

FINANCE COMMITTEE CALL FOR EVIDENCE

DRAFT BUDGET FOR 2013-14

SUBMISSION FROM NUS SCOTLAND

Background

1. NUS Scotland is supportive of a number of the Spending Review plans. The creation of a minimum income guarantee of £7,000 for the poorest higher education students has been a key priority for NUS Scotland for many years, and we are delighted that the Scottish Government will be making this a reality with significant increases in HE student support budgets. This will make a huge difference to students across Scotland and play an important role in the widening access and retention agenda. At the same time plans to abolish part-time HE fees for those earning under £25,000 a year are very welcome.

2. We are also pleased that the Scottish Government continues to reject the damaging approach taken by the UK Government, by not only ruling out tuition fees but also by increasing investment in our higher education institutions. This is a crucial step for fair access to our universities, but also sends important message about the public value of higher education. We would be keen to see how these increases in funding could be used to expand the opportunities available to study at university in Scotland, ensuring maximum benefit for this public investment.

3. NUS Scotland has also welcomed the retention of the vital Education Maintenance Allowance (EMA) for young students in further education. We know from our research that this is lifeline funding for many who would be unable to study without it. We are therefore strongly supportive of the continuation of this funding and believe this will become increasingly important in supporting the Scottish Government's *Opportunities for All* commitment to 16-19 year olds.

4. However, at the same time, there are elements of the Spending Review plans that continue to cause us great concern, in particular, plans for significant cuts to college budgets. We are keen to see the above positive commitments in the Spending Review protected, but we are concerned that planned cuts could have a negative impact on not only colleges and college students, but the progress the Scottish Government is aiming to make elsewhere on priorities such as widening access to education and youth employment.

5. Finally, we would like to explore ways in which the increases in university budgets proposed for 2013/14 and beyond could deliver the greatest possible impact for the wider public. In particular, we are keen to see this budget and the forthcoming Scottish Funding Council (SFC) guidance letter work to expand opportunities to study at university level, particularly at a time of high levels of youth unemployment. To ensure the greatest public benefit from investment it will also be vital to ensure that universities deliver on improving widening access rates, ensuring individuals with the most potential can benefit from higher education.

6. **In light of this, NUS Scotland has four priorities for the 2013/14 budget:**

- Protecting student support for further education students
- Protecting college teaching funds
- Protecting student places
- Increasing university opportunities and securing fairer access

College budgets and the provision of opportunities

7. NUS Scotland welcomes the opportunity to respond to the Finance Committee's call for evidence, and moreover we fully back its stated objective '*to improve the employability of individuals experiencing high levels of multiple deprivation*'. In considering how to improve employability we cannot underestimate the significant role that colleges play in providing access to tertiary education and through this, greater life chances. Colleges offer opportunities to many individuals experiencing multiple deprivation, who may otherwise miss out on education altogether, and importantly offer a vital second chance at education for those who may have missed out earlier in life.

8. In 2010/11 (the most recent year for which data are available) the statistics show this markedly. Out of a total of 374,044 Scottish-domiciled entrants to Scotland's colleges at both FE and HE level, 98,119 came from the 20% most deprived backgrounds, as defined by the Scottish Index of Multiple Deprivation.¹ This equates to 26% of total Scottish-domiciled entrants.

9. Moreover, within this, the proportion is marginally higher for those entering on further education courses (of whom, 26% of entrants were from a SIMD20 background), compared to those entering on higher education courses (23% of entrants).

10. While further education courses provide the greatest opportunities to those from deprived backgrounds, it is these same students who are most at risk from the cuts proposed within the Spending Review. Both figures are especially high in comparison to the relevant figures for universities, where just 12.7% of entrants in 2010/11 were from SIMD20 backgrounds.

11. As such, we hope it is clear that any focus on ensuring positive opportunities for those in our society who suffer from multiple deprivation must take note of the potentially damaging effects of the proposed cuts, and recognise the need to urgently examine these in the 2013/14 budget.

Current college budgets

12. The Scottish Government's Spending Review and Draft Budget in 2011 proposed cash terms reductions in college budgets of **£74m (a 13.5% cut) over the three years** to 2014/15, with a cut of £31m (7%) in year one. The Scottish Government's overall budget was reduced as a result of the UK Government's budget cuts. This is shown below:

¹ <http://www.scotland.gov.uk/Topics/Statistics/SIMD>

Table 1: Draft Budget and Spending Review 2012/13-2014/15, Level 3, cash terms

£m	2011-12 Budget	2012-13 Budget	Draft	2013-14 Plans	2014-15 Plans
College funding	544.7	506.9		494.7	470.7
Capital grants for colleges and HEIs	91.0	60.7		45.9	56.4
HEI funding	926.2	1002.2		1041.5	1061.7
Total	1,570.3	1,577.7		1,590.0	1,596.7

Source: Scottish Parliament Financial Scrutiny²

13. However, between the period of the draft budget being announced and the final vote in parliament, Scottish Government spending decisions were amended following NUS Scotland's *Our Future, Our Fight* campaign, reversing the proposed cuts. These additions, and the end result, are shown in Table 2.

Table 2: Additional spending and final college budget 2012/13

£m	
2012-13 Draft College Budget	506.9
Additional resource: student support and college places	19.5
Additional resource: youth employment	5
Additional resource: college transformation fund	15
2012-13 Final College Budget	546.3

Source: Stage 3 Budget Debate, February 8th 2012³

14. This means that in cash terms, college budgets for 2012/13 were restored to slightly above their 2011/12 levels however, in real terms (using inflation at 2.5%) this represents a **cut of around £15m**.

15. However, the additional funding provided has been provided on a 'one off' basis, according to the Scottish Government. Equally, not all of the additional money was provided for teaching or student support. The College Transformation Fund, for example, is being provided for one year only, as things stand, to support the restructuring process in the college sector. The additional £5m to support youth employability is also funded from consequentials and was announced as a 'one off' fund (this is separate from the Youth Employment Fund announced separately).

Current student support for FE students

² Available here: <http://www.scottish.parliament.uk/parliamentarybusiness/17534.aspx>

³ Cabinet Secretary speech available here <http://www.scotland.gov.uk/News/Speeches/budget08022012>

16. Even though the proposed cuts were reversed, we know that there remains extreme pressure on further education student support funds in colleges. Students at college who are over 19 years old and studying at further education level receive a college bursary (whereas HNC/HND students in college receive the same support as university students). College bursaries are discretionary funds provided to colleges by the SFC, and are distributed on a first-come first-served basis, with the potential for every college to have differing systems and amounts; in effect a postcode lottery.

17. Our work over recent years has found that support funds are not sufficient to meet demand, which outstrips supply and leaves students either locked out of education, unable to take up a place due to a lack of financial support to go with it, or facing a reduced level of support. Shortages in recent years have led to colleges paying students less than 100% of the SFC guideline amount for student support (up to £89.07 per week), with some paying as little as 80% of this.

18. In 2010, NUS Scotland undertook research into student hardship in Scotland and received a very worrying response from FE students. We found that 62% of further education students were worrying about not having enough money to get by, to the point where it was having a negative impact on their studies. 56% reported that they worried about not having enough money frequently, or all of the time. The discretionary nature of the funding clearly also had an impact on students, with just 48% saying they were confident that their institution would have funding to support them until the end of their studies.⁴

19. Our concern is that without sufficient financial support, many students studying at FE level will be unable to afford to study, forcing them to drop out, and forcing others to stay on benefits rather than retrain or improve skills – a huge waste of talent but also a waste of public resources. There is also further evidence from the Scottish Funding Council that the student support funds are not sufficient to meet demand.

20. Currently the SFC runs an ‘in-year redistribution’ (IYR) of college student support funds, allowing colleges the opportunity to request additional funds (bursary, childcare, and discretionary) and return any funds that will go unused. The money that is allocated via the IYR is from funds that colleges have relinquished from the previous academic year, i.e. money that they have not spent from their student support budget. In allocating the money, the SFC will provide a fixed allocation of £50,000 towards each request. Thereafter, the remainder (if there is any) is allocated on a pro-rata basis. This allows any surplus student support funds at particular colleges to be redistributed to those colleges who have run out of student support funds. The national outcome for the last IYR undertaken is shown below:

Table 3: In-year redistribution, 2011/12

	In-Year Redistribution (£)		
	IYR Request (from	IYR Allocation	Difference

⁴ Still in the Red, NUS Scotland
<http://www.nus.org.uk/Documents/NUS%20Scotland/STILL%20IN%20THE%20RED%20REPORT.pdf>

	colleges)	(by the SFC)	
National Total	5,468,834	2,717,264	-2,751,570

Source: Scottish Funding Council⁵

21. What the above shows is that at current budget levels (£95.6m) there was over £5m of unmet demand from students requiring support nationally, and even after the in-year redistribution found £2.7m there was still nearly £3m worth of unmet demand from students needing bursary support.

22. In 2011/12, the budget for student support was at £95.6m per year. For 2012/13, the Scottish Government originally proposed a cash terms cut of 11.9%, which would have brought the student support budget down to £84.2m. However, NUS Scotland campaigning reversed this proposed cut, protecting the £95.6m student support budget in cash terms. We believe it is absolutely vital that student support funds are protected into the future at least the £95.6m level.

Ensuring increased university investment provides greatest impact for the public

23. One extremely positive outcome of the Spending Review was the announcement that the Scottish Government would commit to closing any potential funding gap between Scotland and England, as a result of the fee increase of up to £9,000 at English universities. The Spending Review committed an additional £135m over the period, with a £76m (an 8% increase on the previous year) coming in year one. This was undoubtedly the right decision, and indeed could see our universities in an even stronger financial position once fee income (against our wishes) from students from the rest of UK (RUK students) is accounted for.

24. At the same time, however, it is vital that we work to ensure that this additional investment is used to achieve the greatest possible outcome, not least given the current employment and economic situation. As our latest research report, *Unlocking Scotland's Potential*, found, rates of access – especially to our most highly regarded universities – remain the worst in the UK, and our university population is years from being representative of our population as a whole.

25. We must ensure that the recognition of the value of higher education and universities, and the additional public investment this has brought about, translates into additional opportunities for the greatest public benefit.

Ensuring success through the draft budget

26. It is our view that the budget for 2013/14 must take account of the negative impact which further cuts could have on the college sector. These cuts are coming at a **time of great structural change** in the sector, through regionalisation, and a continuation of cuts could severely hamper the positive impact that these changes could have.

⁵ In Year Management of Funds, Scottish Funding Council
http://www.sfc.ac.uk/web/FILES/Circulars_SFC252011/SFC_25_2011.pdf

27. Moreover, we know that under the current discretionary and supply-driven system of further education student support there simply **is not enough money** to ensure that all students receive the funding they require to ensure that they are able to focus adequately and appropriately on their studies, and that it is the most deprived students who will be most harshly affected by these shortages.

28. Furthermore, we believe this budget must ensure that increases in budgets for universities are used to ensure the greatest possible impact for the Scottish public, increasing opportunities to get a degree and ensuring we make strong progress on fair access.

For NUS Scotland there are four clear priorities as we look to the draft budget for 2013/14:

Protecting student support for FE students

29. At a time of high youth unemployment, ensuring that students have enough support available to them to undertake further education courses is vital. The 16 – 19 *Opportunities for All* guarantee of a place in education, employment or training is undoubtedly a great sign that youth unemployment is being taken seriously, but it is vital that those who choose to undertake often vocational further education courses (who will often be those most at risk of future unemployment, or those returning to education after a period of unemployment) have the financial support in place to achieve this.

Protecting college teaching funds

30. The Scottish Government has committed to protecting college places, which we particularly welcome. However, at the same time, it is vital that the experience they receive, and the quality of their education, is not undermined as a result of cuts to teaching budgets. Moreover, as we undergo intense regionalisation, and often mergers, colleges need adequate support to see this through to its conclusion. We do not believe that they can be asked to do more in return for less.

Protecting college student places

31. The Cabinet Secretary asked colleges to protect places for academic year 2012/13, as measured by maintaining Weighted Student Units of Measurement (WSUMs) at what they called 'indicative' 2011/12 levels. In 2012/13 the target was therefore 2,197,873, including the 4% to be delivered by college programmes through Skills Development Scotland (SDS). However, while this maintained the number of places outlined from the draft budget of 2011/12 it is fewer places than the target stemming from the final budget of 2011/12, which is 2,233,140 WSUMs. To meet the Scottish Government's commitment to maintain places therefore, would require the maintenance of WSUMs at (at least) this 'real' 2011/12 level.

Increasing university opportunities and securing fairer access

32. It is crucial that as part of the budget process we also consider the opportunities to increase chances of access to, and success in, university. We would

be particularly keen to look at the possibility of increasing places in general, but also especially increasing opportunities for those from the most deprived backgrounds, and our report, *Unlocking Scotland's Potential*, examines how this could be achieved. Again, and in keeping with the objective of this consultation, this would ensure that those with the greatest potential, but also those with the greatest risk of never getting the opportunity to access a university, have their chances increased. Moreover, it would continue to add to Scotland's highly skilled workforce and knowledge economy, and broaden it out to different demographics.

Achieving our priorities

33. The need to radically address the cuts in the budget which are proposed for the remainder of this Spending Review is especially pertinent given the main focus of the Finance Committee's call for evidence is on the need to improve the employability of individuals experiencing high levels of multiple deprivation.

34. As we have shown, colleges play a hugely important role in providing these opportunities, but are at the greatest risk from cuts, while universities could be doing more. While we do recognise the tight financial constraints which Scotland is facing, and the tough decisions which need to be made as a result of this, we also think that there are possibilities for ensuring the protection of funding for colleges, which the Finance Committee could consider.

35. Below we set out some ways which we believe could help to protect college and student support budgets, ensuring the best possible outcomes for all college students, especially the high proportion of who are those from SIMD20 backgrounds.

Student support must be protected

36. Funding must be found to ensure that FE student support budgets are protected at least at their current £95.6m level. If we are to ensure that we get the most out of our investment in FE and ensure that places are available to people from all backgrounds, including the most deprived, then we must see sufficient financial support provided for students at FE in Scotland.

Colleges should be a clear priority for positive consequentials

37. Due to a variety of policy changes and additional financial expenditure announced by the Westminster government since the publication of the Scottish Government's Spending Review, there have been a number of substantial changes to the Scottish Government's resource budget for the period. Official figures from the Scottish Parliament Information Centre (SPICe) detailing these changes are shown below:

Table 4: Additional money available through consequentials

£m (Resource)	2011-12	2012-13	2013-14	2014-15
Resource DEL at Spending Review	25,426.60	25,829.00	26,036.00	26,189.00
Resource DEL post consequentials	25,519.30	25,832.80	26,088.60	26,301.60

DIFFERENCE	92.70	3.80	52.60	112.60
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Source: Scottish Parliament, *Financial Scrutiny*⁶

38. As a result of the consequentials already announced for 2013/14-14/15, this additional funding would seem to be almost sufficient to reverse, in cash terms, the cuts to colleges proposed in the Spending Review budgets (a total cost of around £53.6m in 2013/14 and £76.6m in 2014/15).

39. While we realise that future decisions by Westminster may change any consequentials both positively and negatively, if there were to be a further freeze of the council tax, or other such measure which would release additional funds to Scotland, we believe the Finance Committee should make clear their wish to see colleges among the highest priority.

Higher education funding in colleges should be improved

40. At present fees for higher national qualifications in colleges (equivalent to first and second year at university) are paid by the Scottish Government at a lower rate than undergraduate university degrees, despite being an equivalent level qualification. The notional fee for an HNC/D is £1,285 per year, whereas the notional fee for a degree is £1,820 per year.

41. Statistics from 2010/11 showed that SAAS supported 26,205 students with higher education fees in that year⁷. Assuming the majority of these students were studying for an HNC or HND, increasing the fee paid by SAAS for these courses, in line with that for the first year of a degree, could bring in up to an additional £14m to Scotland's colleges.

42. More importantly than this, we could use this funding to ensure HNC and HND qualifications are accepted more widely by universities as equivalent levels of study, promoting articulation between HE in college and degree study in university, creating large efficiencies in the learner journey.

43. Redressing the balance of this funding could therefore boost college funding within the Spending Review settlement as well as supporting parity of esteem for these qualifications, promoting a fairer, more efficient, and more flexible learner journey.

Conclusion

44. Over the years we have managed to see real changes to the way further and higher education is funded in Scotland, with a real emphasis being placed on both social and economic value. This has only been possible with the support of Parliament, and the recognition of the importance of colleges and universities through government budgets over many years. It is our view that we must ensure

⁶ Available here: <http://www.scottish.parliament.uk/parliamentarybusiness/17534.aspx>

⁷ HE Student Support 2010/11 Scottish Government
<http://www.scotland.gov.uk/Publications/2011/10/25133537/18>

this strong role for our universities and colleges in is continued through the budget for 2013/14.

45. As we have stated previously, colleges in particular provide immense opportunities for further and higher education to those from our most deprived backgrounds, and it is vital that their budget continues to recognise this. Without adequate funding, at both the sector and student level, a great many opportunities to have a first chance at tertiary education or to return and re-skill or up-skill for those who have been, or could be, most affected by the economic downturn, will be lost.

46. Moreover, while we greatly value and welcome the additional public investment for our universities, it is imperative that we address how this can best be targeted and deployed for the remainder of the Spending Review period, to ensure that offer the greatest public benefit, and increase opportunities for those who do experience multiple deprivation.

47. It is our hope that the finance committee recognises this, and the vital importance our colleges have to some of the most deprived areas and people in our communities, and moves to protect their budgets in 2013/14, and beyond.