

**Education and Culture Committee  
Scrutiny of the Draft Budget 2014-15**

**Lucy Hunter**

**DRAFT BUDGET SCRUTINY 8 OCTOBER 2013: HIGHER EDUCATION**

1. The Committee's budget discussion on Tuesday touched on a piece which I authored recently in The Scotsman, considering the issues likely to be raised for student support and teaching funding in higher education by the figures contained in the draft budget.
2. The Cabinet Secretary described the piece as misleading, particularly on the basis that in his assessment it wrongly claimed that the government was planning to reduce student numbers and that this was the false premise on which the article was based. His full comments on this point are attached.
3. In the light of those comments, I thought I ought to write to the Committee. Simply in order to avoid any confusion, I should make it clear that the article does not claim that the Scottish Government has made plans to reduce student numbers. The article does, as you will see below, refer to reducing student numbers as being one of the options which would in theory be open to the government, to help it cope with the continuing real terms fall in value of the relevant SAAS budget line. However, the piece then swiftly discounts that as a likely way forward. Indeed, a fundamental assumption in the piece is that Ministers would be unlikely to choose to go down this route and it is therefore largely concerned with exploring the implications of a non-reducing student body for other aspects of student funding.
4. Specifically, the piece opens by acknowledging that Ministers have yet to provide the detailed assumptions underpinning their plans for managing the budget for student funding over the period to 2015-16. In discussing the options which are in theory open to the government in order to manage the SAAS budget line for "tuition fees and student support", the article states that:
5. "As Table 1 shows, in 2014-15 this budget line is set to rise by only 1.2 per cent in cash terms (previous plans: 1.5 per cent) and is then frozen in 2015-16. The table also shows the figure for 2013-14 is already well below that for last year, explained by the fall in the value and availability of student grants in Scotland from this autumn. The most obvious options for managing the smaller real terms reductions planned for next year and the year after would be some combination of:
  - ending the practice of increasing grants annually in line with inflation, and so further eroding their real terms value at the expense of lower-income students;
  - a reduction in spending on smaller-scale grants, such as Disabled Students Allowance, or switching these to repayable loans; the room for manoeuvre looks limited, however; and/or
  - a planned fall in student numbers."

6. However, this list of possible options is qualified immediately by the statement that: “Reducing student numbers would be challenging. Although the number of 18-year-olds in the population is falling, UCAS figures have suggested for some time that demand for university places is rising more than quickly enough to compensate. Reducing numbers would also make Scotland the only part of the UK going into reverse. Statistics published last week already suggest that the rest of the UK is seeing more growth this year, albeit from a 2012 baseline depressed by the introduction of higher fees. Still, estimates for the rise in acceptances through UCAS this year stand at 10 per cent in both England and Northern Ireland and 5 per cent in Wales, compared with 2 per cent in Scotland. Meanwhile, ambitions to widen access would be harder to achieve in a contracting system. *Freezing student grant levels therefore seems likely to be a strong contender for managing the pressure here.*” [Emphasis added]
7. Having identified reasons why reducing student numbers is unlikely to be an option that the government would favour, the article then turns to consider the implications of any further reduction in the real terms value of grants, on top of the reduction in these taking effect from this autumn, and also what implications might be expected for the SAAS tuition fee payment, which is funded from the same budget line. It lastly puts this in the context of the more general cash budget plans for university funding through the Scottish Funding Council.
8. The article concludes that: “More on the thinking behind these figures should emerge as the budget is subject to detailed parliamentary scrutiny. However, for the moment, given the pressure on public finances, the scale of the higher education budget and the commitment to maintaining free tuition, it is hard to see how the government can avoid being caught between several rocks. Unless it is considering a reduction in available places, the Scottish Government looks likely to be relying mainly on some combination of a real-terms reduction in the value of teaching funding per student and a hard-to-spot raid on the future earnings of graduates from low-income backgrounds to navigate its way through the next few years.” The Cabinet Secretary has of course now told the Committee that further increases in student numbers are in fact planned.
9. The full article can be found here: <http://www.scotsman.com/news/lucy-hunter-the-real-cost-of-free-tuition-1-3118928>
10. The Cabinet Secretary also noted in his evidence that: “The cost of disabled students allowance represents less than 1 per cent of the universities budget. Any suggestion that the answer to supposed funding pressures would be to squeeze that would be nonsensical, because it would not make any difference at all.” While DSA and other smaller grants do indeed represent a small part of the overall HE budget, it is worth noting that these grants now appear likely to account for somewhere between 10% and 15% of the total resources specifically available for non-repayable student support, being the context in which they were mentioned. Figures promised to the Committee by the Cabinet Secretary may provide a more precise estimate of the exact share. However, as quoted above, the piece recognised that while some change to these schemes would be an option in theory, it seems unlikely that there is much scope in practice for

changes to them to make a significant contribution to any strategy for managing the student support budget over the period ahead.

11. Given the terms in which my article was discussed at Tuesday's Committee meeting, I would be very grateful if it was possible for this letter to be posted alongside the published report of that meeting, by way of clarification.

Yours faithfully,

Lucy Hunter

10 October 2013

<http://adventuresinevidence.com>

**Education and Culture Committee 10 October 2013**  
**Official Report: Extract Cols 2995-6**

**Michael Russell:** When a commentator uses the phrase “it is safe to say”, I always wonder where they might be coming from. It is not safe to say that. I found the article very curious, and I will tell you why. I am happy to provide figures.

First, we are looking at the continuous improvement of student support packages. We will do that and we will talk about that. The options that Lucy Hunter gave for dealing with what she called a

“continued squeeze on student funding in higher education”—

which actually does not exist—were an end to the practice of increasing grants by at least the rate of inflation, reducing other grants, such as disabled students allowance, or a planned reduction in student numbers. If you forgive me, convener, I want to address all of those, because her position on all of them was plain wrong, unfortunately.

The cost of disabled students allowance represents less than 1 per cent of the universities budget. Any suggestion that the answer to supposed funding pressures would be to squeeze that would be nonsensical, because it would not make any difference at all.

There is no planned reduction in student numbers. Our policy position on that has been absolutely clear. We offer free tuition precisely because we recognise the importance of putting as many of our young people through the university system as we possibly can, so there is no planned reduction. Far from a planned reduction—which I think is her phrase in the article—we actually have a record number of full-time students at universities in Scotland. The number of Scots accepted into Scottish universities has risen to a record number this year. That was published. I am surprised that Lucy Hunter was unable to access published information.

Moreover, in order to meet our commitment to widen access, we are planning to fund even more places. To use the phrase a planned reduction is utterly wrong. To base an entire article on that is simply not on. It has clearly misled some people, and Lucy Hunter should probably apologise to those people whom she has misled. That is not happening. Therefore, the thesis is wrong. I am happy to provide the information, but Lucy Hunter’s article is based on an entirely false premise, and that needs to be said.

[End of response to question]