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Report of the Scottish Fee Support Review

Report of the Scottish Fee Support Review

laid before Parliament
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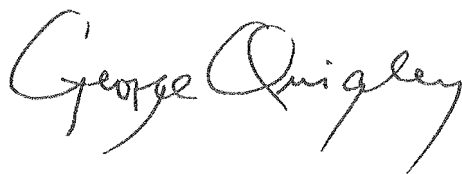
Chairman's Foreword

We were charged with reviewing the arrangements for England, Wales and Northern Ireland for paying grants for students' fees for the final honours year of first-degree courses at higher education institutions in Scotland, which are generally one year longer than comparable courses elsewhere in the UK, and with considering the need for any change.

We took evidence, written and oral. We examined trends in applications and admissions to Scottish institutions and sought to identify the various factors which might have influenced those trends. In the course of our work we assembled a considerable amount of information related to our main topic, which may be of interest. Some of it is contained in the Annexes to this Report and some is in the form of Working Papers which will be made available separately.

We examined the issue which led to our being set up under two broad headings. We addressed the considerations of equity which featured strongly in the original evidence which we received and we revisited the equity arguments in the context of the situation created by the subsequent abolition of tuition fees for students of Scottish domicile attending Scottish institutions. We also examined the practical implications, for cross-border flows of students, of the different treatment accorded to students from England, Wales and Northern Ireland as a result of the original fee concession. We considered the costs of any course which we might recommend and by whom they should be borne. Our Recommendations are summarised at the beginning of our Report.

I am grateful for the effort which my colleagues devoted to the task. We are all deeply indebted to Katherine Fleay, who served as Secretary throughout the Review on secondment from the Department for Education and Employment. We have been immensely impressed by her knowledge of the higher education sector, by her organisational skills, by her formidable ability to mobilise and analyse information and to draw all the threads together, and by her drafting skills.

A handwritten signature in black ink, reading "George Quigley". The signature is written in a cursive, flowing style with a long, sweeping tail on the final letter.

SIR GEORGE QUIGLEY

Summary of Recommendations

Recommendation 1:

We recommend that a fee concession for the final honours year at Scottish institutions should be given to students domiciled in other parts of the UK. This should help Scottish institutions to continue to recruit students from the rest of the UK and reduce a potential impediment to cross-border flows. *(paragraph 8.13)*

If Scottish institutions are not to suffer financially from waiving the fee contributions that would be due directly from students ordinarily resident in other parts of the UK, then they would need to be reimbursed by the Scottish Higher Education Funding Council. *(paragraph 8.14)*

The fee concession should apply where courses are a year longer than those leading to comparable qualifications in the rest of the UK. It should not apply to courses at Scottish institutions which are no longer than the majority of courses leading to directly comparable qualifications at institutions in England, Wales and Northern Ireland. *(paragraph 8.15)*

Recommendation 2:

We recommend that Scotland should meet the costs of providing the fee concession to students from the rest of the UK in their additional honours year for the following reasons.

- a. The problem over fee support for students from the rest of the UK in the final honours year at Scottish universities and colleges has arisen from the distinctive length of Scottish honours courses. That is a matter essentially for Scotland.
- b. The main purpose of a fee concession would be to benefit Scottish institutions, albeit indirectly, by making their four-year honours courses more marketable.
- c. A shortfall in capacity does not exist in England and Wales; and we accept the force of the argument that, if those home territories were to extend the fee concession to their students at Scottish institutions, they would simply create another anomaly within their own territories. As devolution becomes a major part of the political landscape, there is no reason to read across from fee-support arrangements in Scotland for students on four-year courses to those in other parts of the UK.

(paragraph 9.16)

We do not therefore recommend that England and Wales should meet the full fee for the final honours year of all their students at Scottish institutions, irrespective of family income. However, in the case of those students from low- or middle-income families for whom the tuition fee is already being paid (in part or in whole) from public funds in England, Wales and Northern Ireland, then it should continue to be so paid. *(paragraph 9.17)*

Recommendation 3:

Should Scotland decide against providing a fee concession for other UK students in the final honours year of Scottish courses, then **we recommend that Northern Ireland should consider how best to ensure that its students are not disadvantaged by the deficiency of higher education places in the province.** Options might include:

- a. increasing the number of places provided in the province, though this may take a number of years;
- b. encouraging more students to take up places in other parts of the UK on three-year degree programmes which achieve appropriate articulation between the secondary and tertiary level;
- c. meeting the full fee for the additional honours year of its students at Scottish institutions. This would not be an ideal situation as it would differentiate between programmes in Scotland and other four-year programmes in the rest of the UK; but it may be tolerable in the short term. *(paragraph 9.19)*

Any decision by Northern Ireland, in the absence of action from Scotland, to provide fee support for the final honours year of students from the province on Scottish courses should be reviewed after a period of three years. We would emphasize that such a decision should not be regarded as removing the need to achieve a much better balance between home and away provision for students domiciled in Northern Ireland. *(paragraph 9.20)*

Recommendation 4:

Finally, **we recommend that each Scottish higher education institution should make it clear in its prospectus whether or not it favours direct entry into the second year of its degree programmes for applicants with suitable advanced qualifications.** The advice given in the prospectus should be unequivocal and consistent with any informal advice that may subsequently be given to entrants. *(paragraph 8.16)*

PART I

INTRODUCTION

CHAPTER 1 : THE COMMITTEE AND ITS APPROACH TO THE TASK

Appointment of the Committee

1.1 The Scottish Fee Support Review was appointed on 1 December 1998 by the Secretaries of State for Education and Employment, for Wales, for Scotland and for Northern Ireland. Our membership is set out in **Annex A**.

1.2 The Review was established in fulfilment of statutory requirements in the Teaching and Higher Education Act 1998 and a parallel Order in Council for Northern Ireland¹. In short, we were asked to review the arrangements for England, Wales and Northern Ireland for paying grants for students' fees for the final honours year of first-degree courses at higher education institutions in Scotland. These courses are generally one year longer than the majority of honours courses elsewhere in the UK. Scottish Ministers had announced in October 1997 that the Government would meet the full tuition fee for students usually resident in Scotland in the additional honours year of such courses, regardless of the level of their own or their families' income. It became clear that this concession on fee support would apply to students usually resident in other member States of the European Union as well. The issue that we were asked to review was whether students usually resident in England, Wales or Northern Ireland should continue, subject to means-testing, to be liable for fees in that final honours year when students usually resident in Scotland or other EU countries would be exempt. Our full terms of reference are set out in **Annex B**.

1.3 The statutory deadline for our report is 1 April 2000. The terms of reference set by Ministers originally asked us to report before then - by Summer 1999. This time-scale was later amended, at our request. An important consideration for the Committee was whether the Government's decisions had affected admissions to Scottish universities. We became concerned that, if we presented our report in Summer 1999, our findings would be based on the evidence of just one year's full admissions data (for 1998) and partial applications data for a further year (1999). So we sought an extension of our reporting date to the end of the year to enable us to consider the full admissions data for 1999. Ministers agreed to such an extension in March 1999.

1.4 After the elections to the Scottish Parliament in May 1999 and the subsequent appointment of the Cubie Inquiry² in Scotland, it became clear that the Review's report would need to be put back further if we were not to run the risk of producing findings that had already been overtaken by events. The Cubie Inquiry was asked to review tuition fees and financial support for students normally resident in Scotland and to report by the end of 1999. It

¹ The statutory requirements are in section 25(4)(f) of the Teaching and Higher Education Act 1998, c. 30, and Article 6(4)(f) of the Education (Student Support) (Northern Ireland) Order 1998, S.I. 1998 No. 1760 (N.I. 14).

² the Independent Committee of Inquiry into Student Finance convened by Mr Andrew Cubie

was clear by Summer 1999 that its findings might lead to changes in the arrangements for fee support for students usually resident in Scotland. In that event, our Review of arrangements for fee support for students usually resident elsewhere in the UK but studying in Scotland would need to reflect the outcome. So we decided to await the outcome of the Cubie Inquiry before concluding our own Review.

Working methods

Meetings

1.5 The Committee has held ten meetings. All Members were present at every meeting.

1.6 We decided that our meetings and papers should be confidential during the life of the Committee in order to promote freedom of discussion among Members. But those papers will be passed to the Public Record Office, to be made available to the public from 1 January 2002. We shall also be making available separately a number of working papers which underpin our Report.

1.7 In gathering evidence, we relied on three main sources - the views of those directly affected, as obtained through consultations; statistical and other information; and expert advice.

Consultations

1.8 We attached importance to gathering evidence and views from a wide range of people and organisations across the whole of the United Kingdom. So we decided to consult students' associations, higher education institutions, further education colleges, schools, funding bodies and other organisations, as well as employer interests. Our consultations extended to many of those who had submitted evidence to the Dearing Inquiry³, as well as others with a direct interest in the subject of our Review. In many cases, we invited evidence from organisations representing members in Scotland or in the other territories, in addition to those which co-ordinated members' interests across the UK.

1.9 We also wished to hear from members of the public who were not directly represented by any of these institutions or organisations. In particular, we wanted to give parents and individual students the opportunity to express their views. So we placed in the press in all four home territories advertisements inviting evidence.

1.10 In addition to inviting people to express their general views in writing, we issued questionnaires. These enabled us to obtain views on specific

³ the National Committee of Inquiry into Higher Education chaired by Sir Ron (now Lord) Dearing

aspects of the matter. The responses generated a wealth of invaluable material: we are immensely grateful to all the hundred or so respondents⁴ for taking the time and effort to send us their views.

1.11 We left it to those who gave evidence to decide whether or not to make their own evidence publicly available at the time that they submitted it. We shall be depositing with the Public Record Office the written evidence we have received so that it can be read by others as soon as possible.⁵

1.12 We invited those institutions and organisations which had submitted written evidence to give oral evidence if they wished. We held sessions in Edinburgh, Belfast and London to receive oral evidence from those which took up our invitation. We had originally planned to hold these sessions in May and June 1999. But, in view of the outcome of the elections to the Scottish Parliament and the uncertainty that they had created about tuition fees in Scotland, we postponed taking oral evidence until after the Cubie Inquiry had reported. In the event, we heard oral evidence in January and February 2000. We received oral evidence from Lord Dearing, Sir Ron Garrick and Mr Cubie, in addition to various institutions and organisations which had provided written evidence. We greatly appreciated the opportunity to pursue some of the critical issues with those who kindly provided oral evidence.

Sources of information and advice

1.13 We considered a wide range of statistical and other factual information, including examples of the costs of student support. We are indebted to the Universities and Colleges Admissions Service, the Higher Education Statistics Agency and a number of Scottish higher education institutions for providing such information and, in particular, to the Analytical Services Directorate and the Library of the Department for Education and Employment for their unstinting support. We thank the former Scottish Office and the former Department of Education for Northern Ireland too for the provision of information.

1.14 We are also grateful to the Republic of Ireland's Department of Education and Science for their helpful response to our request for information about student numbers and the funding of higher education in the Republic.

1.15 We sought expert advice on both domestic and European Union law, for which we are grateful to the Treasury Solicitor's Department.

1.16 We cannot name all those who have helped us, but we are indebted to them all.

⁴ listed in Annex D.I

⁵ A few respondents requested confidentiality. Their evidence will be withheld in accordance with their wishes.

PART II

THE MATTER

CHAPTER 2 : HOW THE MATTER AROSE

2.1 The matter that we have been asked to review arose as a result of the Government's response to recommendations from the National Committee of Inquiry into Higher Education chaired by Sir Ron (now Lord) Dearing and its Scottish Standing Committee.

The Dearing Committee's recommendations on student support and the Government's response

2.2 The Dearing Committee published its report on 23 July 1997¹. The Government announced on the same day its response to the recommendations on student support.² It endorsed the principle underlying the Dearing Report that the costs of higher education should be shared among those who benefited.

2.3 The Dearing Report had proposed that graduates in work should in future contribute to the cost of their higher education through the payment of tuition fees³. The contribution would be paid at a flat rate and amount to around 25 per cent of the average cost of tuition - i.e. around £1,000 a year. Generally, the contribution required would be proportional to the number of years of study. Students would be able to pay the contribution during study or by repaying a loan on an income-contingent basis when in work.

2.4 The Government decided that students or their families, rather than graduates, should in general contribute to the costs of tuition; but that the payment of tuition fees should be subject to means-testing so that students from lower-income families would not have to pay for tuition. Other full-time undergraduates would pay up to £1,000 per year⁴ in tuition fees, depending on parental income. Loans were not to be made available for fees; but the cost of fees was to be balanced by increased loans for maintenance, related to parental income.

2.5 The Dearing Committee also recommended that means-tested non-repayable maintenance grants should be retained for students from lower-income families, alongside repayable maintenance loans which would be available to all. The Government decided that means-tested maintenance grants were to be phased out and that support for maintenance was to be provided generally through loans⁵, with repayments to be made according to income by graduates in work.

¹ The National Committee of Inquiry into Higher Education (1997), *Higher Education in the learning society: Report of the National Committee*, NCIHE

² The Government's immediate response to the Dearing Report was published in *Higher Education for the 21st Century* (Department for Education and Employment, 1997).

³ The National Committee of Inquiry into Higher Education (1997), *Higher Education in the learning society*, Recommendation 79, page 323 of the Main Report

⁴ The maximum fee payable from public funds was £1,000 in the academic year 1998/99. This figure was up-rated in line with inflation to £1,025 for 1999/2000.

⁵ Some grants for living costs remain, in the form of supplementary allowances - e.g. grants for disabled students, for students who have left care, for dependants, and for travel; but these are not part of the main support package.

2.6 The new arrangements have now been phased in, starting with students who entered higher education in Autumn 1998. The Teaching and Higher Education Act 1998 provides the legal framework for the new student-support system.

Scotland: the Garrick and Dearing recommendations on tuition fees

2.7 Published with the Dearing Committee's Report in July 1997 was the Report of the Scottish Standing Committee chaired by Sir Ron Garrick⁶. The Garrick Committee had been concerned that the introduction of contributions to annual tuition fees would mean that Scottish students or graduates would have to pay more for an honours degree than other UK students, because the courses provided by Scottish higher education institutions were typically a year longer than those provided by institutions elsewhere in the UK. So it recommended that, if a graduate contribution was introduced, the Secretary of State for Scotland

*“should ensure that the contribution from Scottish graduates for qualifications gained in Scotland [was] equitable with the contribution for comparable qualifications gained elsewhere in the UK.”*⁷

2.8 The Dearing Committee partially adopted this recommendation. It made clear its view that:

*“it would **not** be right to put in place any across the board measures to limit the contribution required from students on longer courses.”*⁸

But it recommended that:

*“Scottish students who have had only one year's education after statutory schooling, many of whom under current arrangements would choose to take a four year honours degree, should not make a tuition contribution for one of their years in higher education. Beyond that, this would be a matter for consideration by the Secretary of State for Scotland.”*⁹

The Government's decisions in relation to higher education in Scotland

2.9 The Government's immediate response to the Dearing Report on 23 July 1997 said that it would be considering how the new arrangements would

⁶ The National Committee of Inquiry into Higher Education (1997), *Higher Education in the learning society: Report of the Scottish Committee*, NCIHE

⁷ *ibid.*, Recommendation 29, page 95

⁸ The National Committee of Inquiry into Higher Education (1997), *Higher Education in the learning society: Report of the National Committee*, paragraph 20.101, page 330 of the Main Report

⁹ *ibid.*, Recommendation 81, page 330 of the Main Report

apply to the particular position of higher education in Scotland¹⁰. On 27 October, the Scottish Education Minister, Mr Brian Wilson MP, announced that the Student Awards Agency for Scotland would pay on behalf of all students from Scotland the full fee for the additional honours year of degree courses in Scotland, where those courses led to a qualification comparable with that obtained from a shorter course in England. This meant, for example, that no student from Scotland (or parent or spouse) would have to pay a tuition fee for the final honours year of a four-year degree course at a Scottish institution if a comparable qualification at an institution south of the Border required only three years' study¹¹.

2.10 The Scottish Education Minister went on to say,

“The question of whether students from elsewhere in the UK coming to study in Scotland will receive a similar concession will depend on those who provide their support.”

Ministers responsible for education in the rest of the UK made it apparent in answer to Parliamentary questions that they were not prepared to make similar concessions for students from England, Wales or Northern Ireland in the final honours year of degree courses at Scottish higher education institutions.¹² The Government's decisions meant that arrangements for fee support for the final honours year at any Scottish institution would vary between students usually resident in Scotland and their peers who were usually resident elsewhere in the UK.

2.11 The Scottish Office's interpretation of European law led it to extend the fee concession to students at Scottish institutions who were nationals of other member States of the European Union. This meant that arrangements for fee support for the final honours year at any Scottish institution would also differ between students usually resident in the UK outside Scotland and their peers who were normally resident in other EU countries.

The Teaching and Higher Education Act 1998

2.12 The issue of fee support for students from the rest of the UK in the final honours year of degree courses at institutions in Scotland became the subject of much debate during the passage of the Teaching and Higher Education Act 1998. Amendments aimed at requiring the extension of the concession for students from Scotland to students from the rest of the UK were first agreed on Lords Report on 2 March 1998¹³. Those amendments were deleted during Commons Committee on 21 April¹⁴.

¹⁰ Department for Education and Employment (1997), *Higher Education for the 21st Century*, page 14

¹¹ The press release associated with Mr Wilson's speech is set out in **Annex C**.

¹² For examples, see Hansard, *House of Commons Official Report*, 30 October 1997 (Vol. 299, c. 867w); 5 November (Vol. 300, c. 228w); 13 November (Vol. 300, c. 1020 and 1028); 14 November (Vol. 300, c. 685w); 18 November (Vol. 301, c. 163w); 27 November (Vol. 301, c. 643w); 1 December (Vol. 302, c. 10-11w); 2 February 1998 (Vol. 305, c. 555w).

¹³ Hansard, *House of Lords Official Report*, 2 March 1998; Vol. 586, c. 1013-1022. The Bill had been introduced in the Lords.

¹⁴ *House of Commons Official Report: Standing Committee F*, 21 April 1998, c. 149-166 passim. See also *House of Commons Official Report: Standing Committee F*, 28 April 1998, c. 226-240 passim.

2.13 A similar sequence of events took place on 23 June¹⁵ and 1 July¹⁶, with the Lords' agreeing to another amendment and the Commons' disagreeing, and again on 7¹⁷ and 13 July¹⁸. During the course of the debate on 13 July, the Secretary of State for Education and Employment proposed an independent review of the issue¹⁹; but he stopped short of proposing an amendment to enshrine such a review in the legislation.

2.14 The impasse was broken on the next day, when the Lords accepted a Government amendment - based on an earlier Liberal Democrat amendment - making statutory provision for the Review²⁰. The Commons agreed that amendment on 15 July²¹; and the Act received Royal Assent on 16 July. The statutory requirements for the Review are set out in section 25 of that Act²². It was in fulfilment of these requirements that our appointment was announced on 1 December 1998.

Subsequent developments in Scotland

2.15 In the course of our work, the first elections to the devolved Scottish Parliament took place in May 1999. Tuition fees were a major issue. As a result of the outcome of those elections, the newly-formed Scottish Executive set up an Independent Committee of Inquiry into Student Finance, convened by Mr Andrew Cubie²³.

2.16 Our initial work and the bulk of the evidence we received, including applications and admissions data, pre-dated the appointment of the Cubie Inquiry in July 1999 and its Report in December 1999. Much of our Report therefore deals with arguments presented in relation to the fee concession before the Scottish Executive announced, in the light of the Cubie Report, changes to fee support for students domiciled in Scotland and attending Scottish institutions²⁴. We address in **Chapter 6** the implications of those changes for the matter we have been reviewing²⁵. We analyse in **Chapters 3-5** the arguments presented before those changes were made.

¹⁵ Hansard, *House of Lords Official Report*, 23 June 1998; Vol. 591, c. 168-193

¹⁶ Hansard, *House of Commons Official Report*, 1 July 1998; Vol. 315, c. 436-485 (and ff.)

¹⁷ Hansard, *House of Lords Official Report*, 7 July 1998; Vol. 591, c. 1095-1121

¹⁸ Hansard, *House of Commons Official Report*, 13 July 1998; Vol. 316, c. 128-160

¹⁹ *ibid.*, c. 131-2

²⁰ Hansard, *House of Lords Official Report*, 14 July 1998; Vol. 592, c. 111-129

²¹ Hansard, *House of Commons Official Report*, 15 July 1998; Vol. 316, c. 539-544

²² and in Article 6 of the Education (Student Support) (Northern Ireland) Order 1998, S.I. 1998 No. 1760 (N.I. 14)

²³ The appointment of the Independent Committee of Inquiry into Student Finance gained the approval of the Scottish Parliament on 2 July 1999 (*Scottish Parliament Official Report*, 2 July 1999; Vol. 1, c. 918-929).

²⁴ The Scottish Executive's proposals were published in its Framework Document, *Working together for wider access to further and higher education and a fair deal for students*, published on 25 January 2000 and endorsed by the Scottish Parliament on 27 January 2000 (*Scottish Parliament Official Report*, 27 January 2000; Vol. 4, c. 487-612).

²⁵ in paragraphs 6.10 onwards

CHAPTER 3 : RATIONALE FOR THE CONCESSION

3.1 The Government's rationale for a fee concession for Scottish students - like the rationale behind the relevant Dearing and Garrick recommendations - related to the differences in education systems between Scotland and the rest of the UK.

Distinctive aspects of Scottish education

3.2 The distinctiveness of Scottish higher education reflects the length and nature of programmes taken in Scotland during post-compulsory secondary education, which are in turn affected by the nature of provision at secondary level. In the past, pupils in Scottish schools who aspired to higher education would spend just one year after Standard Grade taking Highers in five or so subjects and entering university at the age of 17. That is no longer the case: staying on for not just one but two years - Scottish Secondary Years 5 and 6 - has become increasingly the norm¹. In 1998/99, under 30 per cent of entrants from Scotland to full-time and sandwich first-degree courses in Scottish institutions were aged 17 or under². The majority stayed at school or college beyond 17 and entered higher education at age 18 (over 30 per cent) or later (almost 40 per cent).

3.3 However, the Higher grade has remained the principal qualification for students aspiring to university entrance, even though it is a one-year programme. Most students spend both their final years in secondary education (or the equivalent at a further education college) taking up to five or six Highers³ without seeking more advanced qualifications. A minority⁴ sit at the end of their two years in post-compulsory schooling the Certificate of Sixth Year Studies (CSYS), which is designed to prepare candidates for more advanced work⁵.

3.4 Since most Scottish entrants traditionally held one-year Higher qualifications in a broad range of subjects, honours-degree programmes have been a year longer in Scotland than in the rest of the UK to allow time for gradual specialisation. Entry to many older Scottish universities is often by faculty rather than by department, as in the rest of the UK. Students tend to follow a broad curriculum in their first two years, studying several subjects if they are following a traditional arts or science degree programme. They may round off their studies with a final year leading to a broad-based ordinary or general degree; or they may specialise to a greater extent in their third and fourth years with the aim of acquiring an honours degree.

¹ Paper by the Scottish Office Education and Industry Department (SOEID) for the Scottish Standing Committee of the National Committee of Inquiry into Higher Education (1996), *Upper Secondary and Post-School Qualifications and Assessment*, paragraph 4

² HESA July 1999 Student Record: age as at 31 August in year of entry

³ The minimum requirements necessary to enter higher education in Scotland are three or more passes at Higher Grade. But most students entering degree programmes have more than the minimum - just as, in the rest of the UK, most hold more than the minimum requirements of two passes at E grade at Advanced Level.

⁴ Around a quarter of those sitting Highers in the fifth year sit CSYS in the sixth year, according to an unpublished paper for the Review by the Scottish Office Education Department (1999), *Higher Still and Advanced Higher*, paragraph 10

⁵ The Certificate of Sixth Year Studies is to be replaced by the Advanced Higher qualification under the *Higher Still* policy.

3.5 Institutions in the rest of the UK provide few courses leading to ordinary degrees but typically offer three-year programmes leading to honours degrees, though they also have significant numbers of students on four-year or longer courses - more than in Scotland⁶. Scottish institutions, on the other hand, offer a mixture of three-year programmes leading to ordinary or general degrees and four-year programmes leading to honours degrees, along with longer programmes in particular vocational or professional subjects such as medicine. While three-year honours courses generally lead in the first instance to a Bachelor's qualification in the rest of the UK, four-year honours courses in arts subjects at most of the older universities in Scotland lead to a Master's qualification.

3.6 The increase in the staying-on rate in Scotland has led both to more students' participating in higher education and to more undertaking four-year honours programmes. The proportion of ordinary or general degrees awarded has fallen by 40 percentage points over the last forty years or so, whilst the number of honours degrees grew correspondingly from 32 per cent of degrees awarded by Scottish higher education institutions in 1956/57 to 72 per cent in 1996/97⁷.

The Government's rationale

3.7 The Government's rationale for introducing a fee concession for students living in Scotland and attending Scottish universities or colleges was based on the fact that it had thus become the norm in Scottish universities to undertake an extra year's - usually a fourth year's - study in order to acquire an honours degree, where that option existed. In announcing the concession for students based in Scotland⁸, the Scottish Education Minister, Mr Brian Wilson MP, gave the following justification:

"Scots must generally study four years for the typical degree as compared to three in England. Equity in my view demands that those students should only pay £3,000 in Scotland when someone achieving a comparable qualification in England pays £3,000.

"I therefore intend that the Student Awards Agency for Scotland should pay the full £1,000⁹ to educational institutions in the additional - or Honours - year of such courses."

⁶ In 1998/99, there were over 31,000 home students in the fourth year of a full-time first-degree course (excluding sandwich courses) in England, Wales and Northern Ireland, compared with just over 16,000 home students in the fourth year of such courses in Scotland. Across the UK as a whole, almost three times as many students from the rest of the UK - over 35,000 - were in the fourth year of such courses as students from Scotland - over 12,000. (Source: HESA 1998 December data)

⁷ Department of Education and Science (1969), *Statistics of Education 1966, Volume 6: Universities* (HMSO), Table 49; and HESA 1996-97 data (made available by the Scottish Office)

⁸ at the Annual Forum of the Committee of Scottish Higher Education Principals in Glasgow on 27 October 1997: the associated press release is set out in **Annex C**.

⁹ As noted earlier, £1,000 was the maximum tuition fee payable in 1998/99. The figure has been up-rated to £1,025 for 1999/2000.

3.8 The Government's rationale was thus different from that underlying the relevant recommendation in the Dearing Report¹⁰. This had referred to "*Scottish students who have had only one year's education after statutory schooling*" and implied that, as such students had lost one year's (free) education at that point, they should receive, as compensation, free tuition for one of their years in higher education. The Dearing Committee did not recommend that the concession on fee support should be comprehensively available to all students from the UK or the European Union or even to all students from Scotland, but left that as a matter for the Secretary of State for Scotland. Those students from Scotland who had received two or more years' education after statutory schooling before entering higher education would not have benefited under the Dearing recommendation without the exercise of the Secretary of State for Scotland's discretion.

3.9 The Government's rationale was closer to that underlying the Garrick Committee's recommendation¹¹. The Garrick Committee had recommended that, if a graduate contribution to the cost of tuition was introduced, the Secretary of State for Scotland

"should ensure that the contribution from Scottish graduates for qualifications gained in Scotland [was] equitable with the contribution for comparable qualifications gained elsewhere in the UK."

It is arguable how "*Scottish graduates*" should be defined; but common sense suggests either that they are Scottish by nationality or that they usually live in Scotland when they are not at college or university. Another interpretation - that they are graduates of Scottish institutions, whatever their nationality or place of usual residence - would seem doubtful in view of the subsequent, and otherwise redundant, reference to "*qualifications gained in Scotland*".

Other views of the rationale

3.10 During our consultations with the public and others¹², we sought views on the rationale for a fee concession. The responses we received indicated that there was a wide range of views across the UK on this.

3.11 Some Scottish respondents accepted the justification propounded by Scottish Ministers. They saw it as providing equity for Scottish students and accepted the underlying premise that the four-year honours degree provided by Scottish universities was comparable with the three-year degree offered by institutions in the rest of UK. These respondents considered it only fair that, as students generally had to study for four years for an honours degree in Scotland while those in the rest of the UK could obtain a comparable

¹⁰ The National Committee of Inquiry into Higher Education (1997), *Higher Education in the learning society : Report of the National Committee*, Recommendation 81, page 330, Main Report : see Chapter 2, paragraph 2.8 above

¹¹ The National Committee of Inquiry into Higher Education (1997), *Higher Education in the learning society : Report of the Scottish Committee*, Recommendation 29, page 95

¹² For more detail of the written evidence submitted during consultations, see Annex D.

qualification after three years' study, the maximum contribution that they should be expected to pay should be £3,000.

3.12 Other Scottish respondents seemed to favour a different rationale. They did not appear to accept that the Scottish four-year honours degree was equivalent to the three-year degree in the rest of the UK: they seemed rather to consider it as special and superior. Such respondents saw the purpose of the fee concession as safeguarding the distinctive Scottish four-year honours programme or avoiding damage to Scottish higher education institutions. This was not, however, a justification that generally found echoes outside Scotland.

3.13 Respondents from the rest of the UK were also split in their view of the rationale for the concession.

3.14 Some English respondents thought that it related to differences in the length of secondary education between Scotland and the rest of the UK. They considered that it was justifiable to provide one year's higher education free to students from Scotland on the grounds that they had had one year's less (free) schooling than students from the rest of the UK. Scottish respondents, however, generally rejected such a rationale. They knew that only a small minority of Scottish students entered higher education after just one year's study beyond compulsory schooling, and so it would have been difficult to use such a rationale to justify giving the fee concession to all, or even most, Scottish students.

3.15 Other respondents from the rest of the UK - who more explicitly questioned the rationale for the Government's decision - often said or implied that the only logical and fair decision would be to provide full fee support to all UK students in the fourth or subsequent year of an undergraduate course, wherever they came from and wherever they might be studying in the UK. The rationale they favoured tended to relate to a reduction in the financial burden of longer courses on students and their families. In their view, such students would in any case have to bear increased loans for maintenance, as well as forgoing a further year's earnings; and, given this heavy financial burden, three years' fees should be the maximum contribution expected of any UK student or family. These respondents saw no justification for distinguishing between universities in Scotland and those in the rest of the UK or between Scottish and other UK students. They did not appear to recognise the four-year honours programme provided by Scottish universities as a special case deserving special treatment.

3.16 Thus we found no consensus among the public and interested organisations on why there should be a fee concession. The variety of rationales favoured by different interest groups has made the matter no easier to resolve, although it may have a bearing on whether Scotland or the home territory should pay if any such extension were to be made.

Extending the concession to other EU students

3.17 Many people have found it hard to understand why students from other countries in the European Union should receive more favourable treatment than home students from the rest of the UK. The decision to extend the fee concession to students at Scottish institutions who usually lived in another EU member State was based on legal considerations. The Government believed that it would be in breach of EC Treaty obligations and so could be liable to legal action in the European Court of Justice if it did not extend the concession to such students. But many people could not comprehend why, if this was a matter of law, students from England, Wales and Northern Ireland did not benefit from the law as nationals of a member State too.

3.18 We consider these legal issues further in **Chapter 6**. First, however, we look at reactions to the Government's decisions.

CHAPTER 4 : REACTIONS TO THE GOVERNMENT'S DECISIONS

4.1 The Government's decision not to extend the fee concession to students from the rest of the UK at Scottish institutions has aroused strong views, both within and outside Parliament¹.

Views expressed in Parliament

4.2 Those in Parliament who opposed the Government's line wanted to see the fee concession extended to students who were attending Scottish institutions but who usually lived in other parts of the UK. They argued for this on grounds of both principle and practical consequences. They also expressed concern over the constitutional implications for the Union.

Equity

4.3 Proponents of an extension claimed that it was a matter of principle because equity required the same arrangements for supporting all students who attended the same institution, wherever they might usually live within the United Kingdom or indeed within the European Union as a whole. It was unfair that students from England, Wales and Northern Ireland should have to pay £4,000 for an honours course in Scotland when those from Scotland would pay only £3,000. It was particularly unfair on other UK students when those from other EU member States would benefit from the same concession as students from Scotland.

4.4 The Government's response was that students across the UK would have the opportunity to study for an honours degree for a maximum of £3,000 in tuition fees, though some might choose a more expensive option. Because of means-testing, a significant proportion of students would not have to pay any fees at all (roughly one in three dependent students from England and more elsewhere) or would pay less than the full £1,000 a year (again, around one in three dependent students from England); and so extending the concession would benefit only the better-off.

4.5 The Government also expressed concern that extending the fee concession to students from the rest of the UK at Scottish institutions would simply create another, bigger anomaly. There were four-year courses offered by institutions elsewhere in the UK: students on those courses would have to pay fees for the fourth year if they came from better-off families, and so there would be no discrimination against students from the rest of the UK who attended four-year Scottish courses. On the contrary, extending the concession to the latter would be unfair to students in the fourth year of courses outside Scotland who would still have to pay fees for that year.

¹ References to Parliament are to the Westminster Parliament unless it is made clear that the Scottish Parliament is intended.

The constitutional implications

4.6 Opponents of the Government's refusal to extend the concession said that differences in the treatment of students depending on where they lived in the UK would encourage separatism and the break-up of the Union: once the Scottish Parliament came into being, the decision could serve as a precedent to encourage the charging of higher fees to students who attended Scottish institutions from elsewhere in the UK. (Some implied, on the contrary, that a Scottish Parliament would seek to remove the extra fees for other UK students.)

4.7 In defence, the Government argued that its policy recognised and preserved the diversity of the education systems within the UK. The only way to get rid of all differences (or anomalies) in the treatment of students would be to have a uniform system of education across the UK.

Practical consequences

4.8 Arguments over the practical consequences of not extending the concession turned on

- a. the perceived effects on the flow of students between different parts of the UK, and the consequent likelihood of damage to Scottish higher education institutions if there was a reduction in the numbers of students from the rest of the UK; and
- b. the estimated cost of extension.

Effect on the cross-border flows of students within the UK

4.9 The Government's opponents argued that, if students from the rest of the UK had to pay up to £1,000 more in fees for a particular course than students from Scotland, many would decide against applying to Scottish institutions and lose the benefits of Scottish higher education. This would be particularly unfair on those who came from Scottish parentage but had grown up in another part of the UK.

4.10 The Government response was that it should be possible for students with A levels to enter the second year of many Scottish courses. Students from other parts of the UK had already benefited from a two-year A-level course (or equivalent), whereas Scottish students could enter university after having received only one year's education after the statutory school-leaving age - i.e. at age 17. The Government further argued that, even where Scottish students stayed on for an extra year, most took further Highers and that, as a result, their education was broader but their intellectual development had not reached the same stage as those who had undertaken A levels. The first year of Scottish courses was accordingly aimed at developing students from

Scotland to the same stage and should not therefore be a necessity for students with A levels.

4.11 The counter-argument from the Government's opponents was that direct entry into the second year was not a practical proposition for many students with A levels. Scottish education was broader than education elsewhere in the UK; and the first year of higher education in Scotland could not be equated with the second year of A-level courses. Many Scottish courses were designed as integrated four-year degree courses; and, in some subjects such as vocational subjects, students were unlikely to have sufficient relevant background at A level to omit the first year. Students from the rest of the UK could thus lose out educationally if they had to join in the second year. Very few had done so in recent years.

Impact on Scottish higher education institutions

4.12 Those in favour of extending the fee concession argued that Scotland and its higher education institutions benefited from the influx of students from the rest of the UK: the Government's decision would reduce the numbers of students applying to Scottish institutions from elsewhere, thus diluting the beneficial effects. If students from outside Scotland were deterred from applying to Scottish institutions or if students were increasingly admitted into the second year, the distinctive four-year course in Scotland would be under threat. Some argued that Ministers' suggestion that Scottish institutions should admit more students with A levels into the second year implied a threat to university autonomy.

4.13 The Government denied that, in the absence of a fee concession, students from the rest of the UK were being deterred from going to Scottish universities and that Scottish universities would be harmed as a result. Ministers considered that the impact on applications to Scottish institutions from students from other parts of the UK had been exaggerated and gave no cause for alarm. They also stressed that, because of means-testing, extending the concession would benefit only the better-off. For students from better-off families, the contribution to fees in the fourth year would be but a small proportion (estimated at 5 per cent) of total costs and would be heavily outweighed by the extra costs of earnings forgone and maintenance for the year.

Cost of extending the concession

4.14 Opponents of the Government's decision said that the cost of extending the concession to other UK students in their fourth year at a Scottish institution would be small, amounting to around only £2 million a year.

4.15 The Government agreed that that cost would be low. But it argued that extending the concession would lead to pressure for a further concession for students in the fourth and later years of degree courses elsewhere in the UK: conceding that would cost around £27 million a year.

Views expressed outside Parliament

4.16 As part of our Review, we have conducted written consultations to gauge how far reactions to the Government's decisions among the public mirrored those expressed in Parliament.² These consultations did not constitute an opinion poll; and it may well be that those who agreed with the decisions or were untroubled by them were less likely to express an opinion than those who objected to them. Nevertheless, of those who responded to our invitation to comment, only a minority agreed with both the decision to make the fee concession for students domiciled in Scotland and the decision not to do so for those usually resident in other parts of the UK but attending Scottish institutions.

4.17 Another minority took issue with both decisions - largely because they believed that parity in treatment of both students and institutions should prevail across the UK and that there were no good grounds for making special concessions for Scottish institutions or students living in Scotland.

4.18 The majority of respondents, however, accepted the special concession for students domiciled in Scotland and studying at Scottish institutions but disagreed with the decision not to extend the concession to students from the rest of the UK. They did so from a variety of stand-points.

- a. Parents living in England or Northern Ireland who had children at Scottish institutions saw the less favourable treatment of UK students living outside Scotland as discriminatory. Some even considered that it was racist. They implied that the only solution acceptable to them would be extending the concession to other UK students at Scottish institutions.
- b. For others, the central issue - as it had been for many in Parliament - was the comparative treatment of students from the rest of the UK and from other EU member States. Scottish institutions and students' associations, for instance, were not opposed to the extension of the fee concession to other EU students but saw this as an argument for extending the concession to other UK students. These respondents implied too that the only acceptable solution would be extending the concession to other UK students.
- c. Other respondents from the rest of the UK suggested that they could have accepted special treatment for Scottish students but were unhappy

² See Chapter 1, paragraphs 1.8-1.11, and Annex D for more details of our written consultations.

at its extension to other EU students. They considered that, if the fee concession was to extend to students from other EU member States at Scottish institutions, then it should also apply to other UK students at Scottish institutions. These respondents implied that, conversely, removing the concession from other EU students would be an acceptable solution too.

- d. Yet others considered that, if a fee concession was to be made to students from Scotland (and other EU countries) at Scottish institutions, then it should also apply to other UK students in the fourth or subsequent year of a first-degree course at institutions throughout the UK. For them, extending the concession just to other UK students at Scottish institutions was not enough: they would be content only if it applied to all home students throughout the United Kingdom, wherever they were domiciled and wherever they were studying.³

4.19 We were impressed by the strength of feeling expressed in the representations we received. The majority clearly felt that the Government's decision not to extend the fee concession to students who usually lived in England, Wales or Northern Ireland was very unfair. Not only would it cause difficulties for Scottish institutions, but it could also constrain student choice, reducing valuable cross-border exchanges and undermining the continuing Union.

4.20 The European dimension appears to have been crucial in many people's perceptions of the fairness of the matter. Some commentators outside Scotland would have been prepared to accept preferential treatment for students living in Scotland, but not for students from other EU member States when students from the rest of the UK were excluded. Many questioned the Government's interpretation of EU law which had led to this outcome.

4.21 That was not the only legal consideration raised. Other people - both in and outside Parliament - argued that the Government was acting in contravention of the European Convention of Human Rights, laws against racial discrimination and even competition law. We sought legal advice on these matters: our conclusions in the light of that advice are given in **Chapter 6**.

³ This group, like others, included some people who were opposed to any fee contributions from students or their families; but the majority seemed to accept that such contributions had irrevocably become part of the price of higher education.

PART III

CONSIDERATION OF THE ISSUES

PART III : CONSIDERATION OF THE ISSUES

We have considered the matter of fee support for students from England, Wales and Northern Ireland in the final honours year at Scottish institutions under two broad headings:

the issue of principle - that is, equity; and

the practical implications for cross-border flows of students.

Before analysing these issues, however, we consider how much the fee concession for other UK students would cost and who would benefit from it.

CHAPTER 5: COSTS AND BENEFITS OF THE CONCESSION

5.1 In considering whether or not to recommend that the fee concession should be applied to students from the rest of the UK, we have taken account of the likely cost to public funds and the potential benefits to students and their families.

Cost of providing the concession to other UK students at Scottish institutions

5.2 In Parliament, Ministers estimated the cost of extending the concession at around £2 million a year, on the assumption that there were over 4,000 students domiciled in England, Wales and Northern Ireland in the fourth year of first-degree courses at Scottish institutions in 1996/97.¹

5.3 The cost to public funds of extending the concession is complex to calculate.² It depends on assumptions made about parental contributions and how far these can be switched to contributions towards students' living costs. It also depends on the number of students involved, how many of these actually take the final honours year, the income levels of their parents, and their own take-up of loans.

5.4 Our own estimates, based on 1998 entrant figures provided by Scottish institutions and a range of assumptions about drop-out and loan take-up, place the net costs to public funds in the range of £1.5 - 3.0 million a year³. The Government's original estimate lies within this range, though we believe that the cost may prove slightly higher than £2 million a year, largely because the majority of entrants to Scottish universities from the rest of the UK in 1998 come from better-off families and so a higher proportion than the UK average is liable for full fees⁴.

5.5 Of the total cost, we estimate that £1.2 - 2.3 million a year would be attributable to students domiciled in England, £0.03 - 0.07 million a year to those resident in Wales, and £0.3 - 0.6 million a year to students from Northern Ireland. These are the costs that would be incurred if the students' home territories were to pay for the concession.

5.6 This is because the figures are net of any consequential savings that might be made on loans as a result of the operation of the parental means

¹ Hansard, *House of Lords Official Report*, 23 June 1998 (Vol. 591, c. 189); see also Hansard, *House of Commons Official Report*, 14 November 1997 (Vol. 300, c. 685-686w); 18 November 1997 (Vol. 301, c. 109w and c. 163w); and 18 March (Vol. 308, c.627w).

² See **Working Paper 2**, *Estimating the costs of the fee concession*, available separately.

³ £1.4 - 2.8 million in 2001/02, rising to £1.5-3.0 million in subsequent years at constant prices based on 1999/2000 student-support rates

⁴ some 55 per cent from England and 45 per cent from Wales and Northern Ireland, compared with an estimated 36 per cent of entrants to all institutions from England and Wales in 1998/99 (DfEE figure)

test⁵. We estimate that such savings would lie in the range of £0.1 - 0.9 million a year in total - that is, £0.1 - 0.7 million a year for students domiciled in England, a negligible sum for those resident in Wales and £0.03 - 0.2 million a year for students from Northern Ireland.

5.7 Without these savings, then we estimate that the gross cost of the fee concession would be in the range of £2.3 - 3.2 million a year. This is the cost that would fall to Scotland if it were to pay for the concession: any savings on loans would accrue to the students' home territories and could not be offset directly against the costs incurred by Scotland. We return to this point in paragraph 9.18 below.

5.8 Whatever the precise cost, the sum involved is unlikely to be large in terms of public expenditure.

Cost of extending the concession to all home students at UK institutions

5.9 During the passage of the Teaching and Higher Education Act, the Government argued that, if it extended the concession to students from England, Wales and Northern Ireland at Scottish institutions, it would also have to do so for students at other institutions in the UK if it was not to create a worse anomaly. The Government estimated the number of students involved at roughly 60,000 and the cost of this wider extension at around £27 million a year.

5.10 Responses to our own consultations give credence to the argument that the Department for Education and Employment (DfEE)⁶ and the Department of Higher and Further Education, Training and Employment (Northern Ireland) could face strong pressure to extend the fee concession to all students on longer courses wherever they might study within the UK, if they provided it to those in the final honours year of courses at Scottish institutions. As we have already seen, many respondents - particularly those outside Scotland - did not see the rationale for the existing concession as lying in the special nature of the Scottish four-year honours programme.⁷ Rather, they considered that the only fair arrangement would be to give a fee concession to all home full-time undergraduates in the fourth or subsequent year of a first-degree course throughout the UK.

5.11 Moreover, organisations such as the British Medical Association and British Dental Association have indicated that they would press for an extension of the concession to all home students across the UK on medical and dental courses. We have also received carefully-worded statements from bodies such as the Committee of Vice-Chancellors and Principals and the National Union of Students leaving open the possibility that they too would seek a further extension.

⁵ described in paragraph 5.18 below

⁶ The DfEE meets the cost of support for students domiciled in Wales as well as England.

⁷ See Chapter 3, paragraph 3.15.

5.12 Our own estimate of the cost of extending the fee concession to all home and other EU undergraduates in the fourth year of longer full-time and sandwich first-degree courses throughout the UK lies in the range of £18 - 28 million a year.

5.13 Our estimates are calculated on the assumption that the concession would have to extend to around 60,000 students, including almost 22,000 sandwich students. These cover students studying all subjects, including those such as medicine excluded from the original Scottish concession. In our view, these would have to be included because, once the concession were extended to four-year honours courses, then it would become invidious to require any student to make a fee contribution in the fourth or any subsequent year of any other longer undergraduate course. The numbers do, however, exclude students domiciled in Scotland or another EU country and studying at a Scottish institution⁸.

5.14 Whatever the precise cost, extending the concession to all home students in the fourth and subsequent years of first-degree courses at UK institutions would be considerably more significant in terms of public expenditure than the cost of providing the concession just for other UK students at Scottish institutions. In terms of magnitude, it could be ten times that cost.

Who would benefit from the fee concession?⁹

5.15 The first students to benefit from the original fee concession would be those who reached their fourth year in the academic year 2001/02.¹⁰ However, not all students at Scottish institutions who would be in their fourth year in 2001/02 would gain. Some students would not be eligible for the concession: **Annex E** looks at eligibility. Broadly speaking, eligibility would depend on meeting residence qualifications and being enrolled on a qualifying course. Even those who would be eligible would not necessarily benefit. The rest of this chapter identifies the beneficiaries, the extent of their benefit, and the effect on the cost of a four-year degree course.

5.16 As we have already seen¹¹, the fee concession originated in a recommendation from the Garrick Committee. That was predicated on the Dearing Committee's recommendation that all students should contribute to the cost of their higher education through the payment of tuition fees, either during study or by repaying a loan for fees once they had graduated and were in work. Under those proposals, a fee concession would thus have meant a direct reduction of £1,000 in costs to students. However, given that the

⁸ because these students will not have to pay tuition fees in any case: see **Chapter 6**, paragraphs 6.11 and 6.23.

⁹ The Scottish Executive announced on 25 January 2000 the abolition of tuition fees for all Scottish full-time higher education students in Scotland from Autumn 2000. This section identifies which students from the rest of the UK would benefit if the original fee concession were extended and which would not. It does so on the basis of the proposals for a fee concession for students domiciled in Scotland and other EU member States made under the student-support regime in Scotland which preceded fee abolition.

¹⁰ Paragraphs 5.15 ff. analyse the situation in terms of the original fee concession for the final honours year. The subsequent waiver of fees in respect of all years does not affect the analysis.

¹¹ in **Chapter 2**, paragraph 2.7, and **Chapter 3**, paragraph 3.9

Government decided that contributions to fees should be means-tested and paid up front (in many cases from parental income), the actual effect on student costs would be different.¹²

5.17 On official figures, higher education may cost families up to some £4,500 a year in maintenance and tuition fees¹³ (as shown in **Chart 5.A**). Of this, 78 per cent is attributable to living costs. Tuition fees account for the other 22 per cent of the cost; but are not necessarily paid by families. Who pays the fees depends on family income.¹⁴ In the case of students from low-income families, the fees are paid entirely by the Government, whereas high-income families have to meet the whole fees themselves. As **Chart 5.B** shows, this means that:

- a. for students from **low-income families**, maintenance loans comprise 100 per cent of the private cost of higher education while tuition fees account for nil;
- b. for students from **high-income families**, tuition fees comprise 22 per cent of their costs while maintenance accounts for 78 per cent; and
- c. for students from **middle-income families**, between zero and 22 per cent of their costs goes on fees while maintenance loans comprise between 100 and 78 per cent.

The fee concession will therefore benefit high-income families most and low-income families not at all.¹⁵

5.18 In many cases, because parents will be responsible for meeting contributions towards tuition fees, they would be the beneficiaries of the fee concession. But some students instead could benefit from the concession. That is because parental contributions towards both fees and maintenance are assessed on the basis of one means test. Once the total contribution due from a parent has been calculated on the basis of income, that sum is set first against the tuition fee. If the assessed contribution exceeds the maximum contribution (of just over £1,000) towards fees, then the parent is expected to contribute the balance towards maintenance (up to almost £800 in the final year); and the student's entitlement to part of the subsidised loan is reduced by the same amount. So, by reducing to nil parental contributions towards tuition fees, the fee concession means that some parents would be expected to contribute more towards their children's maintenance. Their children

¹² The figures that follow are for young, unmarried students who are financially dependent on their parents. Some 90 per cent of applicants from England, Wales and Northern Ireland who were accepted at Scottish institutions in 1998 were under 21 on entry, and over 95 per cent were under the age of 25; most are therefore likely to be dependent on their parents.

¹³ This figure (rounded from £4,660) is based on 1999/2000 student-support rates and calculated on the assumption that students take out the full loans to which they are entitled and that parents make the full contributions which they are expected to make to dependent students. It applies to students domiciled in England, Wales and Northern Ireland and to all years except the final year. (Maximum loans for the final year are almost £500 lower than those for preceding years, because they are not intended to cover the summer vacation. This means that the cost of the final year to families is nearer £4,000.)

¹⁴ The Government announced on 25 January 2000 that, in the academic year 2001/02, the income threshold for parental contributions would rise from around £17,000 to £20,000 a year for students in England and Wales.

¹⁵ Tuition fees account for a maximum proportion of 25 per cent of the total cost to families in the final year of a course rather than 22 per cent as in preceding years, because maximum maintenance loans are lower in the final year. (See foot-note 13 above.)

would then benefit from having to borrow less. (Table 5.C illustrates the effects.)

5.19 In short, the effects of the fee concession¹⁶ are that:

- a. **low-income parents** would not benefit from the fee concession, as they do not contribute in any case to either fees or maintenance; nor would their children gain;
- b. **high-income parents**, who are expected to make the full contribution to their children's living costs even without the fee concession, would not be expected to contribute any more, and so they themselves would benefit fully from the fee concession (by over £1,000) while their children would not gain at all¹⁷; and
- c. **middle-income parents** would be expected to contribute towards maintenance instead of fees in the honours year, and their children would need to borrow - and in due course repay - less.¹⁸

Effects of the fee concession on the total cost of a first-degree course

5.20 A three-year full-time degree course would cost a family in the range of around £10,500 to £13,500 on 1999/2000 student-support rates.¹⁹ Without the fee concession, a four-year full-time degree course would cost from some £14,000 to roughly £18,000 on the same basis - that is, between just over £3,500 and £4,500 more than a three-year course.²⁰

5.21 The fee concession (worth up to some £1,000) means that the extra cost of doing a fourth year would be reduced to just over £3,500 for all families.²¹ As already shown, the biggest saving would go to high-income families. For low-income families, the extra cost would in any case be around £3,500 and there would be no saving as a result of the fee concession. For middle-income families, the saving would be between some £1,000 and nil.

5.22 With the fee concession, a four-year degree course would therefore cost in the range of just over £14,000 to £17,000 - still significantly more than the cost of a three-year degree course at all levels of family income.

¹⁶ provided that parents contribute to their children's living expenses the full amount which they are expected to contribute

¹⁷ provided that the maximum parental contribution towards living costs were not increased

¹⁸ Working Paper 1, *Value of the fee concession to parents and students* (available separately), provides charts illustrating these effects and gives more details of the assumptions used.

¹⁹ These figures are based on 1999/2000 student-support rates and calculated on the assumption that students take out the full loans to which they are entitled and that parents make the full contributions which they are expected to make to dependent students. The figures apply to students domiciled in England, Wales and Northern Ireland.

²⁰ These figures are not the same as the total costs of courses. Besides the figures given here, the total costs include loan subsidies from public funds and the grant provided from public funds to institutions through the higher education funding bodies. Both these elements add significantly to the costs of courses given in this section.

²¹ Some students who would benefit from the fee concession would do so in their fifth, rather than fourth, year. The total cost of a five-year course would of course be higher than that of a four-year course. But the difference in cost between the five-year course in Scotland and a comparable four-year one in England would remain the same.

Implications of the concession for students and their families

5.23 The fee concession would thus reduce the costs of higher education for families with middle and high levels of income and to that extent would no doubt be welcomed by those who qualified for it. But it would not remove the bulk of the additional cost of undertaking a degree course that lasts four rather than three years. That is inevitable, given that the chief cost of higher education to families lies in living expenses - estimated at just over £3,500 a year - rather than tuition fees, which amount to only just over £1,000 a year.

5.24 Families resident in England, Wales or Northern Ireland do not at present qualify for the fee concession and so, depending on their income, can expect to have to find an extra £3,500 - £4,500 for a fourth year of study, whether undertaken at an institution in Scotland or elsewhere in the UK. That may have deterred many students from taking up courses at Scottish institutions, particularly if their families are not well off or have other demands on their income: **Chapter 7** looks at the possible effects on applications and admissions to Scottish institutions.

5.25 But, even if the fee concession were extended to such families, the £3,500 extra that they would need to find could still be off-putting. For students from low- and even middle-income families living in other parts of the UK, the extra living costs associated with a fourth year - even without any fee contribution - could well deter them from applying to a Scottish institution, when three-year courses in England, Wales or Northern Ireland are available to them at considerably lower cost.

CHART 5.A : Private cost of higher education
 (for students in years preceding final year living away from home at institutions outside London)

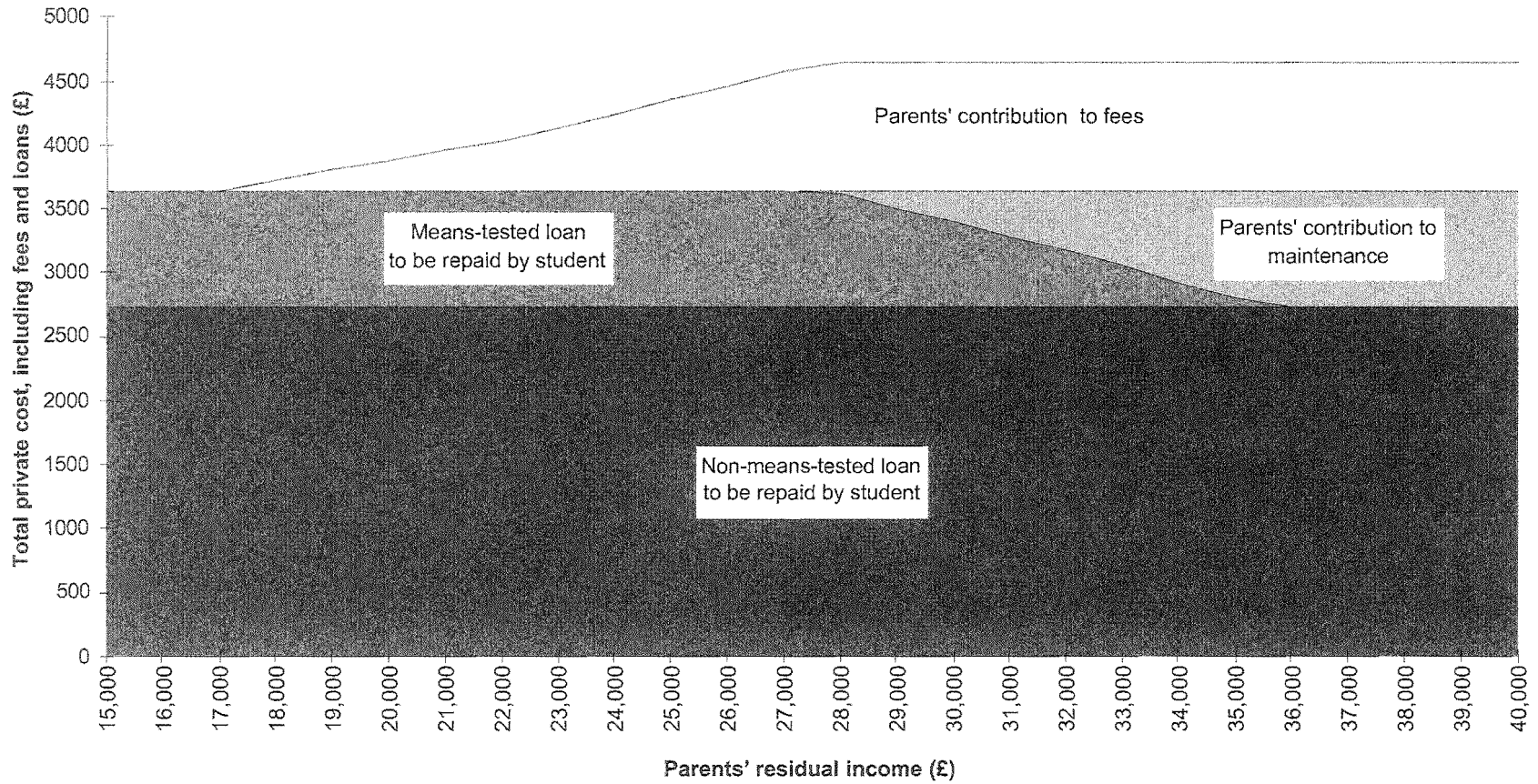


CHART 5.B : Private cost of higher education
 (for students in years preceding final year living away from home at institutions outside London)

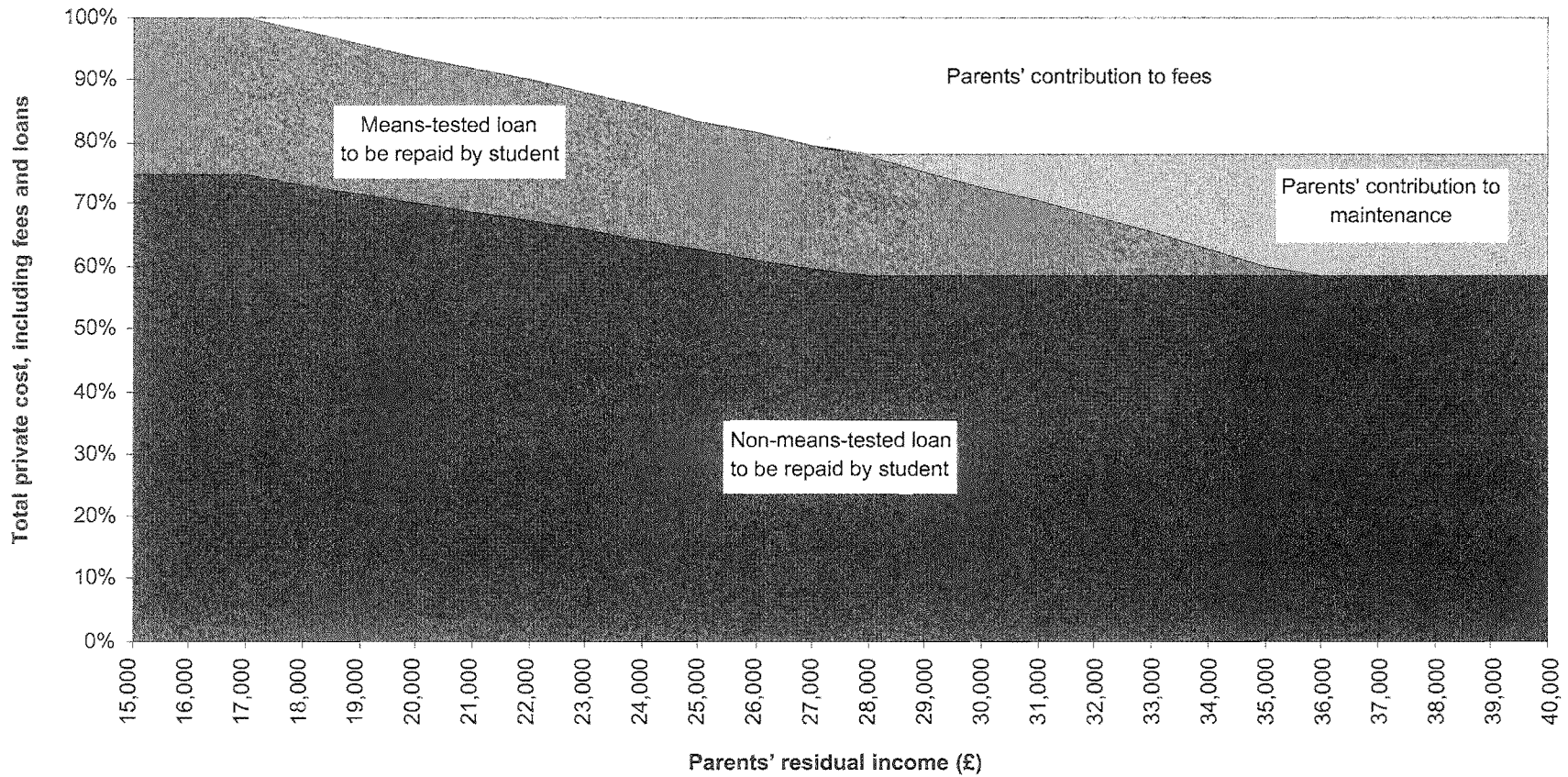


TABLE 5.C : Benefits of the fee concession to parents and students at different levels of parental income

<u>Parents annual residual income</u>	<u>Benefit of fee concession:-</u>	
	<u>to parents</u>	<u>to student</u>
Under around £17,000	None	None
£17,000 - £26,000	None	Student receives up to around £800 from parents for living costs. This should reduce the amount of loan needed and hence the size of the debt that has to be repaid.
£26,000 - £28,000	Total contribution (normally in the range of around £800 to over £1,000) reduced to just under £800. Parents save up to around £250 .	Student receives around £800 from parents for living costs. This should reduce the amount of loan needed and hence the size of the debt that has to be repaid.
£28,000 - £35,000	Total contribution (normally in the range of over £1,000 to just over £1,800) reduced to just under £800. Parents save between around £250 and some £1,000 .	Student receives up to around £800 extra from parents for living costs (i.e. around £800 in all). This should reduce the amount of loan needed and hence the size of the debt that has to be repaid.
£35,000 and over	Total contribution (normally just over £1,800) reduced to just under £800. Parents save over £1,000 .	None

All figures have been rounded. They are based on 1999/2000 student-support rates and calculated on the assumption that students take out the full loans to which they are entitled and that parents make the full contributions which they are expected to make.

The Government has announced that, in the academic year 2001/02, the income threshold for parental contributions will rise from around £17,000 to £20,000 a year for students in England and Wales.

CHAPTER 6 : EQUITY

6.1 In considering the issues, we have paid particular attention to arguments over equity - equity in fee support for students from different parts of the UK and for students from different member States of the European Union. Arguments over equity within the UK now have to be seen in the context of devolution: we have sought to establish whether it is possible to reconcile equity, which implies uniformity of treatment, with devolution, which implies differences.

Equity within the United Kingdom

6.2 The overwhelming majority of people who responded to our request for evidence considered it unfair that only students (or parents) from Scotland and not those from the rest of the UK should benefit from the fee concession. During the Parliamentary debates and in many of the written submissions that we received, those in favour of extending the fee concession argued that domicile should not determine a student's entitlement to financial support: on the contrary, those studying at an institution should receive the same benefits as their peers with whom they were studying, irrespective of where they usually lived within the UK. Words used to describe the difference in support depending on the student's domicile included not only 'inequity' and 'anomaly', but also 'discrimination'.

6.3 Many - particularly parents from England - said that the difference in arrangements constituted discrimination or racism. Some even believed that it contravened the Race Relations Act 1976. It is ultimately for the courts to interpret the law. But our understanding is that it would be difficult to sustain an argument that the Government had breached the Race Relations Act. Eligibility for the concession depends on place of ordinary residence rather than nationality, but clearly it would be harder for, say, the English than the Scots to comply with the condition of ordinary residence in Scotland. Even if this were held to be indirectly discriminatory, Section 41 of the Race Relations Act prevents an act from being rendered unlawful if it is done under statutory authority. Grants for fees are made under statutory authority. In any case, the fee concession for the final honours year is now redundant in relation to students living and studying in Scotland¹.

6.4 Parents living in England felt particularly aggrieved because of the arrangements for funding public spending in the UK: some argued that, if taxation was the same on both sides of the Border, benefits should also be. This was a view shared by those giving oral evidence in Northern Ireland. In their joint written evidence, the Committee of Vice-Chancellors and Principals and the Committee of Scottish Higher Education Principals also said that

¹ following the abolition of tuition fees for students domiciled in Scotland who attend Scottish institutions: see paragraph 6.11 below.

“offering the same product at a different price to different UK citizens when the majority of the funds that support their education are levied at a UK level is unacceptable.”²

6.5 It was not just the English who considered the arrangements inequitable. Respondents from Northern Ireland considered it particularly unfair that students who were driven by a shortage of places in the province to seek places elsewhere in the UK would have to pay a financial penalty for doing so.

6.6 We also received some strongly-worded responses from expatriate Scots, who had moved south of the Border for employment but whose children wished to attend university in Scotland. These Scottish parents expressed outrage that they would not benefit from the fee concession, when non-Scots living in Scotland would do so. There was further concern that, even if the family moved back to Scotland after a student had started a course at a Scottish institution, he or she would still be treated as coming from England for fee support and so could not qualify for the concession. Scottish parents in particular expressed concern that the effect of the Government’s decisions would be divisive and could threaten the Union.

6.7 We recognise the force of these parents’ feelings. But they have to be balanced against the likely adverse reactions to extending the fee concession to students from England, Wales and Northern Ireland at Scottish institutions but not to those on longer courses at institutions in other parts of the UK. There remains the problem of eliminating one perceived anomaly by substituting it with another. It was clear from our written consultations that many people outside Scotland believed that any inconsistency in financial support between UK students would be inequitable: that where students studied should be as immaterial to the fee support they received as where they usually lived.

6.8 We received in written evidence two interesting, practical examples of the anomalies that an extension would create, if confined just to other UK students at Scottish institutions.

- a. One came from a parent in England with twin daughters. One daughter wanted to take a four-year course at a Scottish university, while another wanted to do so at an English university. Neither would have qualified under the original rules for the fee concession in the fourth year; but their Scottish cousin of the same age - who wanted to follow a four-year course in Scotland - would have done. If, however, the fee concession was extended to those from the rest of the UK attending Scottish institutions, then one daughter would benefit but the other would not.
- b. The other example came from a mother in England with a son on a four-year sandwich course at an English university.³ She considered

² written evidence from the CVCP/COSHEP to the Review (1999), paragraph 32(c)

³ Students on sandwich courses are required to contribute up to £510 in 1999/2000 for a placement year, where the placement lasts a whole year or lasts twelve months spread over two or more academic years.

it unfair that her son would have to pay three and a half years' fees for three years' tuition, when - under the fee concession - students at Scottish universities would pay only three years' fees for four years' tuition.

No doubt these are just two of many examples that might have arisen. As long as there is not complete uniformity, there will always be claims that differences in treatment are inequitable.

6.9 It was no doubt for this reason that a majority of respondents to our written consultations argued for uniformity of student support across the UK. Only a minority considered that the structure of higher education courses should be uniform: most welcomed diversity in provision because it allowed students greater choice. But many argued that students would be able to take full advantage of that choice only if they had access to the same arrangements for financial support as all other UK students: otherwise many students' choice of institutions and courses might be based on financial considerations rather than educational or career grounds. Some respondents - particularly outside Scotland - did, however, acknowledge that devolution could reduce the element of uniformity that had long existed in student support across the UK.

Devolution

6.10 Since our written consultations, devolution has taken effect. The essence of devolution is that different territories should be free to take their own decisions on devolved matters such as higher education and student support. This means that Scotland is free to make different provision for student support from the rest of the UK and, vice versa, that England, Wales and Northern Ireland may make different provision from Scotland. Divergences in provision seem increasingly likely in future: it seems inevitable that devolution will lead to some differences in practice between the countries of the UK.

6.11 Scotland has recently exercised its devolved authority by making provision for the financial support of students living and studying in Scotland that will differ significantly from the support available to other UK students. The Scottish Executive has announced⁴ that it will abolish tuition fees for all full-time undergraduates who usually reside in Scotland and who attend Scottish institutions.⁵ (Instead, around 50 per cent of graduates will be required to contribute £2,000 to a Graduate Endowment, intended to support the maintenance costs of subsequent students.⁶) While students who usually reside in Scotland will not have to pay any tuition fees at Scottish institutions,

⁴ The Scottish Executive's proposals are contained in the Framework Document, *Working together for wider access to further and higher education and a fair deal for students*, published on 25 January 2000 and endorsed by the Scottish Parliament on 27 January 2000 (*Scottish Parliament Official Report*, 27 January 2000; Vol. 4, c. 487-612).

⁵ Students who usually reside in Scotland but take full-time degree courses at institutions elsewhere in the UK will still be liable to pay contributions towards tuition fees, depending on family income.

⁶ Those who are mature students, lone parents, disabled students or students on HNC/HND courses (around 50 per cent) will be exempt from payment of the Endowment.

students from other parts of the UK at such institutions may still have to contribute up to £1,000 or so a year towards tuition fees, depending on family income. The issue of other UK students' having to contribute to fees on a means-tested basis will affect not just their final honours year. Fee support for students from different parts of the UK will differ right from the start.

6.12 During oral evidence, we heard the argument that the new arrangements being introduced for students living and studying in Scotland would lead to differences in treatment between them and other UK students, but that such differences would not amount to anomalies because other UK students would be no worse off than they had been previously. As the Cubie Report, on which the Scottish Executive's proposals were based, put it:

*"...the abolition of the tuition fee contribution for full-time higher education students domiciled in Scotland will leave students from elsewhere in the UK unaffected"*⁷.

Thus, students from the rest of the UK at Scottish medical schools might have to pay tuition fees for four years of their course while their fellow Scottish students paid none; but, according to this school of thought, that would not amount to an anomaly because fee support for other UK medical students had not been reduced, even though it had been increased for Scottish students studying in Scotland.

6.13 We see two difficulties in this argument.

- a. First, we are not convinced that it will be widely accepted outside Scotland. In Northern Ireland, for instance, witnesses told us that differences in support for students from different parts of the UK would be unfair and would place students from the province at a disadvantage. Even in Scotland, there are those who consider unfair the proposed differences in treatment between students domiciled in Scotland who attend institutions there and those who choose to study elsewhere in the UK⁸.
- b. Secondly, the same arguments could be applied to the difference in fee support arrangements that we were set up to review. The UK Government, with the agreement of Parliament, decided on a reform of student support which involved the payment by students or their families of contributions towards tuition fees, depending on their income. Subsequently, Scottish Ministers decided to introduce a concession for students living in Scotland and attending Scottish institutions. That concession did not leave students from England, Wales and Northern Ireland any worse off than they had previously been; but that has not prevented many in Scotland from describing the resulting treatment as an anomaly.

⁷ The Independent Committee of Inquiry into Student Finance (1999), *Student Finance - Fairness for the Future*, Section 10, paragraph 36, page 122: see also paragraph 41, page 124

⁸ See foot-note 5 above.

6.14 In short, the point at which a difference becomes an anomaly is debatable. If the differences in fee support which affect other UK students in their first three or so years at a Scottish institution do not constitute an anomaly, then it becomes much harder to sustain the argument that contributing towards fees in the honours year is an anomaly. The changes to student support in Scotland mean that it would not make sense on grounds of equity to try to remove one difference in fee arrangements when much more significant ones are being introduced.

6.15 The changes proposed by the Scottish Executive and endorsed by the Scottish Parliament will start from the academic year 2000/01: they signal an end to uniformity in student-support arrangements across the UK. In future, there may well be a variety of student-support arrangements across the UK: this will inevitably give rise to differences in treatment of UK students following the same courses at the same institution, depending on where their place of ordinary residence is and thus on who funds their higher education.

6.16 There does, however, remain the argument that it will be unfair for students from England, Wales and Northern Ireland to have to pay more for an honours course in Scotland than their compatriots will have to pay for one in other parts of the UK. This argument depends on the assumption that the four-year honours programme in Scotland is strictly comparable with the three-year programmes that form the majority of first-degree provision in the rest of the UK. If the Scottish four-year course is distinctive from and superior to the three-year programme prevalent in the rest of the UK, then that argument falls.

6.17 We have already described⁹ relevant aspects of the differences between honours courses in Scotland and those in the rest of the UK. In evidence, several Scottish respondents said that four-year degree programmes were the norm in the USA and parts of continental Europe; that the rest of the UK was out of line with its three-year programmes; and that, if there should be any harmonisation of UK higher education in future, it should be towards the Scottish model of four-year programmes. Scottish interests - and, indeed, interests outside Scotland - are clearly prepared to argue that their honours programme is superior to the three-year programme found elsewhere in the UK.

6.18 The more the distinctiveness of the Scottish programme is pressed, however, the more difficult it is to see why it should cost no more to students than the three-year programme. Students from England, Wales or Northern Ireland who wish to study, say, humanities and who decide to do so at a Scottish institution will have exercised a choice in favour of a four-year course in preference to a three-year course available at other UK institutions - perhaps thereby obtaining a Master's rather than a Bachelor's degree. Students who wish to study other subjects - e.g. medicine or music performance - will have no such choice: they must undertake a longer course, wherever they study in the UK. We do not believe that the argument that the

⁹ in Chapter 3, paragraphs 3.4-3.5

four-year honours degree course in Scotland deserves special treatment, when other longer courses do not, would command support in the rest of the UK, even if it is generally accepted in Scotland.

6.19 Moreover, in future, students domiciled in Scotland who wish to undertake courses in other parts of the UK will have to accept less preferential student support from the Student Awards Agency for Scotland than those who take courses at Scottish institutions. Taking into account the possible extra cost of studying in another territory will inevitably become part of the process of choosing a university, wherever students may live within the UK.

6.20 We conclude that only uniformity in student-support arrangements across the UK would ensure equity in the treatment of all UK students; but that devolution may well have consigned such uniformity to the past.

Equity within the European Union

6.21 A further issue of equity arose in Parliament and in written evidence over the extension of the fee concession to students who were nationals of other member States in the European Union, when it was not available to those from England, Wales and Northern Ireland. This caused particular resentment. The fact that students from Dundalk in the Republic of Ireland would have qualified for the fee concession, when those from nearby Newry in Northern Ireland would not, threw into sharp relief the issue of equity. If students domiciled outside the UK had not been able to benefit from the fee concession, this matter might well have caused less controversy.

6.22 We have sympathy with those who would like to see other UK and other EU students treated uniformly. There could be two ways of achieving this end: either

- a. by bringing the treatment of other UK students up to the same level as that enjoyed by students from other EU member States; or
- b. by bringing the treatment of other EU students down to the same level as that to which other UK students are entitled.

There are, however, difficulties with either approach.

6.23 The argument for levelling up the arrangements for other UK students has been fundamentally undermined by the proposed changes in student-support arrangements in Scotland. The Scottish Executive intends to pay the full tuition fees of nationals of other EU member States who attend Scottish institutions, regardless of the level of their family's income. Such students will receive free tuition throughout their course (though they are expected to contribute to the Graduate Endowment). They will therefore receive

preferential treatment, compared with other UK students, not only in their final honours year but also in the preceding years. Given that that disparity will now extend to all years of courses at Scottish institutions, an argument based on equity that the same fee concession should extend to other UK as to other EU students no longer has any special validity in relation to just the final honours year. Its application would in effect result in the abolition of tuition fees for all UK and EU students on higher education programmes in Scotland and, by logical extension of the argument, for all students throughout the United Kingdom.

6.24 On the other hand, because of European law, it does not appear to be open to the UK Government or Scottish Executive to reduce other EU students' entitlement to free tuition to the same level as it is available to other UK students.

European law

6.25 The Government's justification for giving nationals from other EU member States a benefit that was not available to other UK nationals was based on European law. But many commentators found it difficult to understand why, if the concession had to be extended to nationals of other member States, those living in England, Wales or Northern Ireland did not qualify for the concession, even though they too were nationals of a member State.

6.26 Two issues have given us particular concern:

- a. whether the extension of the fee concession to other EU students was necessary; and, if so,
- b. whether such an extension should have legally extended to students domiciled in England, Wales and Northern Ireland on the grounds that they were EU nationals too.

Having considered the legal advice which we sought, we have concluded as follows.

EC Treaty and case law

6.27 The EC Treaty requires member States, including the UK, not to discriminate on grounds of nationality against nationals of other member States on matters within the scope of the Treaty¹⁰. These matters include awards for vocational training, including university studies, and access to general education¹¹. That is why EU nationals who come to the UK in order to take a full-time course of higher education have been given financial

¹⁰ Article 6 of the EC Treaty (re-numbered)

¹¹ With the insertion of Article 149 on education, even subject as it is to a duty to respect the individual systems of the individual States, it may be assumed that access to general education is covered along with access to vocational training.

support for fees charged by higher education institutions on the same basis as students who are ordinarily resident in the UK.

6.28 In relation to fee support, it is clear that students who are nationals of other EU member States must be treated no less favourably than home students. The difficulty in this matter of the fee concession is that treatment of home students would have varied, depending on whether they usually lived in Scotland or in other parts of the UK. We were advised that what had to be looked at was whether there was provision which the EU national was denied. Failure to extend the original concession to EU nationals would clearly have created such a situation. We therefore accept that any EU national (other than a UK national) seeking to undertake a course of higher education in Scotland would have been entitled to access to the concession on the same terms as access was available in some parts of the UK, rather than on the same terms as access was denied in other parts of the UK.

6.29 The legal debate over the fee concession has now been overtaken by events. Other EU students - like students resident in Scotland - will no longer have any need of the concession in their final honours year, as they will now have to pay no fees at all at Scottish institutions.

6.30 Nevertheless, we have also considered whether Community law would have obliged the Government to extend the fee concession to other UK students as EU nationals themselves. We understand that the only issue for EC law is the exercise of Community rights. The EC Treaty outlaws discrimination only on the grounds of nationality, defined in relation to member States; and EC law would have nothing to say on discrimination in the application of the fee concession as between people from the constituent parts of the UK. The European Court of Justice has generally refused to apply Community law to matters purely internal to a member State unless a claim can be made in respect of freedom of movement across national boundaries.

6.31 Other legal issues that have been raised by commentators on this matter concern human rights and competition law. (We have already outlined our understanding of the Race Relations Act in paragraph 6.3 above.)

European Convention on Human Rights

6.32 The Human Rights Act 1998 embeds in domestic law those parts of the European Convention on Human Rights to which successive UK Governments have signed up. From the date on which it comes fully into force, 2 October 2000, the domestic courts will have significant powers to measure the public administration of the UK against the standards of the Convention. It would be unlawful for a public authority to act in a way that is incompatible with a Convention right unless it were obliged by primary or secondary legislation to do so.

6.33 The incorporation of the Convention into UK law means entering uncharted territory, and it remains to be seen how the courts will interpret the Convention in case law. But, in any event, as we have pointed out in our discussion of the Race Relations Act¹², the fee concession is now redundant in relation to students living and studying in Scotland.

Competition law

6.34 The final legal argument we heard was that discrimination in the level of fees charged to English students could constitute a barrier to entry to professions such as the Scottish legal profession and so contravene EU legislation and UK competition law.

6.35 We understand that competition law would, however, be irrelevant in this instance. Competition law is aimed at controlling agreements or concerted practices by undertakings, which do not arise in matters of fee support. Even if it could be argued that differential fee-support arrangements could create a barrier to entry to Scottish professions for students from England, Wales and Northern Ireland, that does not appear to be illegal.

Conclusion

6.36 Whilst we have felt it necessary to address these complex arguments, they have now become irrelevant to the fee concession for the final honours year. The decision in Scotland to abolish the requirement for students normally resident in Scotland or another EU member State to contribute towards tuition fees at institutions in Scotland means that the concession will never be implemented there; and so the grounds for mounting a legal challenge on that particular issue have been removed.

¹² in paragraph 6.3

CHAPTER 7 : CROSS-BORDER FLOWS OF STUDENTS

7.1 In addition to equity, we have considered the likely effect of different fee-support arrangements on the market for higher education in Scotland. We have analysed in particular the flows of students between the constituent territories of the UK and the impact of changes in student support on those flows.

7.2 Scotland has long exported¹ higher education to the rest of the UK; and some Scottish universities and colleges depend on attracting students from England and Northern Ireland to fill their places. The potential damage to Scottish institutions of the Government's decision not to extend the fee concession to other UK students - through lower application and admission numbers - has figured frequently in debates over this matter.

7.3 In considering this issue, we have sought to identify

- a. whether the absence of a fee concession for students from England, Wales and Northern Ireland has led to a fall in applications and admissions to Scottish institutions; and, more generally,
- b. what effect the extra cost of four-year courses may have had on the export of higher education from Scotland to other parts of the UK.

A prior question is whether there is any particular merit in supporting or even encouraging cross-border movement among students or whether studying in the home territory may be good in itself. In many other countries, it is accepted practice to study locally.

Student mobility in higher education

7.4 Home students are free to study at any institution in the UK prepared to admit them. This has meant that, while some institutions have always had a particular local or regional focus, many universities - particularly the older ones - attract students from the whole of the UK and beyond. For the past forty years or so, the UK system of student support, including the provision of maintenance grants, encouraged full-time undergraduates to study away from home.

7.5 Scottish universities have been beneficiaries of this system. While there has been a small out-flow of students from Scotland to institutions in the rest of the UK, there has been a much larger in-flow of students from the rest of the UK to Scottish institutions. In 1998/99, nearly 22,000 students domiciled in England, Wales or Northern Ireland were studying in Scotland

¹ Although Scotland may be said to 'import' students, in terms of trade it exports higher education to other territories.

on first-degree courses in higher education institutions, while fewer than 6,000 domiciled in Scotland were doing so in the rest of the UK.² This reflects the fact that, in 1998/99, almost 12 per cent of all places³ on first-degree courses in higher education institutions were in Scotland, even though under 10 per cent of all home students on such courses normally lived in Scotland. There were 16,000 more first-degree places⁴ in Scottish higher education institutions than first-degree students from Scotland in 1998/99, four times more than the corresponding figure for undergraduate places and students in 1979/80 (4,000).

7.6 By contrast, there has been a shortfall in first-degree places for home students in higher education institutions elsewhere in the UK - to a minor extent in England, though this has been balanced by a surplus in Wales, and to a major extent in Northern Ireland. Capacity in the province would have to expand by 60 per cent for it to become self-sufficient, whereas any deficiency in England and Wales taken together is negligible (under one per cent). Both Northern Ireland and England are net importers of higher education within the UK, while Scotland has been building up its exports. **Annex F** provides details of cross-border flows within the UK.

7.7 The evidence we have received indicates that many people consider the mixing of students from different territories a strength of the UK's higher education system. It is seen as encouraging students to be more outward-looking, tolerant and open to new ideas; enriching institutions by bringing together students from different backgrounds and with diverse views; and fostering political, social and cultural integration within the UK. There are signs that the new student-support systems may lead more students to study closer to home in order to reduce the cost of higher education; but this new trend is far from eradicating yet the old tradition of studying away from home. There remains considerable support for encouraging students to study in parts of the UK other than where they have grown up - or at least for ensuring that there are no obstacles to their doing so.

Students from the rest of the UK in Scottish higher education

7.8 Scottish universities and colleges thus operate within a market for higher education which stretches beyond the borders of Scotland and even beyond the UK. Of 103,000 first-degree students in Scottish higher education institutions in 1998/99, some 8 per cent of students were from overseas or other member States of the European Union. But Scottish universities and colleges recruited far more students from the rest of the UK than from abroad. Some 21 per cent of their first-degree students had domiciles in England, Wales or Northern Ireland in 1998/99.⁵

² All references to places and students in this Chapter are to those on full-time and sandwich courses, unless specified otherwise.

³ taken by home students

⁴ leaving aside those filled by other EU and overseas students

⁵ See *Working Paper 3, Trends in numbers of students in Scottish higher education institutions* (available separately), for tables and charts.

7.9 Three out of four students from the rest of the UK came from England. Only around one in fifty were domiciled in Wales. But one in four usually resided in Northern Ireland, a very high proportion for the province's population. (In 1994, the Island Crown Dependencies⁶ had supplied almost twice as many students as Wales; but the number had fallen sharply to just over one hundred by 1996.)

7.10 The profile of applicants from the rest of the UK who accepted offers of undergraduate places in Scotland in 1998 was narrower and more 'traditional' than that of home applicants to UK institutions in general.⁷ They were most likely to be young people of white ethnic origin from professional or intermediate classes. Most had academic qualifications - two or more A levels or AS equivalents - as their highest qualification on entry and had entered higher education directly from school or sixth-form college. A relatively high proportion had been previously educated at independent schools⁸ (just under one in four) or maintained grammar schools (just under one in five). The latter reflects the large number of applicants to Scottish institutions from Northern Ireland, where grammar schools are more prevalent than in England and Wales. Of the five schools and colleges in other parts of the UK which sent over a hundred students to Scottish institutions in 1996/97, three were in Northern Ireland.

7.11 Scotland has derived economic benefits from the export of higher education to the rest of the UK. According to a study undertaken for COSHEP⁹, in 1993/94, higher education generated over 4 per cent of total Scottish employment and a sectoral gross output of some £2.47 billion in Scotland, including £1.27 billion in knock-on (or multiplier) output in other Scottish sectors. The study attributed £304 million to student spending in the Scottish economy in that year. No precise figure was given for the share attributable to students from the rest of the UK; but, as they account for roughly one fifth of undergraduates, we share COSHEP's view that they must contribute significantly¹⁰. The draw-back, however, is that Scottish higher education has become dependent on the rest of the UK to fill around 20 per cent of its undergraduate places.

7.12 The degree of direct dependence varies among Scottish higher education institutions. Virtually all have at least some UK students from outside Scotland. But the newer universities and colleges attract students principally from their local region in Scotland. Students from the rest of the UK tend to be concentrated in the ancient¹¹ or old¹² universities. Over 85 per cent of students in the fourth year of a first-degree course at Scottish higher education institutions in 1998/99 were at these eight universities. Some 65 per cent were at just four universities: Edinburgh, St Andrews, Glasgow and Dundee. Most students from England and Wales were at the ancient

⁶ the Channel Islands and the Isle of Man, which are part of neither the UK nor the EU

⁷ See **Working Paper 4**, *Profile of applicants to Scottish institutions from the rest of the United Kingdom* (available separately).

⁸ where the annual costs would generally have been greater than those of higher education

⁹ I H McNicoll (1995), *The Impact of the Scottish Higher Education Sector on the Economy of Scotland*, published by COSHEP and summarised in its written evidence to the Review

¹⁰ written evidence from CVCP/COSHEP (1999), paragraph 15

¹¹ the Universities of Aberdeen, Edinburgh, Glasgow and St Andrews

¹² the Universities of Dundee, Heriot-Watt, Stirling and Strathclyde

universities, but more students from Northern Ireland were to be found in the old universities.¹³

7.13 St Andrews has been most dependent on students from the rest of the UK: in 1998/99, they accounted for just over half of all its students in the fourth year of first-degree courses. Edinburgh and Edinburgh College of Art drew almost as large a proportion of their students in the fourth year of such courses from the rest of the UK (47 and 49 per cent respectively). Other institutions where students from the rest of the UK formed over 20 per cent of the total fourth-year population in 1998/99 included Dundee, Stirling, Heriot-Watt, the Royal Scottish Academy of Music and Drama, and Queen Margaret College. It is understandable that these institutions should be particularly concerned to maintain the flow of students from England and Northern Ireland to Scotland.

7.14 Other universities and colleges have drawn smaller numbers and proportions of undergraduates from the rest of the UK. But, if the overall number of students from England, Wales and Northern Ireland were to fall significantly, institutions with smaller intakes from those territories might be as vulnerable to shifts in the market as the ancient universities, whose strong reputation for teaching and research makes them attractive to many potential students. If the latter were to accept Scottish students instead, there could be knock-on effects on other institutions which at present concentrate on the domestic Scottish market. This is therefore a matter which affects Scottish higher education as a whole.

Applications and admissions to Scottish institutions

7.15 Concern was expressed in Parliament that the Government's decision not to extend the fee concession to other UK students would reduce applications to Scottish higher education institutions from the rest of the UK and, by leading to a fall in the number of students admitted from other parts of the UK, would limit student choice and damage Scottish universities. Our terms of reference require us specifically to take into account the evidence on admissions in 1998 and applications in 1999 to Scottish higher education institutions. We have sought to establish whether there have been reductions in applications and admissions from other parts of the UK and, if so, whether they could have been caused by the lack of a fee concession for other UK students. We have therefore analysed data supplied by the Universities and Colleges Admissions Service (UCAS).¹⁴

7.16 The 1998 intake of students was the first to be affected by the UK Government's changes in student support. The number of applicants from England and Northern Ireland for undergraduate courses in Scotland fell by around 5 per cent that year. But the number of applicants from other parts of

¹³ Working Paper 5, *Distribution of students from the rest of the United Kingdom among Scottish institutions* (available separately), provides more information.

¹⁴ Working Paper 6, *Applications and admissions to Scottish higher education institutions* (available separately), analyses our findings in more detail. This draws on data supplied for the Review by UCAS, rather than the press releases issued during the admissions cycles in 1997-99. Other relevant statistical information about students from the rest of the UK at Scottish institutions is set out in Working Paper 3, *Trends in numbers of students in Scottish higher education institutions*.

the UK who accepted places on undergraduate courses at Scottish higher education institutions increased by almost 3 per cent in 1998, even though acceptances from those domiciled in Northern Ireland dropped by nearly 3 per cent. This does not support the assertion that the Government's decision against extending the fee concession reduced the number of students from the rest of the UK who would accept places at Scottish institutions. But it may have been the case, as Scottish institutions claimed, that it was too soon to see any effect in 1998.

7.17 In 1999, not only applications but also admissions from other parts of the UK to Scottish institutions fell - the former by 5 per cent, the latter by 4 per cent. But the fall in the number of applicants from England who accepted places, at over 1 per cent, did not entirely reverse the 1998 increase of over 4 per cent; and so undergraduate acceptances from England remained higher in 1999 than in 1997. A fall of almost 10 per cent in number from Northern Ireland in 1999, however, came on top of the reduction of nearly 3 per cent in 1998: an increase in higher education places in Northern Ireland, along with a drop in the number of entrants from the Republic of Ireland, made it possible for more students from the province to study at home. But there were also fewer acceptances of places at Scottish institutions in 1999 among those students who stood to benefit from the fee concession - both those domiciled in Scotland and those from other EU member States. The applications and admissions figures for both 1998 and 1999 do not thus conclusively prove that the fee concession for the honours year - or a lack of one - has been decisive in influencing student choice.

7.18 As no clear pattern emerges from the 1998 and 1999 application and acceptance figures, we have analysed figures for the four years preceding 1998 to see if any secular trend might be apparent from those. The number of applicants to Scottish institutions from other parts of the UK fell by 27 per cent between 1994 and 1998¹⁵. Most of the fall appears to have pre-dated the introduction of contributions to tuition fees from students and their families in 1998. A particularly large drop occurred in 1996, but it is difficult to disentangle the effects of a change in UCAS procedures in that year¹⁶ from other factors. However, there were also significant reductions in applications from England and Wales in 1995, before that change occurred, as shown in **Table 7.A** and **Charts 7.I** and **7.II**.

7.19 It is difficult to be certain why Scottish institutions may have become less popular with applicants from the rest of the UK.¹⁷ The decline in applications from England since at least 1995 was clearly not caused by the lack of a fee concession, since contributions to tuition fees were introduced only in 1998. If the decline happened in response to changes in student support, then it is more likely to have been associated with the progressive switch in maintenance support from grant to loan that occurred between 1990

¹⁵ compared with a fall of 14 per cent in the overall number of applicants to Scottish institutions: see *Working Paper 6*.

¹⁶ The number of applications each applicant could make was reduced from eight in 1995 to six in 1996.

¹⁷ The decline in the numbers of applicants applying to Scottish institutions from the rest of the UK seems to be continuing. By 15 December 1999, the numbers applying for entry in Autumn 2000 were down by almost 4 per cent overall compared with the corresponding date in 1998 - i.e. down by almost 3 per cent from England, 7 per cent from Wales and 6 per cent from Northern Ireland. (Source: UCAS news release, 28 January 2000, *Higher Education Applicants*, paragraph 7)

and 1999¹⁸. Grants, which had comprised the full maintenance support in 1989, fell to around 70 per cent of the package in 1994 and just over 50 per cent by 1996, with the remainder consisting of a repayable loan. They were phased out altogether for most students from England, Wales and Northern Ireland in 1999. The switch to loans has made it increasingly more expensive for students to undertake a four-year rather than a three-year degree programme. From the early 1990s onwards, fewer students from England may have been prepared to take on an extra year's debt in order to obtain a Scottish degree, when they could obtain a degree elsewhere in the UK for less.

7.20 A fall-off in applications from Northern Ireland appears to have happened more gradually, however. This may reflect the general pressure on higher education places in Northern Ireland that has arisen from a shortage of places in higher education institutions there, which we estimate to be some 11,000 places on first-degree courses in 1998/99¹⁹. That has meant that some students from the province have had to look elsewhere for higher education²⁰. The proximity of Scotland and cultural ties - together perhaps with a lack of knowledge about the real costs of higher education - may have encouraged students from Northern Ireland to take up places in Scottish universities during the mid-1990s. But the recent changes in student support, which have switched all the maintenance costs of higher education to students and their families, and the accompanying publicity given to those costs, may have started to deter students from Northern Ireland.

7.21 It is possible that the introduction of contributions towards tuition fees may be part of this deterrent. The means-testing of contributions ensures that students from low-income families do not have to pay fees; but we heard in oral evidence that the publicity surrounding tuition fees and the lack of clear information about costs may have had an adverse effect even on students from low-income families, particularly in Northern Ireland. Tuition fees may also have put off students from middle-income families. But, as **Chapter 5** explained²¹, they account for 22 per cent at most of the estimated extra cost of a four-year course, whereas living costs account for at least 78 per cent and, in some cases, 100 per cent of the extra cost of the additional year. So it seems as likely that the extra living costs associated with the additional honours year in Scotland have been increasingly deterring students from the rest of the UK, although those from better-off families and those unable to find a place at another university in the UK which meets their aspirations may still be prepared to pay the extra.

7.22 There is, however, insufficient evidence to prove conclusively that the introduction of changes in student support, whether in maintenance or in fees, has deterred students from other parts of the UK from applying to Scottish institutions. Other factors may also have been at work. Scottish universities have a large share of UK places in traditional academic

¹⁸ A chronology of changes in maintenance support is at **Annex G**.

¹⁹ See **Annex F**, paragraph F.10.

²⁰ According to the Northern Ireland Higher Education Council, 34 per cent or so of students in the province have had to undertake higher education in the rest of the UK: almost half of those - some 15 per cent in all - have attended Scottish institutions.

²¹ in paragraph 5.17

disciplines and professional and vocational subjects. Shifts in demand among applicants away from these subjects may also have led to falling applications.²²

7.23 More importantly, falling applications have not led to a sustained fall in take-up. UCAS figures on undergraduate acceptances²³ show a dip between 1994 and 1996 but recovery thereafter. As a result, acceptances from the rest of the UK were higher in 1998 than in 1994. Even if UCAS figures on undergraduate acceptances from the rest of the UK are lower in 1999 than in 1998, they have yet to fall below those for 1995 or 1996, as **Table 7.B** and **Charts 7.III** and **7.IV** show. We cannot of course predict figures for future years; but we conclude that the numbers of applicants from the rest of the UK who have accepted places at Scottish institutions have more or less held up during the late 1990s. They have not increased as the numbers from Scotland and other EU countries have done; but they have not fallen below the level of the mid-1990s either²⁴.

7.24 Admittedly, Scottish institutions have had to turn increasingly to Clearing to fill places on their degree courses. The number of entrants from the rest of the UK accepted through the main UCAS scheme fell by around 6 per cent between 1994 and 1998, mostly in 1995-96 rather than when changes in fee support occurred. But, between 1994 and 1998, the numbers accepted through Clearing from the rest of the UK rose by almost 70 per cent²⁵. This more or less made up for any shortfalls in the main scheme.

7.25 Notwithstanding this increase, the overall proportion of undergraduates accepted through Clearing in Scotland (18 per cent in 1998) still remained below the proportion so admitted in England (21 per cent)²⁶. Nor is there any evidence of a fall in entry standards as measured by A-level qualifications among entrants from the rest of the UK to Scottish institutions. The average score of A-level applicants to Scottish institutions (over 90 per cent of whom come from the rest of the UK) rose from 20 points in 1994 to 22 in 1998.²⁷

7.26 Thus Scotland may not have expanded its exports of higher education to other parts of the UK since the mid-1990s; and Scottish universities may have become increasingly less likely to be institutions of first choice for other UK students, particularly applicants from England. But there scarcely seems to have been a crisis in recruitment from the rest of the UK. Indeed, with a higher ratio of applicants per place and a smaller proportion recruited through Clearing, Scottish higher education seems to have been facing fewer difficulties in recruitment than English higher education in general.

²² See Working Paper 6.

²³ See Working Paper 6. Data from the Higher Education Statistics Agency on entrants from the rest of the UK to first-degree courses in Scottish higher education institutions show a dip between 1995/96 and 1997/98 - or from 1994/95, if entrants from the Island Crown Dependencies are included. (See Working Paper 3.)

²⁴ except for those from the Island Crown Dependencies

²⁵ See Working Paper 6.

²⁶ See Working Paper 6.

²⁷ These scores are weighted averages of both applicants accepted through the main scheme and those accepted through Clearing. See Working Paper 6.

7.27 That is not to say, however, that all is necessarily well with Scottish universities and colleges. The number of students from the rest of the UK in the fourth year of degree courses at Scottish institutions does appear to have diminished in recent years. Contrary to trends among students domiciled in Scotland or abroad, the number of students from the rest of the UK in the fourth year fell by around 8 per cent between 1994 and 1998²⁸. There may have been a variety of reasons for this: the extra expense involved cannot be ruled out. Whatever the reason, the fewer students in the fourth year, the more new entrants the universities will need to recruit.

7.28 There are also issues over narrowing access. Only a few of the parents who responded to our consultations said explicitly that they would find it difficult to afford the fees for their children who were at Scottish institutions. This may reflect the 'traditional' profile of students from the rest of the UK who attend Scottish institutions²⁹, which means that it is now predominantly young people from better-off families living in England who are willing to accept places at Scottish institutions. The extra maintenance expenses inherent in a four-year degree programme may already have contributed to the fact that access to Scottish institutions from other parts of the UK has remained narrow and not widened significantly in recent years.

7.29 There is a danger that recent changes in student support, particularly in maintenance but also in fee support for middle-income families, may further reduce the number of students prepared to accept places at Scottish institutions from less privileged backgrounds in the rest of the UK. Proportionately more students from Northern Ireland than from England at Scottish institutions come from skilled non-manual and manual socio-economic groups³⁰. The numbers of students from Northern Ireland who have accepted places on degree courses at Scottish institutions have declined since 1997. The 1999 admissions figures indicate that more students, particularly those from Northern Ireland and Wales, seem to be choosing to study near home so that they can keep their living expenses down. As provision for higher education expands in Northern Ireland, so fewer students from the province may wish to take up places in Scotland; and the profile of students from the rest of the UK who do take up places could become narrower still.

Implications for individual institutions

7.30 It might be expected that institutions which took most students from England, Wales and Northern Ireland would have suffered the biggest losses in applications and acceptances from the rest of the UK. This does not necessarily seem to have been the case. Either because of their strong reputation or because of their efforts in Clearing, some of those most dependent on students from the rest of the UK have managed to maintain or even increase their market share. It has been some of the other older

²⁸ See Working Paper 3.

²⁹ See paragraph 7.10 above.

³⁰ See Working Paper 4.

universities and specialist institutions who have lost out, particularly in the numbers of applications that they have received from other parts of the UK³¹.

7.31 It was suggested to us in oral evidence that the introduction of contributions to tuition fees would lead to a fall in applications to Scottish institutions from the rest of the UK and that that might have two possible outcomes: either

- a. the substitution of students from other EU member States for students from other parts of the UK; or
- b. the contraction of provision for higher education in Scotland, with the consequent loss of employment and other economic benefits to the Scottish economy.

7.32 In view of experience in the 1990s, the institutions which are most dependent on students from the rest of the UK would not necessarily be the most vulnerable in any future down-turn of that market. Some other Scottish institutions might be more at risk of falling demand. We do not believe that either the applications or the admissions statistics indicate cause for alarm; but some of the older institutions might need to seek to expand in other markets, if 1999 were to mark the start of a downward trend in the recruitment of other UK students.

Scottish institutions' scope for expanding in other markets

7.33 The rate of participation in full-time higher education among young people in Scotland is already higher than in any other part of the UK. Scottish universities and colleges already recruit 90-95 per cent of first-degree students domiciled in Scotland; and 99 per cent of students on first-degree courses in Scotland are in higher education institutions. The future area of growth may be in sub-degree work; but Scotland already has a high proportion of students on sub-degree courses, and this market has been dominated by further education colleges in Scotland to a much greater extent than in the rest of the UK. Recruiting students who wish to upgrade HNC or HND qualifications to degrees has enabled significant growth in Scottish higher education since 1994 and may offer further scope for expansion in future. But this market has so far been dominated by the 1992 universities.³²

7.34 If demand for places from students from the rest of the UK shrinks, then some of the older universities may increasingly seek to recruit more students from Scotland. That in turn could bring them into competition with some other Scottish institutions, in particular the 1992 universities. Whilst access could be widened to encompass more students from Scotland, there will need to be an adequate supply of applicants with appropriate qualifications who wish to undertake higher education, if standards and

³¹ See Working Paper 6.

³² See Working Paper 7, *Segmentation of Scottish higher education* (available separately).

quality are to be maintained. So, unless there is a significant increase in the numbers of pupils gaining Highers and more particularly Advanced Highers³³, the scope for some of the older universities and specialist institutions to expand in the home market appears limited.

7.35 Scottish institutions may benefit from the changes in student support being introduced by the Scottish Executive. The new arrangements will generally offer more support to Scottish students if they study in Scotland than if they study elsewhere in the UK. Many of those Scottish students who, under the previous support systems, might have chosen to study in, say, England may now prefer to study in Scotland. The out-flow of students from Scotland may therefore be reduced. However, this outflow has been only about a quarter of the in-flow from the rest of UK into Scotland. It therefore seems likely that Scottish institutions will need to continue to recruit applicants from either the rest of the UK or abroad to fill their current number of places.

7.36 The number of applicants from other EU countries who accepted undergraduate places at Scottish institutions rose up to 1998, though there was a down-turn in 1999³⁴. Scottish higher education may become more attractive again to other EU students now that, because of the Scottish Executive's recent decisions, they will have no fees to pay (though a large proportion entering the UK do not have to pay fees after means-testing in any case). But the recruitment of increasing numbers of other EU students would mean a growing cost to the Scottish Executive in fee support, particularly if they were recruited in substitution for other UK students. And it would require around a six-fold increase of their numbers to replace other UK students entirely.

7.37 Other factors which may be working against Scottish universities include not only the increasing global competition for overseas students but also the changes in student support in the Republic of Ireland. The mid-1990s saw a large increase in applications and admissions to Scottish institutions from students domiciled in the Republic of Ireland. These students, who would have had to pay tuition fees if they had studied at home, were no doubt attracted by the free tuition that used to be available to all home and other EU students in UK universities. However, the Free Fees Initiative in the Republic came fully into effect in the academic year 1996/97. That, combined with the introduction of contributions to fees in the UK in 1998, has led to a fall in applications from the Republic to the UK, including Scotland. It remains to be seen whether the abolition of fees in Scotland for other EU students will reverse that trend. Most degree courses in the Republic are four years in length³⁵ and so Scottish higher education may be at less of a competitive disadvantage in relation to Ireland than to the rest of the UK.

³³ compared with numbers obtaining the Certificate of Sixth Year Studies, which it is replacing

³⁴ See **Table 7.B** and **Chart 7.III**. HESA data also show that the number of entrants from other EU countries to Scottish institutions rose up to 1997/98 and then declined in 1998/99: see **Working Paper 3**.

³⁵ The Higher Education Authority in the Republic of Ireland estimates that four-year courses represent over 80 per cent of courses there. The general length of a first-degree course in the technological sector would also be four years, if progression arrangements in the sector are taken into account.

7.38 As we have already seen, a large fall in the number of entrants from the rest of the UK taking up places on Scottish degree courses has yet to materialise. But it is clearly a matter of concern to Scottish institutions that the numbers of applicants from the rest of the UK have been falling. If they continue to do so under the new student-support arrangements, then there is a danger that the recent downturn in admissions will also continue. It is by no means certain that all Scottish institutions could swiftly build up other markets, even if a few could clearly do so. It is therefore important for Scottish institutions to be able to continue to attract applicants from the rest of the UK if they are to fill their current number of places.

Direct entry to the second year of Scottish degree courses

7.39 The remaining question is whether Scottish institutions would have seen a decline in numbers of applicants from the rest of the UK if their honours programmes could be completed in three years - as in the rest of the UK - rather than four.

7.40 Scottish universities assured us in evidence that the option exists for applicants with good A-level grades to enter programmes in appropriate subjects in the second, rather than the first, year and thus to complete an honours degree in three, rather than four, years. They considered, however, that it was better for educational, social and personal reasons for students to enter four-year courses in the first year, though we received no hard evidence that students who did enter directly into the second year ultimately faced academic detriment. The institutions also said that there was little demand for direct entry into the second year as it was unpopular with students themselves. Evidence from individuals confirmed that students preferred to enter into the first year, largely to avoid the initial difficulties of social assimilation that they feared encountering if they entered directly into the second year.

7.41 The low level of direct entry into the second year of degree programmes is borne out by statistics. The proportion of entrants from the rest of the UK to first-degree courses at Scottish higher education institutions who entered directly into the second year of programmes in 1996/97 was under 9 per cent³⁶. This was below the proportions of entrants who did so from Scotland (10 per cent), other EU countries (9 per cent) or overseas (15 per cent), probably on the basis of having first completed HNC or HND qualifications³⁷ or their overseas equivalent. To the extent, however, that more entrants with appropriate advanced qualifications from the rest of the UK were able to enter directly into the second year and to complete an honours degree in three years, then any perceived disadvantage in the extra cost of the fourth year, whether in maintenance or fees, would disappear.

³⁶ HESA 1996/97 data supplied by the Scottish Office

³⁷ This may be related to the fact that the proportions of those entering undergraduate courses at Scottish higher education institutions from Scotland, other EU countries and the rest of the world who entered sub-degree courses between 1994 and 1998 were significantly higher than the proportions of undergraduate entrants from the rest of the UK who did so.

7.42 In due course, the introduction and spread of Advanced Highers in Scotland³⁸ may lead to more demand within the Scottish domestic market for direct entry into the second year and shorter honours programmes. If such an option were to become more acceptable in Scotland, students from the rest of the UK with appropriate qualifications could benefit too. That could remove the financial disincentive inherent in the traditional Scottish honours programme for many other UK applicants and prevent any further decline in applicant numbers. But, having regard to the evidence we received, we do not believe that this is likely to happen in the short term.

7.43 However, whatever the prospects for shorter honours programmes in Scotland, it is important that institutions should make clear their policy on direct entry into the second year before students make applications. There was concern in Northern Ireland³⁹ that there had been a widespread belief that direct entry into the second year was possible, only for students subsequently to discover that it was not apparently an option favoured by the universities and that there was thus little alternative to a four-year programme with the extra expense that that involved. The information made available in prospectuses to potential applicants should contain clear, unequivocal advice on this matter.

³⁸ to be introduced over the period 2000/01 - 2001/02, according to an unpublished paper for the Review by the Scottish Office Education Department (1999), *Higher Still and Advanced Higher*, paragraph 7

³⁹ heard in oral evidence

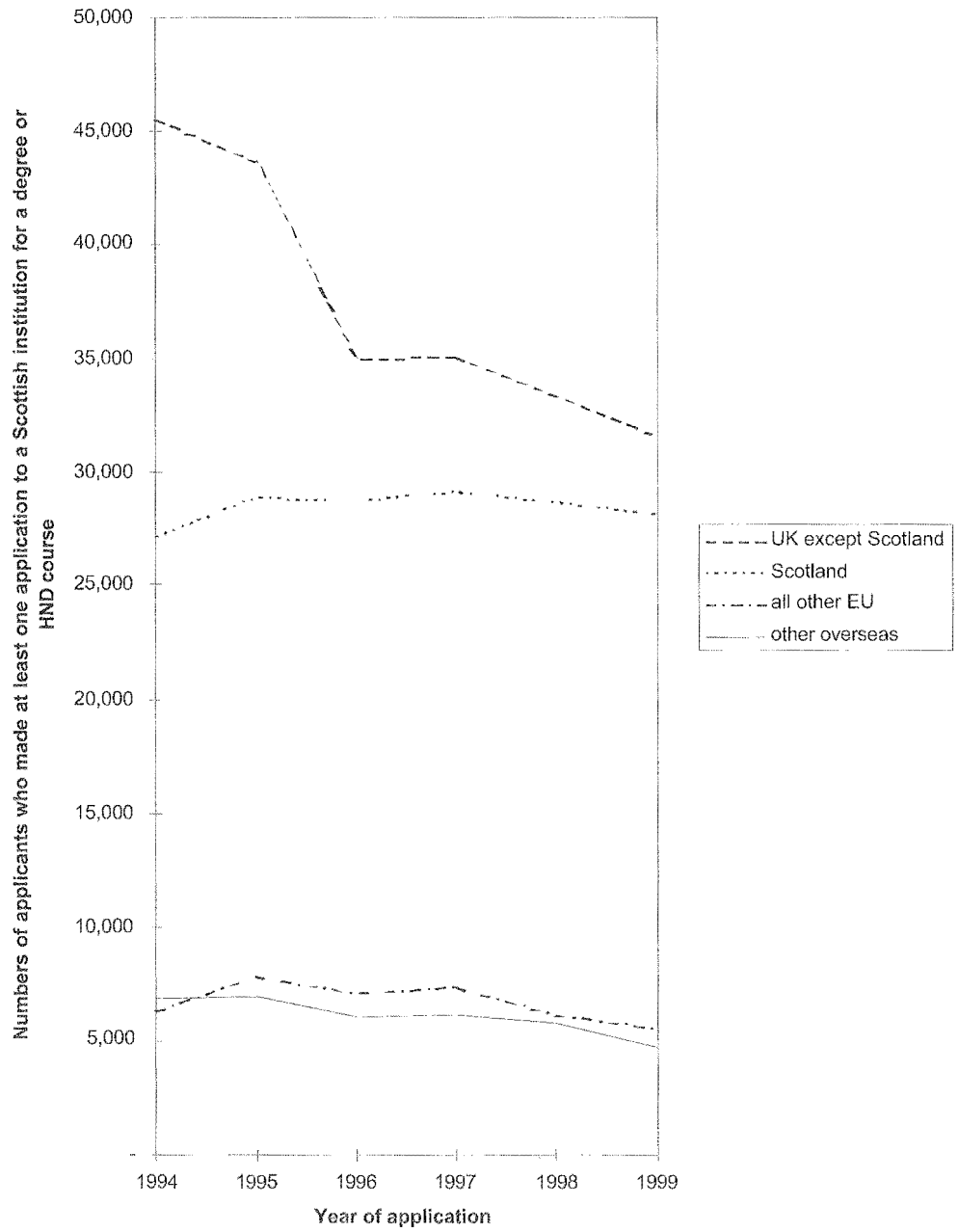
TABLE 7.A : APPLICANTS TO SCOTTISH INSTITUTIONS
1994-1999

All applicants who made at least one application to a Scottish institution
for a degree or HND course, by country of domicile

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Scotland	27,149	28,917	28,812	29,201	28,718	28,180
England	37,106	35,039	27,656	27,156	25,874	24,466
Wales	1,271	1,196	853	907	937	813
Northern Ireland	7,115	7,392	6,459	7,011	6,600	6,317
Miscellaneous UK	48	20	23	26	-	-
Other UK	45,540	43,647	34,991	35,100	33,411	31,596
Total UK	72,689	72,564	63,803	64,301	62,129	59,776
Other EU	6,296	7,842	7,065	7,332	6,176	5,581
Other overseas	6,854	6,952	6,053	6,145	5,836	4,777
Total	85,839	87,358	76,921	77,778	74,141	70,134

Source: UCAS data supplied for the Review (March 2000)

**CHART 7.1 : DOMICILE OF UNDERGRADUATE APPLICANTS
TO SCOTTISH INSTITUTIONS
1994-1999**



**CHART 7.II : UNDERGRADUATE APPLICANTS TO SCOTTISH INSTITUTIONS FROM THE REST OF THE U.K.
1994-1999**

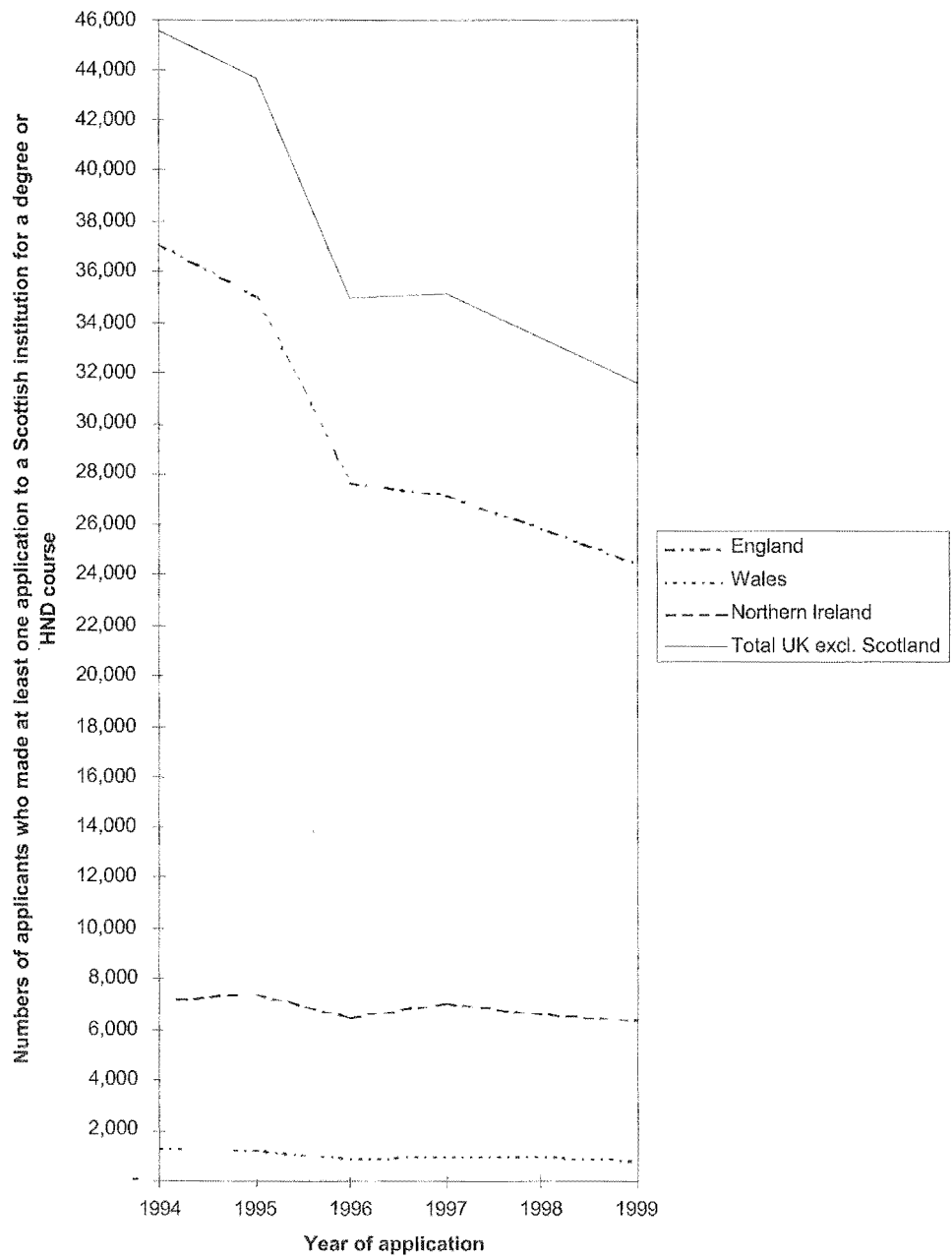


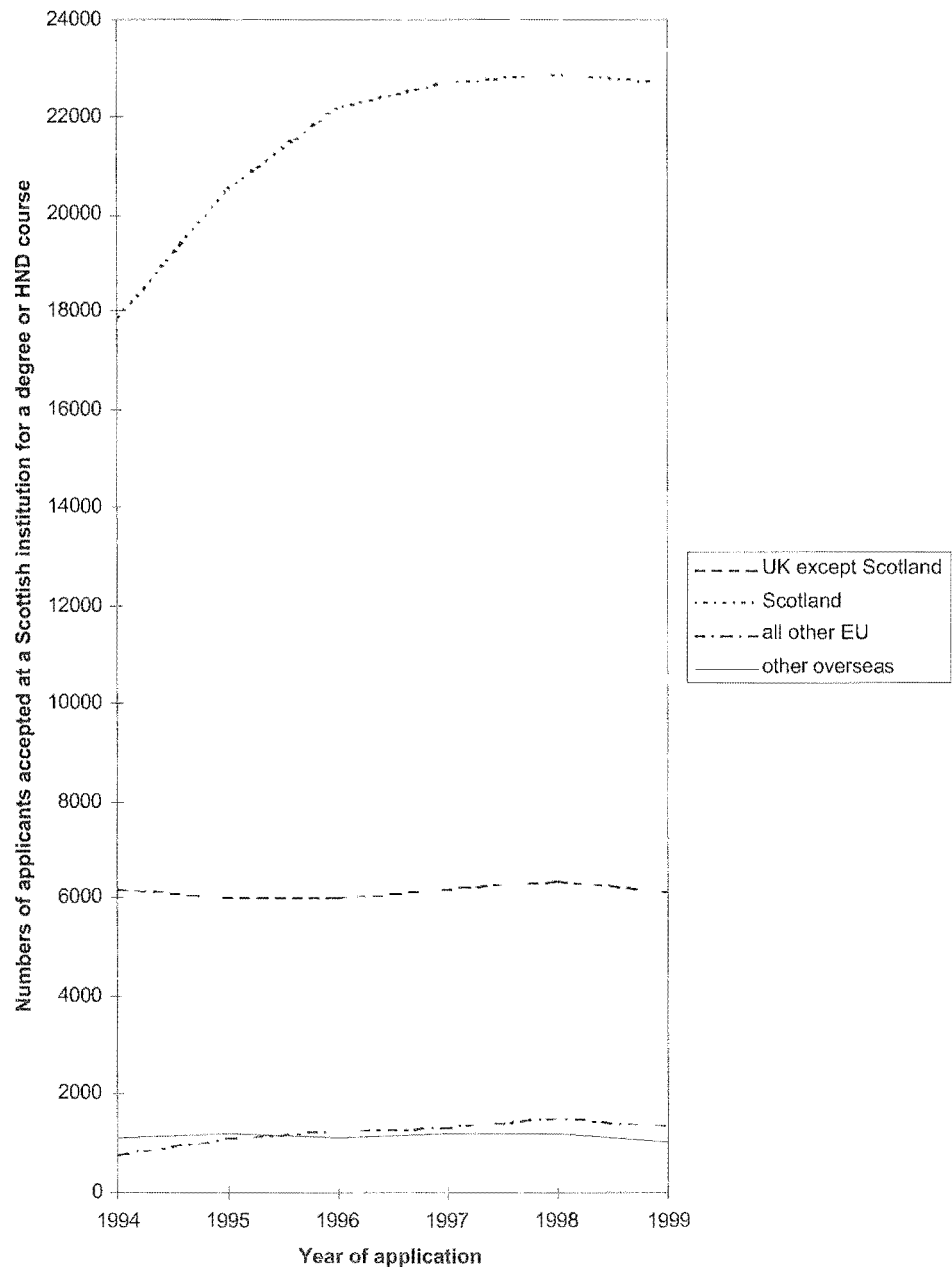
TABLE 7.B : APPLICANTS ACCEPTED AT SCOTTISH INSTITUTIONS
1994-1999

All applicants accepted at Scottish institutions for a degree or HND course,
by country of domicile

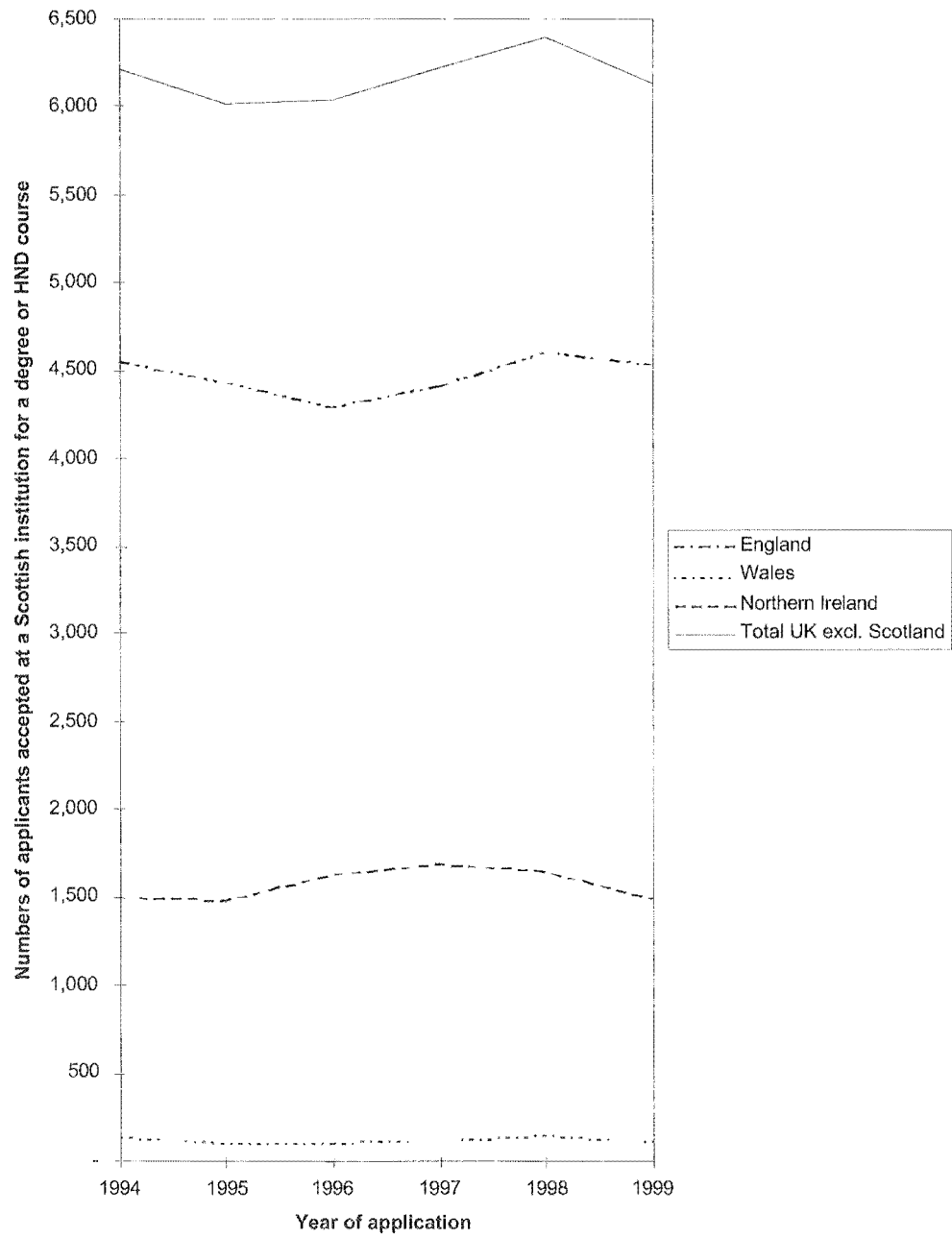
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Scotland	17,890	20,464	22,177	22,705	22,855	22,695
England	4,552	4,424	4,286	4,407	4,597	4,531
Wales	142	102	105	120	143	110
Northern Ireland	1,504	1,482	1,633	1,690	1,647	1,490
Miscellaneous UK	9	8	7	4	-	-
Other UK	6,207	6,016	6,031	6,221	6,387	6,131
Total UK	24,097	26,480	28,208	28,926	29,242	28,826
Other EU	770	1,103	1,271	1,318	1,516	1,349
Other overseas	1,130	1,198	1,120	1,203	1,194	1,041
Total	25,997	28,781	30,599	31,447	31,952	31,216

Source: UCAS data supplied for the Review (March 2000)

**CHART 7.III : DOMICILE OF UNDERGRADUATE APPLICANTS
ACCEPTED AT SCOTTISH INSTITUTIONS
1994-1999**



**CHART 7.IV : UNDERGRADUATE APPLICANTS ACCEPTED AT
SCOTTISH INSTITUTIONS FROM THE REST OF THE U.K.
1994-1999**



PART IV

CONCLUSION AND RECOMMENDATIONS

CHAPTER 8 : SHOULD OTHER U.K. STUDENTS RECEIVE A FEE CONCESSION?

8.1 To recapitulate the main arguments in Part III, Scotland has derived advantages over the years from the export of higher education to other parts of the United Kingdom. The in-flow of students from England, Wales and Northern Ireland has brought economic benefits, including employment, to various parts of Scotland. The draw-back is that Scottish higher education institutions have become dependent on students from the rest of the UK to fill a significant number of their places: a fifth - or, in the case of some universities and specialist colleges, as much as half - of their places on degree courses.

8.2 Judged by the number of applications that they receive, Scottish higher education institutions have become less popular with applicants from the rest of the UK. As we have seen in **Chapter 7**¹, the overall number of applicants for full-time undergraduate courses at Scottish institutions declined by around 14 per cent between 1994 and 1998 and further since then². The most dramatic fall - some 27 per cent between 1994 and 1998³ - has been in applications from the rest of the UK.

8.3 The fall in applications has not led to a sustained fall in acceptances or numbers of entrants to first-degree courses. The number of applicants from Scotland and other EU member States who accepted places at Scottish institutions grew until the late 1990s, while the number doing so from the rest of the UK remained more or less constant.⁴ However, this has been achieved by a heavier reliance on recruiting students through Clearing, even in universities which have traditionally filled virtually all their places through the main UCAS scheme. A down-turn in acceptances in 1999 does, moreover, raise concerns that the numbers of entrants is now starting to fall. If so, there is a danger that the already narrow profile of students from the rest of the UK will grow narrower still, with increasingly disproportionate numbers drawn from independent and grammar schools.

8.4 There may be a variety of reasons for the decline in demand from the rest of the UK for Scottish higher education. One is undoubtedly changes in UCAS procedures in 1996, which led that year to a significant drop in applications to Scottish institutions from potential students living in the rest of the UK. But other factors also seem to be at work. Demand appears to be moving away from the more traditional academic and vocational subjects on which Scottish institutions have concentrated. More importantly, changes in student support have transferred more of the costs associated with higher education to students and their families. As students have become more conscious of those costs, so they may have become increasingly concerned to get the best deal in higher education.

¹ in paragraph 7.18, Chart 7.1 and *Working Paper 6, Applications and admissions to Scottish higher education institutions*

² 18 per cent between 1994 and 1999

³ 31 per cent between 1994 and 1999

⁴ See **Chapter 7**, paragraph 7.23 and Chart 7.III.

8.5 This is not a new phenomenon: it started becoming apparent around the mid-1990s, several years before the recent changes in student support. By then, grants had fallen to around half of maintenance support, while loans made up the rest. The changes in student support in 1998, including the full replacement of grants with loans as well as the introduction of contributions towards tuition fees, mean that the demand for longer courses throughout the UK is likely to diminish. It is difficult to isolate the significance of the introduction of private contributions to tuition fees. We believe that tuition fees are a minor factor, but a factor nonetheless.

8.6 Most students who have grown up in Scotland and obtained Scottish secondary qualifications may wish to undertake higher education in Scottish institutions and indeed may have little choice but to do so. They may thus have no alternative but to undertake a four-year programme if they want to obtain an honours degree. But, for most students from the rest of the UK who have A-level qualifications, there are other options.

8.7 The quality of teaching and learning should of course be of prime importance to applicants in deciding where to study. But, for many from England, Wales and Northern Ireland, affordability can no longer be ignored. In the past, questions of relative price, efficiency and value for money may have been of interest only to those who controlled the public funding of higher education on behalf of the tax-payer. But, now that the cost of higher education has been increasingly transferred towards students in England, Wales and Northern Ireland, they too have an interest in such questions, as well as the quality of higher education and the value of any qualification that they will gain.

8.8 As we have seen in **Chapter 5**⁵, it costs a family from England, Wales or Northern Ireland in the region of £3,500 extra in living costs for a dependent student to undertake a fourth year in higher education. So it is hardly surprising if students from the rest of the UK see a financial disincentive in the Scottish four-year programme or if some feel that it is an option that they cannot afford. It may increasingly become the case that, among other UK students, only those from wealthy backgrounds in England, Wales and Northern Ireland will be able to afford to undertake a degree course in Scotland.

8.9 An extra year's tuition fees can add up to some £1,000 to the cost, bringing it to £4,500. Fees therefore add to the existing disincentive to undertake four-year courses. For students from the rest of the UK, the four-year honours programme offered by Scottish higher education institutions is now at a competitive disadvantage to the three-year programmes on offer elsewhere in the UK. We cannot predict how applications and admissions will turn out in the next few years; but it may not be an easy task for Scottish universities and colleges to retain their current market share of other UK students.

⁵ in paragraphs 5.20-5.25

8.10 This may matter little if Scottish higher education institutions can expand their intake from other markets. But they have a smaller share of the overall higher education market in Scotland than higher education institutions in the rest of the UK, because further education colleges largely provide the sub-degree places in Scotland: the impetus for more sub-degree work in future will not directly benefit higher education institutions there. Some of the 1992 universities have found a new home market for degree courses among applicants with HNC or HND qualifications; but the older universities, which have depended on other UK students, have scarcely entered this market. The competition for overseas students is already severe, and so scope for expanding overseas numbers seems very limited. The inflow of students from the Republic of Ireland now seems to be ebbing, as a result of the Free Fees Initiative there. Because of the Scottish Executive's recent decision to abolish tuition fees for students domiciled in Scotland and other EU member States, Scottish institutions may now attract students from Scotland who would previously have undertaken three-year courses in other parts of the UK, notably England. They may also now be at less of a competitive disadvantage in attracting other EU students; but their current intake would need to increase around six-fold in order to replace students from the rest of the UK.

8.11 Scottish higher education institutions therefore need to continue attracting other UK students. In these circumstances, it is understandable that they wish to reduce the financial disincentive to such students inherent in the longer honours programme that they offer. Though a fee concession for the additional honours year could not remove that disincentive entirely, because of the £3,500 or so needed for living expenses, it would at least reduce the extra cost. It might therefore make it easier for Scottish institutions to recruit other UK students.

8.12 A fee concession would also help to reduce the disparity in costs that will face students at Scottish institutions from England, Wales and Northern Ireland, compared with their peers from Scotland and other EU member States. As we noted in **Chapter 6**⁶, we received arguments that the cost of higher education should be the same for all UK and EU students, wherever they might usually be resident and wherever they might be studying. But only uniformity in student support arrangements across the UK would achieve that; and devolution may well have put an end to such uniformity. The other territories cannot be expected to match the changes that the Scottish Executive has introduced for students from Scotland who study in Scotland. Unfair though it may seem, it is in our view inevitable that students from other parts of the UK could find themselves paying fees to study at university alongside students from Scotland and other EU countries who pay no fees. But introducing a fee concession for the final honours year would reduce disparities in fee contributions, even if it cannot remove them. Such a fee concession would also reduce the disparity between the cost of honours programmes provided by Scottish institutions and that of three-year degree

⁶ in paragraphs 6.2-6.9

programmes offered by other UK institutions.

8.13 We therefore recommend that a fee concession for the final honours year at Scottish institutions should be given to students domiciled in other parts of the UK. This should help Scottish institutions to continue to recruit students from the rest of the UK and reduce a potential impediment to cross-border flows.

8.14 On this basis, Scottish institutions should not require students ordinarily resident in England, Wales or Northern Ireland to meet any fees in their final honours year from their own (or their families') resources. However, if Scottish institutions are not to suffer financially from waiving the fee contributions that would be due directly from students ordinarily resident in other parts of the UK, then they would need to be reimbursed by the Scottish Higher Education Funding Council.

8.15 The fee concession should apply where courses are a year longer than those leading to comparable qualifications in the rest of the UK. It should not apply to courses at Scottish institutions which are no longer than the majority of courses leading to directly comparable qualifications at institutions in England, Wales and Northern Ireland.⁷

8.16 We also recommend that each Scottish higher education institution should make it clear in its prospectus whether or not it favours direct entry into the second year of its degree programmes for applicants with suitable advanced qualifications. The advice given in the prospectus should be unequivocal and consistent with any informal advice that may subsequently be given to entrants.⁸

⁷ See Annex E, paragraphs E.7-E.8, which identify some difficulties (in the context of the original concession) in regard to BEd courses and courses at music conservatoires.

⁸ See Chapter 7, paragraph 7.43.

CHAPTER 9 : WHO SHOULD PAY FOR THE FEE CONCESSION?

9.1 The general principle underlying student support arrangements in the UK is that the relevant authorities or agencies in the student's home territory should meet the cost of their support. If the fee concession were extended to all students on longer courses throughout the UK, there would seem little point in applying any other principle. The question is whether that principle should apply if the fee concession were provided just for other UK students at Scottish institutions.

9.2 The majority of respondents to our consultations considered that it should. But a significant proportion of those - particularly from Scotland - felt that the issue of which territory should meet the cost was less important than securing the provision of a concession for other UK students. Some argued that the economic benefits that Scotland derived from its export of higher education to the rest of the UK justified a subsidy from the Scottish Executive.

9.3 Other respondents pointed out that taxation was not hypothecated for spending in the territory in which it was raised. In their view, it did not matter which territory paid for the concession because all public spending on higher education currently came from the central Exchequer. There is merit in this argument, but the difficulty is that spending on this fee concession may nevertheless leave a particular territory with fewer resources for spending on other priorities.

The Cubie Report : Recommendation 34

9.4 The Cubie Report recommended that the fee concession should be applied to students from England, Wales and Northern Ireland in the fourth year of degree courses at Scottish institutions and that the Department for Education and Employment, the Welsh Executive and the Northern Ireland Office should meet the cost of this:

*“Recommendation 34: We commend to the Scottish Fee Waiver Review that Ministers elsewhere in the UK should resolve the fourth year anomaly, by introducing a fee waiver scheme as a matter of urgency.”*¹

9.5 The central argument put forward in the Cubie Report to justify its Recommendation 34 was that

*“the student support system for students from one part of the UK needs to adapt to the circumstances prevailing in the higher education systems in other parts of the UK”*².

¹ The Independent Committee of Inquiry into Student Finance (1999), *Student Finance - Fairness for the Future*, Section 10, page 128, paragraph 55

² *ibid.*, Section 10, page 127, paragraph 53

It cites as an example the fact that Scottish students attending London universities receive a London weighting, paid by the Student Awards Agency for Scotland (SAAS). It thus implies that, whilst Scotland has observed this principle, the rest of the UK has not.

9.6 We are not persuaded by the suggested analogy with the payment of tuition fees for the final honours year of a course at a Scottish institution. London weighting is an extra entitlement to repayable maintenance loans designed to help students to cope with the higher costs of living in London. It is not an extra non-repayable grant for fees paid on students' behalf to London institutions. Though their costs may be higher, London institutions do not charge students higher fees: rather, it is accepted that the Higher Education Funding Council for England should compensate London institutions for those extra costs.

9.7 Moreover, the Scottish Executive's abolition of tuition fees and introduction of more generous maintenance support for students domiciled in Scotland and attending Scottish institutions have now changed the situation. Other awarding authorities within the UK cannot be expected to match the post-Cubie arrangements in Scotland and to provide students from the rest of the UK who attend Scottish institutions with the same level of financial support. This would entail their treating those of their students who attend Scottish institutions differently from those who study at other UK institutions: students would be bound to regard that as inequitable. We see no reason therefore to expect them to match the pre-Cubie arrangements in Scotland in the case of the fee concession for the additional honours year. We are not convinced by the arguments behind Recommendation 34 in the Cubie Report.

9.8 There are other reasons too against expecting the home territories, rather than Scotland, to meet the costs of the fee concession.

- a. The purpose of the concession would be chiefly to support Scottish institutions in maintaining the in-flow of students from the rest of the UK and the economic benefits that they bring.
- b. Baseline transfers to Scotland³ have already taken account of the fact that most students undertake a four-year honours course in Scotland, when elsewhere they could undertake a three-year honours course at less cost to public funds. Institutional grant from the funding bodies covers 75 per cent or so of the average costs of tuition⁴. After allowance has been made for students from lower-income families (who will in any case have their fees paid in whole or part by awarding

³ When the new territorial higher education funding bodies were set up after the Further and Higher Education Acts 1992, transfers of £361 million in 1993-94 and £371 million in 1994-95 were made from the Department for Education to the Scottish and Welsh Offices for the older Scottish and Welsh universities (according to HM Treasury (1993), *Statistical Supplement to the 1992 Autumn Statement*, Cm. 2219, paragraph 7.13). There does not appear to be a formal record of the apportionment between the Scottish and Welsh Offices; but such evidence as there is (e.g. the Universities Funding Council Accounts for 1992-93) makes it seem likely that, in 1993-94, around £256 million went to the Scottish Office for the eight universities previously funded by the Universities Funding Council. This funding would have covered students at Scottish institutions domiciled in England, Wales, Northern Ireland and other EU member States as well as those domiciled in Scotland.

⁴ This is the broad average for the UK as a whole. The average proportion of tuition costs at Scottish higher education institutions that is met by grant from the Scottish Higher Education Funding Council is likely to be higher than this because public spending on teaching per full-time student is higher in Scotland than in England; see foot-note 6 below.

bodies in their home territories), Scotland will have to meet less than a quarter of 25 per cent of the cost of the course for students from England, Wales and Northern Ireland on eligible courses - probably under 5 per cent.

- c. The cost of funding the fee concession for students from the rest of the UK at Scottish institutions would be offset by savings made by the Scottish Executive on support for students from Scotland who attended three-year courses elsewhere in the UK.
- d. An alternative to Scottish institutions' recruiting other UK students would be for them to recruit other EU students. In that event, the Scottish Executive would have to meet the costs of other EU students' fees in all years, not just the final honours year. Scotland would then incur higher costs in fee support in any case.
- e. Making the students' home territory liable for the cost of the concession would make it difficult to resist the argument for widening the concession to all students on longer courses throughout the UK.

Fee concessions for ERASMUS students

9.9 It has been pointed out to us that some students from England, Wales and Northern Ireland on four-year degree courses will receive a year of free tuition without means-testing - that is, those students who take part in SOCRATES-ERASMUS exchanges, spending a year at university in another EU member State in addition to the normal three-year degree course at an institution in the UK. It has been argued that such a concession provides a precedent for the home territory to make a fee concession for students from England, Wales and Northern Ireland in the fourth year of honours courses in Scotland.

9.10 A key condition for participation in these exchanges is, however, that receiving universities and colleges may not charge incoming students fees. Universities and colleges in other member States may not therefore charge fees to UK students who participate in the ERASMUS scheme. Nor may UK universities or colleges charge fees to students from other member States who take part in the scheme. The Government has taken the view that outgoing students from the UK should not then be required to pay towards the cost of teaching an incoming European student, who will not be charged at all. The territorial higher education funding body will instead provide funds directly to universities and colleges to cover the tuition fee for the incoming ERASMUS student.

9.11 This arrangement will not apply to any other students who spend a full year abroad as part of their UK course. Such other students will be expected

to pay, according to their means, up to the usual amount for a sandwich year - that is, half the full fee for a year spent studying in a UK institution⁵.

9.12 Any parallel with the case of students from England, Wales and Northern Ireland who attend Scottish universities and colleges seems tenuous to us. In that case, Scottish institutions will still be charging fees; and the question is who should meet those fees. If the ERASMUS example provides a precedent at all, it may be a precedent

- a. for the relevant territorial funding body to compensate the institutions it funds for not charging fees to incoming students; and
- b. for the administration which normally funds that territorial funding body to provide reimbursement

- rather than for the students' home authority to provide full fee support, irrespective of the students' family income.

Cost of provision in Scotland compared with the rest of the UK

9.13 There might still be an argument for the fee concession for students in the honours year of Scottish degree courses to be funded by the other territories if it meant the optimum use of higher education places across the UK. So a further question is whether it is a better use of resources to place other UK students in Scottish institutions, where there is existing capacity, or to provide more places in other territories where there is more home demand.

9.14 In the short term, it may be better to make use of existing capacity than to provide new places, with the capital costs that would involve. In the longer term, however, the additional recurrent costs of providing places in Scotland may outweigh those costs. We have broadly estimated the total costs of tuition for an honours degree to be on average some 50 per cent higher in Scotland than in England⁶. In the longer term, it may be a better use of public funds for the Department for Education and Employment and the Department of Higher and Further Education, Training and Employment (Northern Ireland) to invest in new places in the institutions for which they themselves have responsibility.

⁵ £510 in 1999/2000

⁶ According to the Garrick Report, "A detailed analysis, conducted by the Scottish Office Education and Industry Department (SOEID) and Scottish Higher Education Funding Council (SHEFC), has revealed that, calculated on a like-for-like basis, public expenditure on teaching per full-time student in higher education institutions per year is approximately 10 per cent higher in Scotland than in England. The longer honours degree has no impact upon this figure which has been arrived at after other factors have been discounted such as the different subject mix across borders." (The National Committee of Inquiry into Higher Education (1997), *Higher Education in the learning society: Report of the Scottish Committee*, page 87, paragraph 6.3). The average cost of an honours programme in Scotland, including the fourth year, may therefore be expressed as approximately $\frac{440}{300}$ per cent of the cost of an average honours programme in England - i.e. roughly 150 per cent.

Conclusion

9.15 We have considered carefully which territory should be responsible for meeting the costs of a fee concession for students from England, Wales and Northern Ireland at Scottish institutions. We acknowledge that fee support has conventionally been a matter for the home territory where the student is ordinarily resident. But we do not regard this as a compelling precedent in this situation.

9.16 Rather, **we recommend that Scotland should meet the costs of providing the fee concession to students from the rest of the UK in their additional honours year.**⁷ Our reasons, in addition to those in paragraph 9.8, are as follows.

- a. The problem over fee support for students from the rest of the UK in the final honours year at Scottish universities and colleges has arisen from the distinctive length of Scottish honours courses. That is a matter essentially for Scotland.
- b. The main purpose of a fee concession would be to benefit Scottish institutions, albeit indirectly, by making their four-year honours courses more marketable.
- c. A shortfall in capacity does not exist in England and Wales; and we accept the force of the argument that, if those home territories were to extend the fee concession to their students at Scottish institutions, they would simply create another anomaly within their own territories. They would almost inevitably face demands that the fee concession should be extended to all students in the fourth or later year of a degree course throughout the UK - at considerable cost, probably of the order of £18 - 28 million a year⁸. As devolution becomes a major part of the political landscape, there is no reason to read across from fee-support arrangements in Scotland for students on four-year courses to those in other parts of the UK.

9.17 We do not therefore recommend that England and Wales should meet the full fee for the final honours year of all their students at Scottish institutions, irrespective of family income. However, in the case of those students from low- or middle-income families for whom the tuition fee is already being paid (in part or in whole) from public funds in England, Wales and Northern Ireland, then it should continue to be so paid.

9.18 We recognise that the extension of the fee concession which we recommend will have consequences for parents' maintenance contributions and students' eligibility for means-tested loans: some parents will have to contribute more towards maintenance, while students will be able to borrow less⁹. This may mean savings for public funds in the rest of the UK; and

⁷ To avoid any implications for fee support for students on longer courses elsewhere in the UK, the costs should be met from Scotland's own resources, not by baseline transfers from the Department for Education and Employment and from the Department of Higher and Further Education, Training and Employment (Northern Ireland).

⁸ See Chapter 5, paragraph 5.12.

⁹ See Chapter 5, paragraphs 5.18 and 5.6.

precise accounting would require consequential adjustments between the Scottish block, the Northern Ireland block and the DfEE's Vote for student support. However, given the small sums of money at issue, the difficulties of estimating them and the multiple agencies involved, there seem to us good reasons for making no adjustments through baseline transfers. But this would be a matter for the territorial Departments involved.

9.19 Should Scotland decide against providing a fee concession for other UK students in the final honours year of Scottish courses, then finally **we recommend that Northern Ireland should consider how best to ensure that its students are not disadvantaged by the deficiency of higher education places in the province.** Options might include:

- a. increasing the number of places provided in the province, though this may take a number of years;
- b. encouraging more students to take up places in other parts of the UK on three-year degree programmes which achieve appropriate articulation between the secondary and tertiary level;
- c. meeting the full fee for the additional honours year of its students at Scottish institutions. This would not be an ideal situation as it would differentiate between programmes in Scotland and other four-year programmes in the rest of the UK; but it may be tolerable in the short term.

9.20 While some students from the province have little option at present but to go to Britain in order to undertake higher education, the shortage of places in Northern Ireland may be expected to diminish. The Free Fees Initiative in the Republic of Ireland seems to be leading to fewer Irish students' taking up places in the province. The number of places in Northern Ireland is in any case already growing and, with the go-ahead for the Springvale project, should increase yet further. These factors (apart from any other steps taken to increase provision) should expand capacity at home for Northern Ireland students and so reduce over time the need for so many of them to take up places in Scotland. Any decision by Northern Ireland, in the absence of action from Scotland, to provide fee support for the final honours year of students from the province on Scottish courses should therefore be reviewed after a period of three years. We would emphasize that such a decision should not be regarded as removing the need to achieve a much better balance between home and away provision for students domiciled in Northern Ireland.

ANNEXES

ANNEX A : MEMBERSHIP OF THE REVIEW

Sir George Quigley CB (Chairman)

Lord Burns GCB

Professor Michael Hamlin CBE

Sir Philip Jones CB

Secretariat:

Katherine Fleay

David Ferguson (December 1998 – May 1999)

ANNEX B : TERMS OF REFERENCE FOR THE REVIEW

In fulfilment of the statutory requirements in section 25(4) of the Teaching and Higher Education Act 1998 and Article 6(4) of the Education (Student Support) (Northern Ireland) Order 1998:

to review the arrangements for England, Wales and Northern Ireland for paying grants for students' fees for the final honours year of first-degree courses at higher education institutions in Scotland, which are generally one year longer than comparable courses elsewhere in the UK;

to consider the impact of those arrangements, taking into account the evidence on admissions in 1998 and applications in 1999 to Scottish higher education institutions, and to consider the need for any change; and

to report to the Secretary of State for Education and Employment, the First Secretary of the National Assembly for Wales, the Scottish Ministers and the Department of Education for Northern Ireland by summer 1999¹, bearing in mind that the Committee's report is to be laid before each House of the Westminster Parliament and before the Northern Ireland Assembly not later than 1st April 2000.

The Committee's report will be placed in the National Assembly for Wales and the Scottish Parliament at the same time as it is laid before the Westminster Parliament and the Northern Ireland Assembly.

The Committee should take evidence from:

- the Committee of Scottish Higher Education Principals, the Committee of Vice-Chancellors and Principals, and the Committee of Heads of Welsh Higher Education Institutions;
- such other bodies as the Secretaries of State for Education and Employment, for Wales and for Scotland and the Department of Education for Northern Ireland may invite to make representations; and
- any others who may wish to offer evidence.

¹ deferred with the agreement of Ministers

ANNEX C : THE GOVERNMENT'S ANNOUNCEMENT OF THE FEE CONCESSION FOR STUDENTS DOMICILED IN SCOTLAND

C.1 The fee concession for students domiciled in Scotland was announced by the Scottish Education Minister, Mr Brian Wilson MP, on 27 October 1997 at the Annual Forum of the Committee of Scottish Higher Education Principals (COSHEP) in Glasgow.

C.2 The press release reporting his speech and the concession is at **Appendix C.I.**

Scottish Office News Release - 1581/97 Date 27 October 1997

BRIAN WILSON SETTLES 4TH YEAR FEES QUESTION

Scottish Education Minister, Mr Brian Wilson MP today announced how the Government would deal with the Garrick Committee's recommendation that the fees contribution from Scottish graduates is equitable with the contribution for comparable qualifications gained elsewhere in the UK. Speaking at the Conference of Scottish Higher Education Principals Annual Forum in Glasgow, Mr Wilson said:

"Scots must generally study four years for the typical degree as compared to three in England. Equity in my view demands that those students should only pay £3,000 in Scotland when someone achieving a comparable qualification in England pays £3,000.

"I therefore intend that the Student Awards Agency for Scotland should pay the full £1,000 to educational institutions in the additional - or Honours - year of such courses.

"Of course, many Scottish students will not pay fees for any part of their course. On current figures, around 40 per cent would pay nothing and only a quarter or so would pay the full £1,000.

"Health students are also a vital source of employees for the NHS in Scotland and should suffer no financial disadvantage over their counterparts elsewhere in Britain. Scottish medical and dental students will therefore be exempt from fees in their 5th and/or 6th years and be eligible for an NHS 50 per cent means tested bursary towards living costs in those years. Most students on nursing degree courses and the professions allied to medicine will also receive 50 per cent NHS bursaries throughout their course and will not be required to pay tuition fees."

Together, these are significant modifications to our earlier plans that are designed to meet the concerns expressed to me by Scottish students."

BACKGROUND

1. The new student tuition fees will only apply to new students entering higher education in 1998-99. The concession for students in their 4th year will therefore begin in 2001-02 and for medical and dental students in the following years.

2. Parental or spouse contributions are intended to remain the same under the new student support regime as they do at present. The absence of any fees in

the final year will therefore mean that the parental contribution will be entirely towards maintenance and students will borrow less. This change will therefore benefit graduates by up to £1,000 rather than their parents.

3. It will be a matter for the Student Support Agencies elsewhere in the UK whether they give comparable treatment to their students coming to study in Scotland. Many of those with A levels, could be admitted into the second year of Scottish courses and complete their degrees in three years. At present, only 10 per cent of this group take up the option.

4. The detailed administrative arrangements for health professional fees and bursaries have still to be decided. However, it is not intended that there should be any shift of funds from the Scottish Higher Education Funding Council to the NHS.

5. Guidance will be provided by the Student Awards Agency for Scotland in their normal literature on the operation of the concession. A leaflet and booklet giving details of the new student support arrangements will also be published shortly by the Scottish Education and Industry Department and distributed by the Student Awards Agency for Scotland.

ANNEX D : WRITTEN EVIDENCE SUBMITTED DURING THE REVIEW

D.1 In order to give individuals and organisations across the UK the chance to express their views, we issued some five hundred invitations to give written evidence. We also placed advertisements in twenty-four newspapers and journals in March 1999 inviting views.

D.2 In addition to inviting people to express their general comments on the matter under review, we issued three questionnaires:

- a. a questionnaire sent to virtually all respondents, along with the general request for evidence and an explanatory note;
- b. a questionnaire sent to Scottish higher education institutions; and
- c. a parallel questionnaire sent to higher education institutions in the rest of the UK.

D.3 We received substantive responses from 112 individuals, institutions and organisations. The full list of respondents is at **Appendix D.I**. We shall be depositing with the Public Record Office the written evidence that we have received. (A few respondents requested confidentiality: their evidence will be withheld in accordance with their wishes.)

D.4 A summary of the responses to the questionnaires is given in **Appendix D.II**.

D.5 Most individual respondents did not follow the questionnaire but provided more general views, largely on whether or not they agreed with the Government's decisions. Their responses are summarised separately in **Appendix D.III**.

D.6 We also invited those who submitted written evidence in Spring 1999 to up-date their evidence, if they wished, at the end of the year. Eight made further submissions. These tended to refer to the Cubie Report, which had recently been published in Scotland; but they did not significantly alter the views previously presented. CVCP/ COSHEP suggested that the numbers of students lost to Scotland could be calculated using the concept of the 'anomaly deficit', representing the divergence between trends in enrolments at Scottish higher education institutions from the rest of the UK and total enrolments into higher education from those domiciled in England, Wales and Northern Ireland.

LIST OF RESPONDENTS WHO PROVIDED WRITTEN EVIDENCE

Higher and Further Education Institutions

Scottish Universities and Colleges:

University of Aberdeen
University of Abertay Dundee
University of Dundee
Edinburgh College of Art
The University of Edinburgh
University of Glasgow
Glasgow Caledonian University
Heriot-Watt University
Napier University
University of Paisley
Queen Margaret University College
The Robert Gordon University
Royal Scottish Academy of Music and Drama
University of St Andrews
University of Stirling
University of Strathclyde

English Universities and Colleges:

Anglia Polytechnic University
Bolton Institute
University of Durham
University of Huddersfield
University of Hull
University of Leeds
The University of Manchester
Royal Academy of Music
Royal Northern College of Music
University College London

Havering College of Further and Higher Education
Royal Forest of Dean College
Taunton's College

Welsh Universities:

University of Wales Institute, Cardiff
University of Wales Swansea

Universities in Northern Ireland:

University of Ulster (two responses)

Representative Bodies:

Committee of Vice-Chancellors and Principals of the Universities of the
United Kingdom / Committee of Scottish Higher Education Principals

Council of Heads of Medical Schools & Deans of UK Faculties of
Medicine

Students' Associations

Scottish Students' Associations:

Edinburgh University Students' Association
The University of St Andrews Students' Association
Stirling University Students' Association
University of Strathclyde Students' Association

The National Union of Students Scotland
Federation of Student Nationalists

Students' Associations in Northern Ireland:

NUS-USI Northern Ireland Student Centre

Schools

English Schools:

Berkhamsted Collegiate School
Leeds Grammar School
Oundle School
St Paul's Girls' School

Gavin Kane
Diana King
Dr David Knox
Dr Allan Lauder
Norman Maitland
Cllr. Kenneth Mooney
W Nowosielski
Wilfred Orr
Mrs S Parker
Roger Preston
Stan Smith
Brian Stewart
Mrs G Thompson
Elizabeth Thomson
Elizabet Wastlund
George Wilkinson
Mr C B Williamson

SUMMARY OF WRITTEN RESPONSES TO CONSULTATION QUESTIONNAIRES

THE GOVERNMENT'S DECISIONS

(QUESTIONS 1-2)

Question 1: What is your view of the rationale for the Government's decision to introduce a fee concession for students from Scotland at Scottish institutions (*Decision A*) ?

1. Answers to this question indicated a wide range of opinion. Some respondents did not answer, and many preferred to comment on the outcome of the Government's decisions rather than the underlying rationale for Decision A. Around 60 per cent, however, provided some indication of their view of the rationale. Slightly more of these rejected the rationale as flawed than accepted it as right.

2. But, even among respondents who considered it right, there were different views over what the rationale actually was. Almost one in two of those who accepted the rationale - mostly respondents from Scotland - considered that it was aimed at providing equity for Scottish students, as they had generally to study for four years for an honours degree in Scotland while students in the rest of the UK could obtain a comparable qualification after three years' study. But a similar proportion of respondents - mainly from the rest of the UK - thought that the rationale related to differences in secondary education between Scotland and the rest of the UK. In other words, they accepted the Dearing Committee's rationale rather than the Government's.

3. There were similar differences of opinion among those who considered the rationale flawed. Some of these also thought that the Government's rationale was based on differences in secondary education between Scotland and England and pointed out that the differences were more apparent than real. Others believed that the Government's rationale was aimed at providing equity for Scottish students and was based on comparability of the four-year honours degree in Scotland with the three-year degree in the rest of the UK. Some Scottish respondents denied, however, that the four-year honours degree was equivalent to the three-year degree in the rest of the UK: they seemed rather to consider that an appropriate rationale would be supporting the distinctive Scottish course or safeguarding Scottish higher education institutions.

4. Respondents from the rest of the UK who questioned the rationale for the Government's decision often said or implied that the only logical and fair decision would be to provide full fee support to all UK students in the fourth

or subsequent year of an undergraduate course, wherever they came from and wherever they might be studying in the UK. The rationale they put forward for this tended to be that such students would in any case have to bear increased loans for maintenance, as well as forgoing a further year's earnings, and, given this heavy financial burden, three years' fees should be the maximum contribution expected of any UK students or their families.

Question 2: Do you agree with the Government's decisions - to introduce a fee concession for students from Scotland at Scottish institutions (*Decision A*) and not to do so for students from the rest of the UK at Scottish institutions (*Decision B*)? If not, why not?

1. Only a minority of respondents (around 5 per cent) agreed with both decisions. (But others who agreed with the decisions or were untroubled by them were perhaps less likely to have responded than those who disagreed.)
2. The majority (some 80 per cent) disagreed with Decision B but did so for a variety of reasons.
 - a. Respondent Scottish higher education institutions and students' associations strongly supported the outcome of Decision A whilst strenuously opposing Decision B. They wished to see the fee concession extended to other UK students at Scottish institutions. National bodies whose responses had been prepared by Scottish officials and at least one Northern Ireland body shared this view.
 - b. Many individuals, particularly parents living in England or Northern Ireland whose children attended Scottish universities, also opposed Decision B, whilst presumably supporting Decision A. They wished to benefit from the fee concession.
 - c. Others - particularly from England and to some extent Northern Ireland - opposed Decision B essentially because Decision A extended to other EU students but not to other UK students. It is not clear how far these respondents positively supported Decision A but, given A and its application to other EU students, they considered Decision B unfair to other UK students.
 - d. Yet others considered that the same arrangements for fee support should apply to all UK students, wherever they were studying. If a fee concession was available for students from Scotland and other EU countries at Scottish institutions, then it should also extend to other UK students at institutions throughout the UK.

All these groups included some respondents who were opposed to any tuition-fee contributions from students or their families.

3. A minority of respondents (approaching 10 per cent) took issue explicitly with Decision A as well as Decision B - largely on the grounds that parity in treatment of both students and institutions should prevail across the UK. These respondents, who came from England or Wales, saw no grounds for making special concessions for Scottish institutions or Scottish students.

4. Around 5 per cent of respondents did not express any views on the Government's decisions.

THE IMPACT OF THE GOVERNMENT'S DECISIONS ON STUDENT CHOICE

(QUESTIONS 3, S1 & R1)

Question 3: How far do Decisions A and B affect students' choice of institution or subject? Please supply the supporting evidence.

1. Little was said about the impact of Decision A. Few Scottish respondents identified any effects on student choice arising from Decision A. English institutions considered that it would deter Scottish students from applying for four-year courses at institutions outside Scotland, though they supplied little evidence of this.
2. Many respondents asserted that Decision B had deterred other UK students from applying to Scottish institutions, but hard evidence was limited. Some Scottish institutions referred to falls in numbers of applicants from the rest of the UK; but others reported no fall or even an increase in such applicants. Some dismissed the evidence on admissions in 1998 as too early to have been affected by Decision B and insufficient to reflect trends. Very few schools in England or Northern Ireland, however, reported a decline in interest in Scottish institutions on the part of applicants.
3. Nevertheless, there was considerable concern on the part of individuals and other respondents that Decision B provided a financial deterrent for students from the rest of the UK to take degrees at Scottish institutions. Concern was expressed particularly on behalf of the less well off: only a small minority of respondents recognised that the fee concession would not benefit low-income families even if it was extended. No clear picture emerged of the implications of the Government's policy on tuition fees, as distinct from the effects of changes in maintenance support, on student choice.

Question S1¹: Has your institution experienced any difficulties as a result of the Government's decisions (A and B) or does it expect difficulties to arise in future? If so, please explain why.

1. This question was addressed to Scottish institutions only. Fourteen responded. A number said that it was too soon to judge trends.
2. Around one in three respondents reported significant falls in the number of applications from students from the rest of the UK; again, references to reduced admissions in 1998 were rare. Another one in two respondents reported declines in applications but did not seem to be experiencing significant difficulties as a result - either because they had had no difficulty in filling places or because students from the rest of the UK did not account for a large share of total student numbers. Other institutions

¹ Questions S1-S7 were addressed to Scottish institutions.

reported a mixed picture, with a decline in applications for some subjects or a decline in the acceptance of offers notwithstanding an overall increase in applications to the institution from the rest of the UK.

3. It was unclear from the evidence how far the lack of a fee concession - as opposed to the extra living costs - had deterred other UK applicants, though one Scottish institution claimed to have disentangled the relative effects since its students with Scottish domiciles had largely the same maintenance commitments as their students from other parts of the UK.

4. Other universities were concerned about possible trends towards studying nearer home and back towards three-year ordinary degrees, which would leave institutions with more places to fill. There was also concern that, while the more popular universities would still be able to fill their places even if their applications fell, others might find it increasingly difficult.

Question R1²: Have the Government's decisions (A and B) created any difficulties for your institution (or impacted favourably on it)? If so, please explain why.

1. This question was addressed to higher education institutions in England, Wales and Northern Ireland. Eleven responded. Most reported no impact from the Government's decisions, but a number said that the effects were too early to determine yet.

2. Two institutions reported some effect already. One university in England reported a decline in the number of applicants from Scotland, whilst one in Northern Ireland reported an upturn in applications from students from the province but was unclear whether this had been caused specifically by decisions on the fee concession or more generally by student-support changes and whether it would be sustained.

3. Three others expected some impact in due course. Two music conservatoires in England were concerned that they would be at a disadvantage in recruiting students from Scotland because of the fee concession in Scotland. An English college of higher education expected some impact on recruitment to four- and five-year courses in future.

4. There was some evidence that students were becoming more likely to study in the territory where they lived as a result of the general changes in student support.

² Questions R1-R5 were addressed to institutions in England, Wales and Northern Ireland.

THE FUTURE OF SCOTTISH QUALIFICATIONS

(QUESTIONS 4, S2-S6 & R4-R5)

Question 4: To what extent is entry directly into the second year of degree programmes at Scottish institutions either feasible or desirable?

1. The majority of respondents who answered this question said that direct entry to the second year was feasible - at least in certain circumstances. Many, however, considered that it was not usually desirable. Parents tended to argue this on social grounds; institutions on academic grounds. Most Scottish institutions and students' associations were adamant that direct entry into the second year should have an educational rather than a financial rationale. They listed numerous disadvantages to it and said that few students wanted to take up the option where it did exist. There were, however, a few from Scottish higher education - both institutions and students' associations - who supported the case for more flexible entry arrangements.

2. Respondents from Northern Ireland said that the information which reached students and parents about the option of direct entry into the second year often did not give a clear or full picture. They were concerned that students and parents should not be encouraged to believe that it was normal practice when in fact it occurred rarely. They wanted to see greater clarity in the information made available about entry to Scottish institutions for students from the province.

Question S2: Has your institution changed its policies on entrance or on recruiting students from elsewhere in the UK in the light of the Government's decisions? Has it, for instance, admitted more students directly into the second year?

1. Virtually no Scottish institution had changed its policies on entrance or on recruiting students from elsewhere in the UK in the light of the Government's decisions. Any changes made were minimal or likely to have happened in any event.

2. Nor had any Scottish institution admitted more students directly into the second year in response to the Government's decisions or in order to attract students from the rest of the UK. A couple had done more to promote or publicise direct second-year entry; but one said that very few applicants had taken it up, while the other made it clear that the changes had more to do with local policies than the Government's decisions on fees. Some other institutions - especially specialist institutions - did not admit students with A levels directly to the second year; but most had arrangements for this, although they said that few students actually made use of them.

3. Some Scottish institutions had been developing more flexible degree

structures or undertaking recruitment and marketing campaigns; but again these rarely seemed to have been prompted by the Government's decisions on fees or to have been aimed specifically at attracting students from the rest of the UK.

Question S3: Has your institution altered the content or structure of its degree courses in view of the Government's decisions or is it likely to do so? Could your institution's programmes be structured so as to enable A-level students from elsewhere in the UK to obtain an honours degree in three years? If not, what are the constraints?

1. Most Scottish institutions said that they would not alter the content or structure of their degree courses in view of the Government's decisions on fees. Some already allowed students with A levels to enter the second year directly and thus to complete an honours degree in three years. But most stressed the social and educational disadvantages in this, its unsuitability for any but the most able and motivated students, and its general unpopularity with applicants.

2. A few institutions were more positive in their responses, referring to the development of modular structures which would facilitate entry at points other than the first year and to various forms of support for this. But most Scottish institutions opposed the suggestion of altering the content and structure of their courses in order to attract more students from the rest of the UK, though some were prepared to countenance it for other purposes. Several institutions also claimed that the requirements of professional accrediting bodies restricted the scope for introducing three-year honours courses in Scotland.

Question S4: Does your institution already admit any students directly into the second or subsequent years of degree programmes? If so, please indicate which students and which courses.

1. Eight out of fourteen respondent Scottish institutions said that they already admitted students with A levels directly into the second or subsequent years of degree programmes. Another four did so only rarely. One specialist institution did not admit directly into the second year students with A levels but only those who had successfully completed a foundation course or an HND, whilst another did not allow direct second-year entry at all.

2. In general, Scottish institutions seemed more likely to admit applicants with HNC/HND qualifications than those with A levels directly to the second (or even third) year.

3. The range of subjects in which direct second-year entry was permitted was theoretically very wide in some institutions. But in practice most such

entry took place in science, engineering and technology. It was also starting to take place in social sciences. It seemed least likely to occur in the creative arts.

Question S5: If your institution has in the past admitted A-level or other students directly into the second year, how have they fared during their course? Are they likely to be less or more successful than students who entered the first year? How do drop-out rates for such students compare with rates for other entrants?

1. No statistical evidence was given in response to this question. Some Scottish institutions said that the numbers of students with A levels who had been admitted directly into the second year were too small to be statistically significant. But others said that such students were no more likely to drop out than other students and that their performance was, in general, comparable.

2. Some institutions stressed that students needed to be highly able and motivated to succeed after entering the second year directly. A number expressed doubts over whether the same success would be achieved as hitherto if all entrants with A levels went straight into the second year.

Question S6: How do you view the future of degree programmes in Scotland and in particular the four-year honours programme? With the implementation of *Higher Still*, is the nature of education at secondary level in Scotland likely to converge with that in the rest of the UK so as to increase significantly direct entry into the second year, perhaps even to the extent of making a three-year honours degree in Scotland the norm?

All the respondent Scottish institutions expected the four-year honours degree to remain at the core of their provision. A few recognised there might be pressures for more students to undertake three-year honours degrees - either because of the costs falling on students or because of the introduction of Advanced Highers under the *Higher Still* policy. But many institutions argued that only a small minority of Scottish students would get good grades in enough subjects at Advanced Highers to qualify for direct entry to the second year. Others said that Advanced Highers could not replace the first year of undergraduate study entirely. No university saw in the near future either convergence between the education systems in Scotland and the rest of the UK or the three-year honours degree's becoming the norm.

Question R4: Has your institution admitted students with Scottish qualifications to degree programmes? If so, please indicate which courses and any particular entrance requirements. Have such students been offered places through clearing?

All the eleven higher education institutions in England, Wales and Northern Ireland which responded said that they admitted students with Scottish qualifications, usually to a wide range of degree courses. But some - particularly in Wales and the south of England - had admitted few such students; and the numbers admitted through Clearing in recent years appeared to be very low.

Question R5: If your institution has admitted students with Scottish qualifications to degree programmes, at what level of qualifications have they been admitted? How have they fared during their course? Are they likely to be less or more successful than students with, say, A-level or equivalent qualifications?

Most institutions said either that they had not carried out any analysis or that the number of students with Scottish qualifications was too small to be statistically significant. But the few institutions which expressed a view considered that students with Scottish qualifications fared more or less as well as other students. Only two of these were able to provide any systematic (albeit limited) evidence on how Scottish students had fared.

PRESSURES TO EXTEND THE CONCESSION BEYOND SCOTLAND

(QUESTIONS 5 & R3)

Question 5: If the support arrangements for other UK students in the final year of degree courses in Scotland were changed, do you think that a concession should also be made for students in the fourth or subsequent years of degree courses elsewhere in the UK?

There was a fairly clear territorial divide in responses to this question. Virtually all the respondents from England, Wales and Northern Ireland who answered this question thought that the concession should be extended to students in the fourth or subsequent year of a first-degree course at institutions throughout the UK. (The few exceptions tended to be those who argued against any concession at all for students on four-year courses, whether in Scotland or elsewhere.) The majority - but by no means all - of the responses from Scotland took the opposite view, saying that such an extension was unnecessary or outside the Review's remit. A few Scottish institutions - mostly the newer universities and specialist colleges - did, however, support an extension to all UK institutions.

Question R3: If the support arrangements for other UK students in the final year of degree courses in Scotland were changed, what would be the implications for your institution? Would your institution wish to press (or would your students be likely to press) for a concession for students in the fourth or subsequent years of degree courses elsewhere in the UK?

1. This question was addressed to higher education institutions in England, Wales and Northern Ireland. Respondents mostly expected to be disadvantaged as a result of any extension of the fee concession to other UK students at Scottish institutions: only one institution in Northern Ireland did not and that was because demand for higher education places in the province ran well in excess of supply. Institutions in England in particular expected to lose in the competition for students if all UK students in the fourth year of degree courses at Scottish institutions benefited from a fee concession but none did so at other UK institutions.

2. Of the dozen or so institutions which responded, just one said that it would not press for a concession for students in the fourth year of its own degree courses if the fee concession was extended to other UK students at Scottish institutions. All the rest indicated that they would press for parity of treatment with Scottish institutions, even though some opposed either the original concession or any extension of that concession to other UK students at Scottish institutions. Two also expected their students to do so: no other respondents commented on their students' likely reactions.

CROSS-BORDER FLOWS

(QUESTIONS 6-9 & S7)

Question 6: Should provision be made for students of one part of the UK to benefit from higher education in another part?

Virtually all respondents to this question said that student mobility was vital and that provision should be made for cross-border flows. Most went on to say that such flows should be encouraged. Some argued that no obstacle - by which they meant less favourable fee-support arrangements - should be placed in the way of students who wished to study in another part of the UK. A few argued, on the contrary, against special provision for students attending institutions in another territory.

Question 7: Who should bear the extra costs, if any?

1. Most respondents considered that the extra costs of cross-border tuition (and any extension of the fee concession to other UK students) should be borne from public funds. A minority, however, said that there should be no extra costs or that students or their families should contribute: these apparently tended to the view that the concession should not have been made or that it should not be extended to students from the rest of the UK.

2. The majority, however, took the view that the extra tuition costs should be borne neither by institutions - who might seek to avoid them with unfortunate consequences for less competitive institutions - nor by individual students - who were already having to find maintenance costs and to forgo a year's earnings.

Question 8: To what extent are cross-border flows dictated by necessity rather than choice?

1. Responses indicated that there could be varying interpretations of what constituted choice and what constituted necessity. However, most respondents who answered this question agreed that cross-border flows were mainly driven by student choice, but that a minority of students had little choice but to attend higher education in another part of the UK.

2. The reasons for such necessity included shortage of provision in certain parts of the UK, notably Northern Ireland. The concentration of certain specialist courses or types of professional provision in Scotland also restricted the choice available to students - particularly the moderately able - of institutions at which to study their chosen subject. Responses from Scottish institutions to Question S7 indicated that there were few subjects which were provided only by Scottish institutions: these were either Scottish studies and Scottish variants of subjects more widely available or highly specialist subjects which were usually technological or vocational in nature.

3. Many respondents, whilst considering that students who crossed internal borders to take up higher education did so mainly out of choice, argued the merits of encouraging such choice.

Question 9: If you think that the costs should be borne from public funds, from the budget of which home territory should they come? Should this be influenced by the incidence of any wider economic benefits from cross-border flows?

1. Whilst most respondents shared the view that the extra tuition costs of cross-border provision (and any extension of the fee concession) should be borne from public funds, there was less agreement on which budget should meet the costs. The main issue was whether students' home territories or Scotland should do so. A majority - particularly some respondents from Scotland - favoured the home territory's budget. But, in view of the economic benefits that would flow to Scotland, a significant number either preferred the host territory's budget or could see arguments for the latter, particularly if funding for the fee concession for other UK students was not forthcoming from their home territories. Around half of the key interests among Scottish institutions and students' associations appeared more concerned about obtaining an extension of the concession than about the source of public funding for it.

2. A number of respondents either expressed no view or took the view that it was irrelevant from which budget the money came, as taxation was not hypothecated for spending in the territory in which it was raised.

Degree courses on offer

S7. Are you aware of any courses available only in your institution (or other Scottish institutions) and not elsewhere in the UK? Please list any such courses.

Of the twelve Scottish institutions which responded to this question, six mentioned specific courses which were available only in their institutions. These fell into two categories:

- a. Scottish studies or Scottish variants of subjects more widely available - e.g. Scottish Law, Scottish Music, Scottish Studies and Scottish Literature; and
- b. highly specialist subjects which were usually technological or vocational in nature - e.g. Bioinformatics, Computer Games Technology, Forensic Psychobiology, Medical Illustration, Risk Management, Brewing and Distilling, and Aquaculture.

DEVOLUTION

(QUESTIONS 10-12 & R2)

Question 10: To what extent is either diversity or uniformity across the UK desirable or feasible in:

- a. the availability of places and levels of participation in higher education;
- b. the structure of courses or the qualifications system;
- c. funding per student or student support?

Why?

1. There was a wide variety of views on these questions. They ranged from those who believed in uniformity in all broad aspects of higher education to those who argued for diversity throughout. Many respondents took the view that there should be some diversity (e.g. in the content of courses and availability of places) and some uniformity (e.g. in levels of participation and student support).

2. Some, however, preferred other concepts to uniformity. Thus some referred to equality of opportunity for students rather than uniformity in the availability of places or levels of participation; or to comparability rather than uniformity of qualifications; or to equity rather than uniformity in relation to student support. It was, however, unclear how far notions of equality, comparability and equity were shared among respondents or more widely. It was also far from clear how respondents viewed the concepts of uniformity and diversity and at what level of generality they applied them - for instance, whether they regarded differences as more important than similarities and hence broadly characterised a system as diverse; or whether they regarded similarities as more important than differences and hence characterised it as essentially uniform.

3. That said, the balance of opinion among respondents seemed to lie in the view that:

- it was desirable to aim for the same level of participation across the UK, though it might be impossible to achieve it in practice; but it was unnecessary for the time being at least to have the same availability of places;
- diversity in the structure/content of courses was desirable in order to provide choice and to meet students' needs; but courses needed to be provided within a broadly uniform framework of comparable qualifications, particularly to meet employers' needs; and

- differences in funding per student might arise because of the different priorities which territories placed on higher education; but only a uniform system of student support would be seen as fair.

4. The statutory professional bodies and related professional associations made it clear that, whatever the amount of diversity within the higher education sector, professional standards extended uniformly across the UK. They expected all students throughout the UK who pursued courses leading to professional recognition to achieve the same outcomes (or threshold) in terms of knowledge, understanding, skills and attitudinal characteristics. To that extent, there were externally imposed limits on the amount of diversity that could be acceptable across the UK.

5. Respondents from Northern Ireland were concerned that the availability of places was far from uniform across the UK and that the province would need an extra 12,000 or so places in order to have the same ratio of places to population as Scotland.

Question 11: To what extent could this be affected by devolution? To what extent may devolution imply difference in provision between home territories?

A minority of respondents considered that devolution would have little or no effect. But most expected devolution to lead to greater diversity in higher education. These respondents were divided between those who saw it as opening up new opportunities and those who feared the consequences. Funding and student support were seen as the areas where devolution was likely to have most impact. Some welcomed the possibility of changes in these areas - notably the NUS, which was campaigning for the abolition of private fee contributions. But others feared that differences in student support or funding could reduce cross-border flows of students to the detriment of Scotland, the UK as a whole and individual students.

Question 12: If you think that uniformity is desirable, who should decide on the type and/or level of provision across the UK? Is that compatible with devolution?

1. A substantial minority said that uniformity was undesirable: many of these respondents were Scottish institutions, who nevertheless argued that all students should receive the same fee support in the final honours year of degree courses at Scottish institutions, regardless of which territory they came from.

2. Other respondents appeared to consider that some element of uniformity remained desirable. Not all thought that this was compatible with devolution. But some took the view that it would be possible for the four

home territories to arrive at joint decisions that would lead to some continuing uniformity in higher education and student support across the UK. Others said that this should be a matter for the UK Government / Westminster Parliament or alternatively for higher education institutions themselves, though it was left unclear how the latter could decide policy on student support.

3. Continuing uniformity and co-ordination were seen as particularly necessary in the case of medical courses. (These are not covered by the Review as they do not lead to honours degrees.)

Question R2: Would it be seen as fair if - under either the present fees regime or any different regime in future - students at the same institution were charged differing levels of fees or received differing levels of fee support, depending on where they came from?

1. This question was addressed to higher education institutions in England, Wales and Northern Ireland. Eleven institutions responded.

2. Virtually all said that it would not be seen as fair if students at the same institution were charged differing levels of fees or received differing levels of fee support, depending on where they came from. Only one English university explicitly took the opposite view, describing differences in treatment as a necessary aspect of choice and diversity. One was prepared to see some preferential treatment for Scottish students (on the grounds that they had had less post-statutory education before entering higher education) but another specifically opposed this. A Northern Ireland institution pointed out that the fees distinction between home and overseas students had become well accepted, though it considered the situation described in Question R2 unfair.

WRITTEN EVIDENCE SUBMITTED DURING THE REVIEW BY INDIVIDUALS

1. Around 40 per cent of responses to the request for written evidence came from individuals. Only 14 out of 44 individual respondents followed the questionnaire: the rest provided more general views, largely on whether or not they agreed with the Government's decisions.
2. Some 90 per cent of individual respondents lived in England. Just three lived in Scotland and two in Northern Ireland. But, of those living in England, at least a quarter were Scottish.
3. Respondents included two recent graduates of Scottish universities who were living in England. They provided detailed responses drawing on their own experience. The majority of individual respondents were parents. Over 60 per cent had children who had attended, were attending or hoped to attend a Scottish university. As some of these had started, or even completed, courses before Autumn 1998, not all were potentially faced with having to contribute towards fees in the final honours year; but the majority were.
4. These and virtually all the other individual respondents criticised the Government's decisions. Around 90 per cent considered it unfair that the fee concession did not extend to students from England, Wales and Northern Ireland. A minority of around 10 per cent implied that the Government's decision to make a fee concession in the first place for students from Scotland had been wrong. Only one respondent defended both the Government's decisions.
5. The following arguments were deployed.

Discrimination against students from England and Northern Ireland

6. Almost half the individual respondents, particularly parents from England, raised the issue of discrimination. Another quarter used terms such as 'unfair' or referred to a denial of equal rights or equality of opportunity. Some thought that the discrimination must contravene the Race Relations Act or European law.
7. About half of those complaining about discrimination referred just to the difference in treatment between students from Scotland and those from the rest of the UK. The other half were particularly concerned about the less favourable treatment given to students from the rest of the UK compared with other EU nationals.

8. Ten or so parents, who were Scottish themselves but living outside Scotland, wished their children to receive higher education in Scotland and considered it unfair that they would have to pay for the final honours year's fee when their compatriots in Scotland would not have to do so. There were a couple of other cases where the parents had had to move outside Scotland because of jobs and felt penalised as a result.

9. Scottish parents in particular expressed concern that the effect of the Government's decisions would be divisive and could threaten the Union.

Anomalies arising as a result of the Government's decisions

10. Three parents mentioned anomalies that had arisen or could arise in connection with the fee concession. One referred to an anomaly that resulted from the Government's decision to introduce a fee concession for students from Scotland but not from the rest of the UK. The other two were concerned with anomalies that would still exist if the fee concession was extended to students from England, Wales and Northern Ireland studying in Scotland but not to those studying elsewhere in the UK.

Financial concerns

11. A number of individual respondents expressed their opposition to tuition-fee contributions altogether. Relatively few - one in six - respondents said explicitly that they would find it difficult to afford the fees, and at least one of these had not realised that fee contributions were means-tested.

12. A couple of respondents argued that, if taxation was the same on both sides of the Border, benefits should also be.

Concerns in Northern Ireland

13. Just two parents from Northern Ireland responded. Both expressed concerns that the lack of places in the province led many students to take up places in Scotland and that they would be financially disadvantaged because the fee concession did not apply to them. They considered this not only unfair, but also likely to deter some Northern Ireland students from entering higher education at all.

14. Parents from Northern Ireland also made the point that direct entry into the second year of courses could make it difficult for students to integrate socially and might therefore be undesirable.

Barrier to entry to Scottish professions

15. One individual argued that discrimination in the level of fees charged to English students could constitute a barrier to entry to professions such as the Scottish legal profession and so contravene EU legislation and UK competition law.

ANNEX E : ELIGIBILITY FOR THE FEE CONCESSION

Who would have been eligible for the Scottish fee concession?

E.1 To have received the original fee concession, students would have had to be personally eligible and enrolled on a qualifying course.

E.2 To be personally eligible, students would not have had to meet nationality requirements - in other words, they would not have had to be Scottish. On the contrary, being Scottish (however that might be defined) would have been insufficient in itself to qualify for the fee concession. Thus, students from Scottish families who had been living in England would not have been eligible for the concession.

E.3 Rather, students would have had to meet certain residence (and other) qualifications.¹ They would have had to have been ordinarily resident in the UK and Islands² for three years before the first day of the course, and to be ordinarily resident in Scotland on that day, for purposes other than receiving full-time education.³ Others might have been eligible in certain circumstances⁴. These would have included students at Scottish institutions who were nationals (or children of nationals) of another member State of the European Union and who had been ordinarily resident in the European Economic Area (EEA) for three years before the first day of the course.⁵

E.4 Students who had met these residence qualifications and enrolled on a first-degree course at a Scottish institution⁶ would have been eligible for the concession in the final honours year, provided that their course was a year longer than a comparable course in England. Those enrolled on a five-year course leading to Master's qualification in engineering or specific science subjects which were comparable to four-year courses in the rest of the UK could not have benefited until the fifth year.

E.5 From the academic year 2001/02 onwards, students who fell into these categories would have had the whole fee for the additional honours year paid for them out of public funds, regardless of the level of their own and their parents' (or spouse's) income.

E.6 Although the definition of the courses that would have qualified for the fee concession seems straight-forward, it has not been entirely clear

¹ Qualifications are set out in the Student Allowances (Scotland) Regulations 1999, S.I. 1999 No. 1131 (S.91).

² the Channel Islands and the Isle of Man

³ Students would also have had to be settled in the UK (within the meaning of the Immigration Act 1971) on the first day of the first academic year of the course - i.e. living in the UK without being subject to any restriction on the period of stay.

⁴ e.g. those recognised as refugees by the British Government (and their spouses and children) and those who had been granted exceptional leave to enter or stay in the UK (and their spouses and children) - provided that they were ordinarily resident in Scotland on the first day of the course

⁵ EEA migrant workers and their spouses and children, along with UK nationals returning from work in other member States of the EU or elsewhere in the EEA, could also have qualified if they had been ordinarily resident in the European Economic Area for three years before the first day of the course and ordinarily resident in Scotland on that day.

⁶ unless they had already undertaken a full-time degree course with support from public funds and were not eligible for further assistance from public funds

which courses would have been covered, because of queries over comparability with courses in England.

E.7 For instance, first-degree courses in music performance at conservatoires are four years in length - in both Scotland and the rest of the UK. First-degree courses in music at multi-faculty institutions in the rest of the UK - which may include performance options but are not necessarily so strongly oriented towards performance - tend, however, to be three years in length. So, the question is whether the courses at a Scottish conservatoire would have qualified for the fee concession, on the grounds that there was at least one broadly comparable first-degree course in music in England that was only three years in length; or whether they would not have done, on the grounds that the strictly comparable music-performance courses in the rest of the UK were four years in length too. Some conservatoires in England made clear in evidence to us their view that the fee concession should also apply to their students if they were not to face unfair competition from both conservatoires in Scotland and the universities, where music courses would cost a maximum of £3,000 in fees.

E.8 There is a similar issue over four-year BEd courses in Scotland. There are BEd courses in the rest of the UK that are also four years in length where students are liable for fees up to £4,000. This raises the question of whether, if the fee concession were to cover these courses and to extend to students from the rest of the UK, institutions in the rest of the UK offering four-year BEd courses could suffer unfair competition and would demand parity of treatment.

Who would not have been eligible for the Scottish fee concession?

E.9 Students who were in the final year of honours courses at Scottish institutions but who were usually resident in other parts of the UK would not have qualified for the original fee concession in their honours year. This does not mean that all such students would have had to pay £1,000 or so in tuition fees for the final year. Rather, whether or not they would have had their fees paid for them out of public funds would have depended on the level of their own and their family's income - as in the earlier years of their course.⁷ They would have been in the same position as students who were in the fourth or subsequent year of honours courses at institutions in the UK outside Scotland.

E.10 Nor would the concession have extended to all students from Scotland or other EU member States at Scottish institutions. Students on programmes leading to ordinary or general degrees would obviously not have benefited. Thus students who decided to complete their course after three years with an ordinary degree might have had their fees for those three years paid for them

⁷ See Chapter 5, paragraph 5.17.

in full or in part, depending on their family's income; but they would not have been entitled in any year to full fee support regardless of income. The same was true of students on courses which lasted four years or even longer but which did not lead to an honours degree, such as medical, dental or veterinary courses: these in any case tend to be the same length as comparable courses in the rest of the UK.

E.11 Nor would students who had been given advanced standing and entered higher education by proceeding directly to the second (or later) year of a first-degree course at a Scottish institution have qualified for the fee concession. Under the original concession, a student from a well-off family resident in Scotland could not thus have obtained an honours degree by paying only two years' fees. However, it has remained unclear to us whether the concession would have been available to students who had already spent, say, two years in higher education studying full-time for a HND (or one year for a HNC) and then proceeded directly to the second or third year of a degree course and had a further three or two years to complete.

ANNEX F : CROSS-BORDER FLOWS WITHIN THE UNITED KINGDOM¹

F.1 Scotland provides more higher education within the UK than might be expected for its size of population, even after allowing for higher participation rates among young people there. The result is a net in-flow of students into the territory from other parts of the UK, principally from England and Northern Ireland.

Out-flow from Scotland

F.2 A small proportion of students from Scotland undertake degree courses at institutions in other parts of the UK. But, between 1994/95 and 1998/99, they comprised no more than just over 7 per cent of students on first-degree courses in UK higher education institutions who were domiciled in Scotland². In 1998/99, they amounted to fewer than 6,000 students in all, as **Table F.A** shows. The flow of students has been mostly in the other direction.

In-flow to Scotland

F.3 In 1998/99, almost 22,000 first-degree students known to be domiciled in England, Wales and Northern Ireland were studying in Scotland. They represented around 23 per cent of all home students on first-degree courses in Scottish higher education institutions.

F.4 This proportion remained more or less constant between 1994/95 and 1998/99. But there had been significant growth in the previous fifteen years or so. The proportion of home undergraduates (on sub-degree as well as first-degree courses) in Scotland who came from the rest of the UK had grown from almost 13 per cent in 1979/80 to 19 per cent in 1993/94 before falling marginally to 18 per cent in 1995/96.³

Numbers of places in relation to student numbers

Scotland

F.5 Over those fifteen or so years, the difference in number between students domiciled in Scotland and places taken by home students in Scotland on undergraduate courses increased from some 4,000 to over 16,000⁴. Scotland was thus building up its net exports of higher education to

¹ Further education colleges are included in this analysis only in paragraphs F.4-F.5. While further education colleges provided some 20 per cent of full-time and sandwich places for home undergraduates in Scotland in 1997/98, virtually all of these (over 95 per cent) were on sub-degree courses. They accounted for only around 1 per cent of home students on full-time and sandwich first-degree courses in Scotland.

² HESA 1998 December data: the figures in this Annex are for full-time and sandwich courses only.

³ Figures have been supplied by the DfEE.

⁴ leaving aside any places filled by other EU and overseas students

other territories within the United Kingdom during the 1980s and early 1990s.⁵

F.6 As **Table F.B** shows, 12 per cent of all places taken by home students on first-degree courses in higher education institutions were in Scotland in 1998/99, but only 10 per cent of all home undergraduates on such courses resided in Scotland.

The rest of the UK

F.7 By contrast, on the same measure, other territories have had a shortfall in places in higher education institutions. This is so to a minor extent in England (though largely balanced by a surplus in Wales) and to a major extent in Northern Ireland, as shown in **Chart F.I**. Both England and Northern Ireland have thus become net importers of higher education within the UK.

F.8 In 1998/99, England's share of the home student population on first-degree courses in UK higher education institutions was 82 per cent, but it had only 80 per cent of places taken by home students on such courses. The number of students domiciled in England thus exceeded the number of places taken by home students in England by almost 12,000, as **Chart F.II** shows.

F.9 Wales, however, had 6 per cent of places but only 5 per cent of home students on first-degree courses in UK higher education institutions. In other words, it had almost 7,000 places more than were filled by its own population. So the proportion of places in England and Wales taken together - at 86 per cent - virtually matched the two territories' proportion of students, 87 per cent.

F.10 The difference in number between students and places was almost as large in Northern Ireland as in England, even though the province is considerably smaller in size. Its share of places taken by home students on first-degree courses (2 per cent) was far from sufficient to cover its share of home students on such courses (4 per cent). The province thus had a shortage of over 11,000 places in 1998/99, as **Chart F.II** shows. It needs therefore to import higher education from other parts of the UK.

F.11 Scotland, which has some 16,000 more places than are filled by its own population, fulfils a need in supplying higher education to Northern Ireland. Capacity there would have to expand by 60 per cent for the province to become self-sufficient, whereas any deficiency for England and Wales taken together is negligible (around 0.7 per cent).

⁵ Although Scotland may be said to 'import' students, in terms of trade it exports higher education to other territories.

TABLE F.A

**HOME STUDENTS ON FULL-TIME & SANDWICH FIRST-DEGREE COURSES
IN U.K. HIGHER EDUCATION INSTITUTIONS**

	LOCATION OF INSTITUTION				UK
	ENGLAND	WALES	SCOTLAND	NORTHERN IRELAND	
DOMICILE					
<u>1994/95</u>					
ENGLAND	570289	21546	16775	386	608996
WALES	17431	18417	469	3	36320
SCOTLAND	4593	177	69728	54	74552
NORTHERN IRELAND	5587	527	3927	17038	27079
TOTAL	597900	40667	90899	17481	746947
<u>1995/96</u>					
ENGLAND	600374	23190	16381	381	640326
WALES	17029	18625	447	3	36104
SCOTLAND	4842	228	69534	54	74658
NORTHERN IRELAND	5136	494	4272	17729	27631
TOTAL	627381	42537	90634	18167	778719
<u>1996/97</u>					
ENGLAND	599906	23982	16100	340	640328
WALES	16262	19392	428	8	36090
SCOTLAND	4926	198	71050	58	76232
NORTHERN IRELAND	5528	430	4965	17694	28617
TOTAL	626622	44002	92543	18100	781267
<u>1997/98</u>					
ENGLAND	613560	24033	15966	297	653856
WALES	17646	20684	425	9	38764
SCOTLAND	5367	206	71547	46	77166
NORTHERN IRELAND	5808	381	5171	18220	29580
TOTAL	642381	45304	93109	18572	799366
<u>1998/99</u>					
ENGLAND	616683	24316	16086	214	657299
WALES	17609	21788	456	9	39862
SCOTLAND	5402	197	72525	37	78161
NORTHERN IRELAND	5792	379	5349	18578	30098
TOTAL	645486	46680	94416	18838	805420

HESA 1998 December data

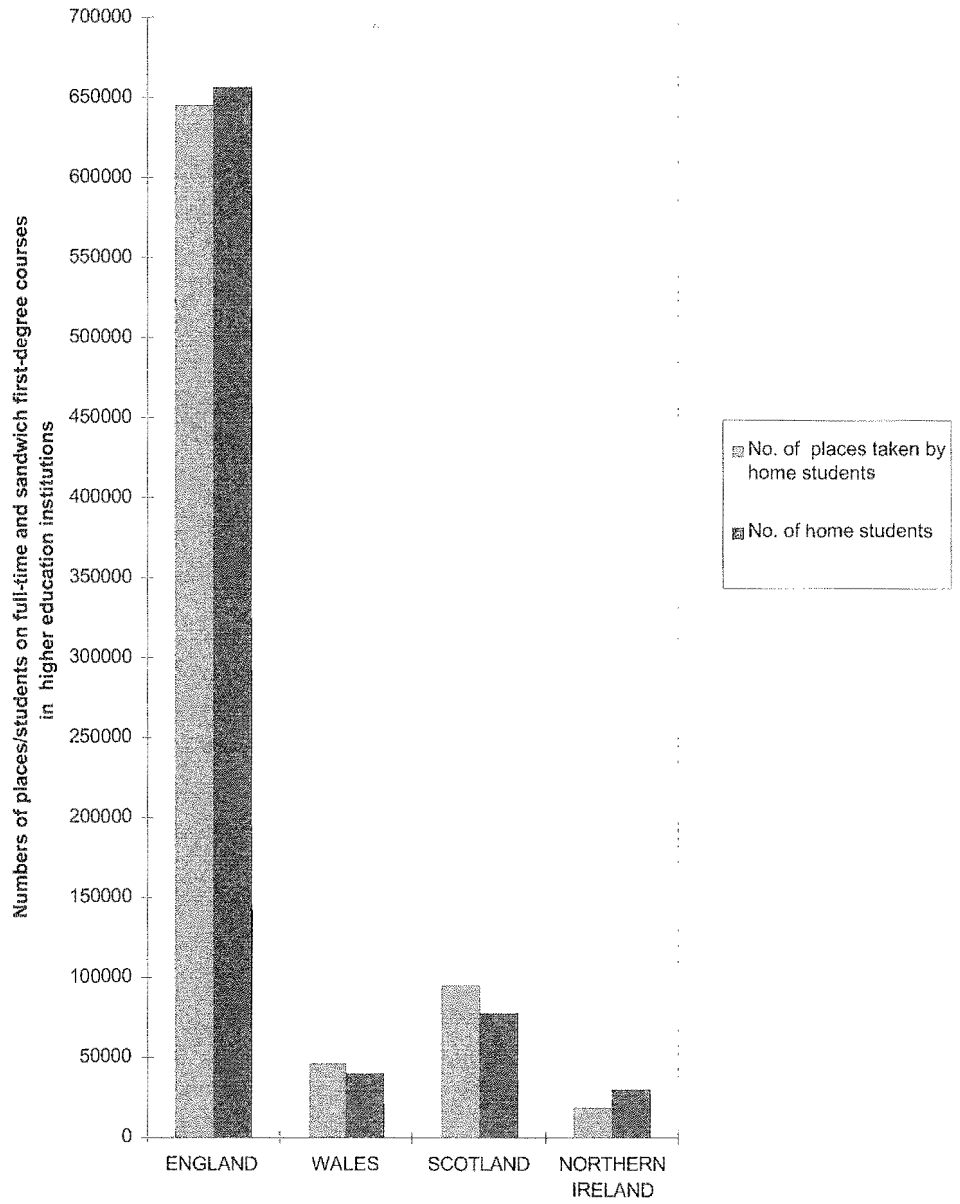
TABLE F.B

**HOME STUDENTS ON FULL-TIME & SANDWICH FIRST-DEGREE COURSES
IN U.K. HIGHER EDUCATION INSTITUTIONS**

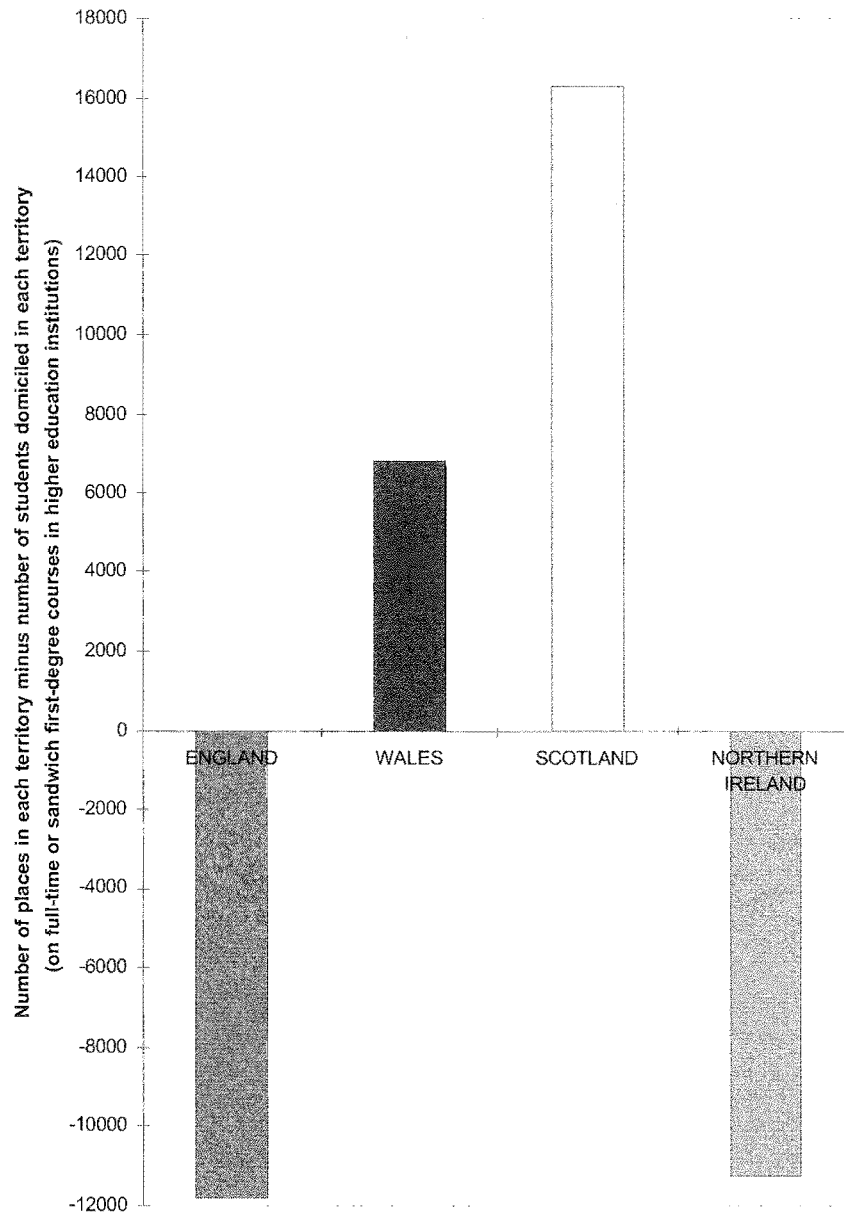
	LOCATION OF INSTITUTION				UK
	ENGLAND	WALES	SCOTLAND	NORTHERN IRELAND	
<u>DOMICILE</u>					
<u>1994/95</u>					
ENGLAND	76%	3%	2%	0%	82%
WALES	2%	2%	0%	0%	5%
SCOTLAND	1%	0%	9%	0%	10%
NORTHERN IRELAND	1%	0%	1%	2%	4%
TOTAL	80%	5%	12%	2%	100%
<u>1995/96</u>					
ENGLAND	77%	3%	2%	0%	82%
WALES	2%	2%	0%	0%	5%
SCOTLAND	1%	0%	9%	0%	10%
NORTHERN IRELAND	1%	0%	1%	2%	4%
TOTAL	81%	5%	12%	2%	100%
<u>1996/97</u>					
ENGLAND	77%	3%	2%	0%	82%
WALES	2%	2%	0%	0%	5%
SCOTLAND	1%	0%	9%	0%	10%
NORTHERN IRELAND	1%	0%	1%	2%	4%
TOTAL	80%	6%	12%	2%	100%
<u>1997/98</u>					
ENGLAND	77%	3%	2%	0%	82%
WALES	2%	3%	0%	0%	5%
SCOTLAND	1%	0%	9%	0%	10%
NORTHERN IRELAND	1%	0%	1%	2%	4%
TOTAL	80%	6%	12%	2%	100%
<u>1998/99</u>					
ENGLAND	77%	3%	2%	0%	82%
WALES	2%	3%	0%	0%	5%
SCOTLAND	1%	0%	9%	0%	10%
NORTHERN IRELAND	1%	0%	1%	2%	4%
TOTAL	80%	6%	12%	2%	100%

(Figures may not sum precisely because of rounding.)

CHART F.I : PLACES AND STUDENTS ON FIRST-DEGREE COURSES BY TERRITORY 1998/99



**CHART F.II : DIFFERENCE IN NUMBERS BETWEEN PLACES
AND STUDENTS IN EACH TERRITORY
1998/99**



ANNEX G : CHRONOLOGY OF CHANGES IN STUDENT SUPPORT

Maintenance support

G.1 **Chart G.I** shows broad changes in support for students' living costs since 1990.

G.2 **Chart G.II** shows how these changes shifted the balance of maintenance support between grants and loans. By 1996/97, support provided through grants had fallen to virtually half of the total support made available to each eligible student¹, and almost half was provided through loans.

G.3 **Chart G.III** shows the take-up in student loans. In the early 1990s, fewer than half of eligible students took up the loans to which they were entitled. But, by 1994/95, over 50 per cent were taking out loans.

Fee support

G.4 No significant changes in fee support, so far as students were concerned, occurred during the 1990s before 1998/99. Until then, students continued to be eligible for full support from public funds for tuition fees, irrespective of family income; and so fees are unlikely to have had any influence on applicants' choice of institution or course until 1998 at the earliest.

¹ in all but the final year. In the final year, the total package of support available through both grant and loan was less than in preceding years because it was not intended to cover the summer vacation. So the grant available in the final year - which was the same amount as available for a full year - formed a larger proportion of the total package.

CHANGES IN SUPPORT FOR STUDENTS' LIVING COSTS DURING THE 1990s

- 1990/91 Maintenance grants frozen. Student loans introduced to “top up” grants. (Benefits withdrawn from students.)
- 1991/92 - Loans up-rated in line with inflation each year, whilst
1993/94 maintenance grants held in cash terms. (Low levels of inflation meant that grants continued to form the major element of student support.)
- 1994/95 Grants to be reduced by 10 per cent a year over three years, with loans to be increased by corresponding amount. First shift occurred in 1994/95.
- 1995/96 Second 10 per cent reduction in grants. Loans again increased by corresponding amount.
- 1996/97 Final 10 per cent reduction in grants with corresponding increase in loans. As a result, the support available through grant and loan became broadly equal.
- July 1997 *Dearing Report: Government announces changes in student support from the academic year 1998/99*
- 1998/99 Introduction of income-contingent loans for new students. Grants reduced to 25 per cent of total support available to each eligible student entering higher education from 1 August 1998; loans to make up remaining 75 per cent.
- (Support for existing students continued to comprise 50 per cent grant and 50 per cent loan.)
- 1999/2000 Grants for students who entered higher education from August 1998 phased out and replaced with 100 per cent loans, with one quarter subject to means-testing.
- (Support for students who entered higher education before August 1998 continues to comprise 50 per cent grant and 50 per cent loan.)

**SWITCH IN BALANCE OF MAINTENANCE SUPPORT
FROM GRANT TO LOAN**

	Students who entered higher education before August 1998		Students who entered higher education from August 1998	
	Proportion of total support available through:-		Proportion of total support available through:-	
	grant	loan	grant	loan
1990/91- 1993/94	c 80%	c 20%		
1994/95	c 70%	c 30%		
1995/96	c 60%	c 40%		
1996/97	51%	49%		
1997/98	51%	49%		
1998/99	50%	50%	25%	75%
1999/2000	50%	50%	0%	100%

PROPORTION OF ELIGIBLE STUDENTS TAKING UP LOANS

Home students

	Thousands of students who took out a maintenance loan	Proportion of eligible students
1990/91	180	28%
1991/92	261	37%
1992/93	345	44%
1993/94	430	47%
1994/95	517	55%
1995/96	560	59%
1996/97	590	62%
1997/98	615	64%
1998/99	660	68%
	of whom:-	
old-style loans	444	67%
new-style loans	216	69%

ANNEX H : GLOSSARY

COSHEP	The Committee of Scottish Higher Education Principals
Cubie Committee	The Independent Committee of Inquiry into Student Finance convened by Mr Andrew Cubie, which was appointed in July 1999 and reported in December 1999
CVCP	The Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom
Dearing Committee	The National Committee of Inquiry into Higher Education chaired by Sir Ron (now Lord) Dearing, which was appointed in May 1996 and reported in July 1997
DENI	The Department of Education for Northern Ireland; now the Department of Higher and Further Education, Training and Employment (Northern Ireland)
DfEE	The Department for Education and Employment - which is responsible for the central policy and funding of education in England
EEA	The European Economic Area: the territory of the EU plus Iceland, Norway and Liechtenstein
EC law	Law of the European Community (predecessor of the European Union) which still applies under the EU
EU	The European Union, comprising Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the UK
Fee support	Grants provided from public funds to pay tuition fees on students' behalf
Garrick Committee	The Scottish Standing Committee of the National Committee of Inquiry into Higher Education: the Scottish Standing Committee was chaired by Sir Ron Garrick
HEFCE	The Higher Education Funding Council for England - which provides grant to institutions which provide higher education in England
HESA	The Higher Education Statistics Agency (for the UK)
HNC	Higher National Certificate - a sub-degree qualification
HND	Higher National Diploma - a sub-degree qualification
Maintenance grant	Means-tested grants provided from public funds to students to meet their living costs: these do not normally have to be re-paid
Maintenance loan	Loans provided from public funds to students to meet their living costs whilst studying: these usually have to be re-paid after the student has graduated, when income reaches a certain level
Mature students	Undergraduates who are aged 21 or over on 31 August in the year of entry to higher education
Means test	Assessment of the income of individuals or families, which is used to determine their entitlement to support from public funds
NIHEC	The Northern Ireland Higher Education Council - which advises the Department of Higher and Further Education, Training and Employment (Northern Ireland) on funding higher education in the province

Parental contribution	The amount of fees or maintenance support which parents are expected to meet after means-testing
Residual income	Income after deduction of payments that qualify for tax relief
Resource accounting	Accounting which covers not only cash flow but also liabilities and assets at the end of the year
SAAS	The Student Awards Agency for Scotland - which provides fee support for students domiciled in Scotland wherever they may be studying in the UK, and for students from other EU member States who are attending institutions in Scotland
Sandwich course	A course that involves alternate periods of full-time study and work experience
SOEID	The pre-devolution Scottish Office Education and Industry Department; now part of the Scottish Executive
SHEFC	The Scottish Higher Education Funding Council - which provides grant to higher education institutions in Scotland
Sub-degree courses	Courses which lead to qualifications such as HNC/HND
Teaching and Higher Education Act 1998	The statute which provides the legal framework for new support arrangements introduced in the aftermath of the Dearing Report for students entering higher education from Autumn 1998 onwards
Tuition fees	Fees which higher education institutions charge students to help meet the cost of teaching them
UCAS	The Universities and Colleges Admissions Service (for the UK)
Undergraduate courses	Courses which may lead either to a first degree or to a sub-degree qualification
1992 universities	Institutions which were granted university status, following the Further and Higher Education Acts 1992



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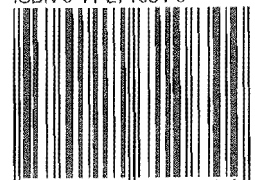
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