning Accounts of various types of learner support: i.e. those relating to age, income, dependants, special education needs, travel, childcare, hardship, residency and cross-border study.

The aim of the paper was to identify where there might be gaps and anomalies in the current provision and to raise issues to be considered within the wider context of the Review. The analytical process was therefore as summarised in Chart A2.2.

Chart A2.2. *The mapping of funding: analytical process*



The paper notes the different statements of policy intent for current provision:

- Further Education Student Support. To promote a fair and equitable system that recognises the needs of individuals and effectively targets direct support to those most in need when they most need it.
- Higher Education Student Support. To widen access to higher education to individuals who would not traditionally have participated in this learning.
- Education Maintenance Allowances. To remove financial barriers that prevent 16-19 year olds from low income families continuing in post-16 education and promote increased participation.
- Individual Learning Accounts Scotland. To encourage individual learner empowerment, support learner choice and encourage the development of a personal stake in learning.

Not surprisingly, given the various paths along which the different forms of learner support have evolved, a range of issues were identified in the mapping exercise. The detailed findings are not repeated here except, in the context of the means test arrangements, where the complexities of current provision across FE support, HE support and EMAs are set out in the Annex below.

Following the process set out in Chart A2.2, these issues constitute the material for the policy analysis presented in Sections 2-5 above. For example:

- Arrangements vary across the 4 funding programmes for different age groups e.g. 16-18 year olds are assessed differently across EMAs, and FE and HE provision.
- The lower income threshold (i.e. that up to which the maximum non-repayable maintenance is awarded to individuals) varies across the programmes. The lower threshold also varies by age within individual programmes.
- There is a variation of the upper income threshold, at which eligibility for non-repayable maintenance ceases across the programmes.
- The type of income also varies. The FE income assessment is based on household income, as will that used in the roll out of EMAs. The HE income assessment is based on parental/spouse income (with unmarried partners not taken into account). The new ILA scheme will be based on individual income.
- There are disparities between the programmes in relation to the definitions of earned and unearned incomes taken into account to derive allowable income.
- Although FE student support and HE student support have aligned with regard to weekly allowances for a dependant adult or first child, they have different provision for other dependants, for example additional children or all children if there is also a dependant adult.
- Different criteria are applied across the various funding programmes when considering students with special education needs.

- Equality of provision has implications outside student support. For example, HE students who have purchased equipment with funding can keep that equipment whilst, in FE, when students leave the course they do not keep equipment they have learnt to use.

A2.3 ACADEMIC INPUT

There has been a range of academic input to the Review. The starting point was the Evidence in Lifelong Learning Network of academic researchers (ELLNet), which is a research network, established by the Scottish Executive, aiming to develop the role of research evidence in policy making. The Network provides a forum for policy makers and external researchers to discuss current and/or forthcoming research and policy priorities in the area of Lifelong Learning.

An output from the ELLNet discussions was the seminar held by Professor Andy Furlong (University of Glasgow) and Professor Jim Gallacher (Glasgow Caledonian University) with policy officials in May 2003. A summary paper of the researchers' key points is given on the Review's webpage.³⁸

Furlong and Gallacher were invited to focus on the following questions:

- What is the current knowledge base on the issue of funding and what are the key issues arising from the current learner support arrangements?
- To what extent are the current arrangements for learner funding an incentive to different learner groups?
- To what extent are the current arrangements for learner funding a barrier to individual learner groups?
- What impact do the current learner funding arrangements have on supporting the widening access agenda, and supporting non-traditional learners' participation in learning?

The discussion drew on evidence from two recent studies conducted by Forsyth and Furlong – *Socio-economic disadvantage and access to higher education (2000)* and *Losing Out? Socio-economic disadvantage and experience in further and higher education (2003)* – and a wider range of research on finance and motivations for engagement in post compulsory education (e.g. Callender, 2003; Callender & Kemp, 2000; Davies et al, 2002, and Osborne et al, 2001 amongst others).

The researchers' main conclusions were:

³⁸ The conclusions and findings presented in this section are those of the researchers and are not necessarily endorsed by the ETLLED Analytical Services Division.

- Financial disadvantage is one key barrier amongst a range of cultural, institutional and dispositional factors that affect individuals' decisions to participate in post-compulsory education.
- Financial barriers manifest themselves in a range of ways and, as a consequence, have different effects. Money matters affect access, participation, continuation and transition between FE and HE.
- Entering post compulsory education can be perceived as a risky investment decision, especially for low income students, with opportunities for access and participation being uneven across different socio-economic groups.

The discussion of the research evidence also suggested the following findings:

- There is a relationship between social class and education and institutional destinations. For example, individuals in social class V are more likely to go on to FE than HE and more likely to choose "post 92" universities than older universities as their place of study. One reason for this is the importance of cultural experience with individuals choosing to study in more supportive environments that variously reflect their cultural experiences/background. In general, individuals tend to feel more comfortable and congregate with peers from their own social class. Another reason is finance, with disadvantaged individuals more likely to enrol at local institutions and on short courses. Most disadvantaged young people who remain in HE continue their education with shorter degrees (e.g. HNDs). The availability of bursaries for FE is a key factor in pushing individuals towards a path in FE.
- Individuals' school experience matters. The culture and ethos of a school plays a key role in either encouraging or discouraging individuals to pursue the HE path. The most able but most disadvantaged students can lose out, if schools channel able pupils away from the HE path and into the job market. Disadvantage can continue to work even when individuals have managed to access and enter the system with individuals periodically weighing up the risks of pursuing certain paths (e.g. the decision about continuing onto postgraduate study).
- There is a general lack of information and a poor level of understanding about funding arrangements. There is also some misinformation as to the financial support available for individuals experiencing financial hardship.
- Related to the above point is the issue of the complexity of the systems through which people have to navigate to access information and to apply to institutions.
- Debt (fear of future debt and the culture of debt) is a key factor that can discourage individuals from pursuing a career in FE and HE. Individuals who have grown up experiencing debt often have a cultural aversion to accumulating more debt and are less willing to take out students loans. In practice, it is students from the poorest

backgrounds who are the most likely group to find themselves in debt. The higher levels of final debt are most likely to be experienced by two main groups: mature students and students from social class groups IV and V.

- Funding is a key issue for part time learners. Financially supporting part time study with full or part time work can create financial difficulties.
- Term time employment is an important issue in relation to retention and attainment. Poorer students tend to work while studying (often combining full-time study and full-time work) to supplement their income.
- Leaving home at an early age can be a barrier to participation. It can exacerbate existing financial difficulties and/or signify the loss of parental, sibling and/or peer support.
- Travel costs can deter individuals (already in financial difficulty) from participating.
- Students from disadvantaged backgrounds are more likely to follow complex routes within HE (e.g. from deferred enrolment to repeating courses often for non-academic reasons) and experiences vary across different sectors. The concept of the “fragile” or “uncertain” learner portrays the idea that students from disadvantaged backgrounds (for all the reasons outlined above) often experience “unplanned” journeys into FE and HE with decisions about entry being caught up with a whole range of other concerns and risks associated with their experience of disadvantage.
- Policies throughout the 1990s that were intended to be “progressive” have had a “regressive” impact on the most socio-economically disadvantaged students with poorer students having to pay more than previously.

The research generated a series of relevant questions, which informed the areas of analysis covered by the policy workstreams of the Review: for example, with regard to the role of funding in encouraging articulation between HE and FE (workstream 4) and the critical importance of a good communications strategy (workstream 11)

ANNEX A1: Means Test Comparison

Means Test	HE Student			FE Student			EMA student		student
	Parental	Student Spouse	Student	Household (Parental)	Student partner (only in Cat C)	Student	Household	Student partner	
Income of Step-Parent (unless adopted child)	No	n/a	n/a	Yes	n/a	n/a	Yes	Yes	Yes
Income of Partner	No	n/a	No	Yes	n/a	Yes	Yes	n/a	Yes
Types of Income	Indicated if income is assessed			Yes					
PAYE	Yes	Yes	No	Yes	Yes	over £4732 (£91 per week over period)	Yes	Yes	Yes
Self Employment	Yes	Yes	No	Yes	Yes		Yes	Yes	Yes
Income from Property	Yes	Yes	No	Yes	Yes		Yes, over £300	Yes	Yes
Pensions	Yes	Yes	Yes (except over 50s: £3340)		Yes	Yes	Yes, over £300 also investments + foreign		
Taxable SS Benefits									
Industrial Death Benefit Pensions	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No
Jobseeker's Allowance	Yes	Yes	n/a	Yes	Yes	n/a	No	No	n/a
Statutory Maternity Pay	Yes	Yes	Yes	Yes	Yes	n/a	No	No	n/a
Widowed Mother's Allowance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Income Support paid to unemployed	Yes	Yes	n/a	No, if lone parent (non-taxable)	No, if lone parent (non-taxable)	No, but are not eligible to maintenance element	No	No	n/a
Invalid Care Allowance	Yes	Yes	No	Yes	Yes	Yes			
Retirement Pensions	Yes	Yes	No (except over 50s: £3340)	Yes	Yes	Yes	Yes	Yes	n/a

Statutory Sick Pay	Yes	Yes	Yes	Yes	Yes	n/a	No	No	No
Widow's Pension	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Incapacity Benefit	Yes	Yes	No	No	No	No, but are not eligible to maintenance element	No	No	n/a
Other Benefits	Indicated if income is assessed								
Working Tax Credits	No	No	No	Yes (not elements paid in respect of children or disability)	Yes, as before	Yes, as before and if total unearned income over £38/wk	No	No	No
Child Credits	No	No	No	no	No	No	No	No	No
Housing	No	No	No	no	No	No	No	No	No
Child Benefit	No	No	No	no	No	No	No	No	No
Child Maintenance Income	No	No	No	Reduces income	Reduces income	Reduces income	No	No	No
Gross Interest on Savings	Yes	Yes	Yes	(if FE student n/a)	Yes	Unearned income over £1976 (£38 /week) over period of support	Not if tax exempt savings	Not if tax exempt savings	Not if tax exempt savings
Dividends	Yes	Yes	Yes	Yes	Yes		No	No	No
Other income	Yes	Yes	£880	Yes	No, if student support		Yes	Yes	?
Sponsorship/Scholarship	n/a	n/a	£4150	n/a	No	n/a	n/a	n/a	No
Trusts	n/a	n/a	£1995	n/a	n/a	Over 2730 (£53 per week)	n/a	n/a	over £2000
Student Loans	No	No	No	No	No	n/a	n/a	n/a	n/a
Allowable Deductions	Indicated if deduction of outgoings is								

	allowed								
Superannuation contributions	yes	Yes	Yes	No	No	No	Yes	Yes	Yes
Retirement Annuity Premiums (RAP)	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes
Other Charges and Expenses Allowed by IR	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes
Dependant Adults(other than husband/wife)	£2360	£2360	n/a	No	No	No	Yes	Yes	Yes
Domestic Assistance (Disabled)	£1850	£1850	n/a	No	No	No	Yes	Yes	n/a
Allowance if Parent also student	£950	£950	n/a	Yes	n/a	n/a	Yes	Yes	n/a
Allowances for Dependant Children	£155	£155	n/a	£132	£132	n/a	Yes	Yes	n/a
Allowance for Joint Assessment	Variable	Variable	n/a/	Yes	n/a	n/a	?	?	?
Thresholds	£20,480	£17,410	n/a	20,480	17,410	n/a	£30000: household		n/a

Note: We use 'gross' income of parents/spouse, but 'net' income for student i.e. less tax.

APPENDIX B. UNDERLYING PARAMETERS, CRITERIA AND PRINCIPLES

The conceptual framework

In order to address the wide range of key policy issues that fall within the scope of the Review, it is essential to have a basic conceptual framework underpinning learner support. The establishment of such a framework helps to ensure a consistent approach to the policies affecting the funding of learners, in terms of confirming the overall policy direction of the Review and reaching particular decisions on specific issues. The framework provides the baseline against which we can take stock of the funding programmes, examine their efficiency and consistency, and tackle anomalies in provision.

Accordingly, an important initial part of the Review process was to make available a working paper on the underlying framework, for discussion by internal and external stakeholders. The paper - *Review of Funding of Learners: Underlying Parameters, Criteria and Principles* - was published on the Review's website in June 2003.³⁹

The framework for the Review comprises:

- Political parameters, as given by the May 2003 Partnership Agreement between the Scottish Labour and Scottish Liberal Democrat coalition partners⁴⁰, which is based on their respective 2003 Scottish Election manifesto commitments; and, prior to that, the reference to the Review itself in the Lifelong Learning Strategy.
- A number of defining characteristics identified as appropriate administrative criteria, in particular that the overall package of learner funding arrangements should be rational and coherent, derived as part of an integrated process (as in this Review) rather than through piecemeal reform.
- A set of analytical principles, derived from the rationale for government intervention in the learning market, based on the identification and correction of market failure.

The working paper is not replicated here. Instead, we summarise the key constituents of the underlying framework for the Review.

Political parameters

- * There is no support for the introduction of top-up tuition fees. There are limits imposed on the Review, therefore, in terms of the scope to amend HE student support policy relating to fees and the Graduate Endowment.

³⁹ <http://www.scotland.gov.uk/about/ELLD/FoL/00017431/page677853067.aspx>

⁴⁰ *A Partnership for a Better Scotland: Partnership Agreement*, May 2003.

- * There is a commitment to review the eligibility criteria for student bursaries with a view to increasing the family income ceiling and the maximum amount available.
- * There is a commitment to support a higher threshold for repayment of student loans across the UK.
- * In respect of allied health professionals and in cases of shortage, a wider range of incentives may include contributions to student loan repayments.

Administrative criteria

- * The overall package of learner funding arrangements should be rational and coherent. Any emerging proposals should also be affordable and deliverable.
- * Given the inevitable tension between the desire for simplicity in the administration of the scheme(s) and the requirement to obtain best value from the limited resources available, there should be a targeting of support to where it is most needed.
- * In general, household income (rather than individual income) should be used as the determining characteristic underpinning the application of targeting. (The exception is the Individual Learning Account programme).
- * Additional support reflecting the individual circumstances of the learner – i.e. where those circumstances are independent of the learning being undertaken – should be consistent between comparable learning episodes.
- * Changes to the administrative arrangements should be considered as part of an integrated process, rather than through piecemeal reform.
- * Policy should be relevant and responsive. Discretion should be allowed where this will achieve greatest benefit for the individual without compromising the systemic coherence or the financial integrity of the funding arrangements as a whole.

Analytical principles

- * The framework for learner support should recognise the requirements of the economy as a whole and the need for equity of provision between individuals and between groups. These objectives come together in widening access to learning opportunities.
- * Policy should be evidence-based.
- * Policy should reflect the allocation of private and social costs and benefits.
- * Government intervention should be based on the existence of market failure.

- * Policy should stimulate the use of market signals on the demand side of the learning market.
- * Full information should be available to learners and learning providers, so that appropriate choices are made in obtaining and providing learning opportunities.
- * Policy should not encourage the use of competing learner (especially student) support arrangements to address specific occupational or sectoral labour shortages.

The stakeholder response

A number of key stakeholders have given informative and constructive responses to the working paper on the underlying conceptual framework for the Review, either in bilateral consultation or in the form of a written contribution to the Review's website. The latter include submissions from *learndirect scotland*, Universities Scotland, the HE Disability Coordinators/Advisers National Network, Open University, Skill Scotland, Community Education Scotland and NUS Scotland. We are grateful for these contributions.

Not surprisingly, much of the content of the various submissions focused on the detail of the individual policy issues which were viewed as requiring attention; these are noted in Sections 2-6 above. At the more general level, the responses to the scoping of the Review and the principles being adopted were favourable. *learndirect scotland* stated that it was commendable that the key driver was to clarify a complex landscape, identify overlaps and address gaps. *learndirect scotland* also supported the Review's aims of reviewing the eligibility criteria for student bursaries, improving the coherence of the overall learner funding arrangements, stimulating the use of market signals on the demand side of the learning market and ensuring that full information is made available to both learners and learning providers, whilst also noting the need for transparency where discretion is applied in the disbursement of funds. However, *learndirect scotland* stated a preference to have extended the boundaries of the Review by including training and development in the workplace. *learndirect Scotland* also reflected on the underlying tension between certain key principles, most notably between the need for equity of provision between individuals and groups (and adherence to the "previous study" rules) and the requirements for individuals' re-skilling to meet areas of economic and social need.

Universities Scotland welcomed many of the underlying principles of the Review, particularly the focus on deriving positive benefits for the learner in relation to the widening access agenda and the non-traditional learner, and the proposed examination of the different funding regimes for FE and HE students.

Skill Scotland stated that "it is important that funding for learners follows the learner, rather than the type of course.... [so that] all individuals, regardless of their personal or financial circumstances, can access the learning which is most appropriate for them". This is consistent with the Review's aims of encouraging articulation and progression and stimulating the use of market signals on the demand side of the learning market.

The Open University submission noted that the principles of widening participation are to be found within the concept of lifelong learning and “student centredness”, whilst also confirming that, in order to align these concepts, “the structures and cultures of HE must change to reflect the diverse needs of young people and adult learners drawn from both traditional and non-traditional backgrounds”. This is a reminder that the arrangements for learner support, whilst important, are not sufficient on their own to deliver the objectives of the widening access agenda.

NUS Scotland welcomed the Review and the Executive’s positive recognition that student finance is over-complex and requiring streamlining. The structure of the submission was based around several of the key principles raised in the FFL position paper. The points raised by NUS Scotland included: concern about the overall level of student support; the need for coherence, fairness and transparency in the funding package; the requirement for targeted support to encourage progression as well as access; a preference for the use of individual income (rather than household income) in determining the student’s eligibility for support; and the need for full alignment between the FE and HE sectors. The NUS Scotland submission made a total of 24 recommendations.

APPENDIX C. GLOSSARY

ABE	Adult Basic Education
ASC	Association of Scottish Colleges
ASD	Analytical Services Division (ETLLD)
BRITE	Beattie Resources for Inclusiveness in Technology
CEMS	Continuing Education Managers in Scotland
CHESS	Coalition of Higher Education Students in Scotland
COSLA	Council of Scottish Local Authorities
CPAG	Child Poverty Action Group
DDA	Disability Discrimination Act 1995
DfES	Department for Education and Skills
DL	Discretionary Leave
DPF	Disability Premium Funding
DSA	Disabled Students Allowance
DWP	Department of Work and Pensions
ELE/R	Exceptional Leave to Enter or Remain
ELLD	Enterprise and Lifelong Learning Department
ELLNet	Evidence in Lifelong Learning Network
ELS	Extended Learning Support
EMA	Education Maintenance Allowance
ESOL	English as a Second or Other Language
ETLLD	Enterprise, Transport and Lifelong Learning Department
EU	European Union
FE	Further education
FEC	Further education college
FFL	Funding for Learners Division (ETLLD)
GE	Graduate Endowment
HE	Higher education
HEI	Higher education institution
HMI	Her Majesty's Inspectorate of Education
HNC	Higher National Certificate
HND	Higher National Diploma
HP	Humanitarian Protection
IAG	Information, advice and guidance
ICT	Information and communications technology
ILA	Individual Learning Account
LEAD	Linking Education and Disability Scotland
LFS	Labour Force Survey
MSBF	Mature Students Bursary Fund
NEET	Not in employment, education or training
NMPH	Non-medical personal helper
NUS	National Union of Students
ODL	Open and distance learning
OU	Open University

PGCE	Postgraduate Certificate in Education
PGDipCE	Postgraduate Diploma in Community Education
PSAS	Postgraduate Student Allowance Scheme
RPI	Retail Price Index
RPI(X)	Retail Price Index, excluding Mortgage Interest Payments
SAAS	Student Awards Agency for Scotland
SCQF	Scottish Credit and Qualifications Framework
SEN	Special Education Needs
SFEFC	Scottish Further Education Funding Council
SHEFC	Scottish Higher Education Funding Council
SLC	Student Loans Company
STUC	Scottish Trade Union Congress
SUI	Scottish University for Industry
SUM	Student Unit of Measurement
US	Universities Scotland
YSRF	Young Students Retention Fund