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Higher Education, the Devolution Settlement and the Referendum on Independence

Summary of Research Findings

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Introduction

This briefing summarises some of the findings from an ESRC-funded project entitled *Higher Education in Scotland, the Devolution Settlement and the Referendum on Independence* (ES/K00705X/1), conducted by researchers at the University of Edinburgh between March 2013 and July 2014. The project is part of the ESRC's *Future of the UK and Scotland Programme*. Responsibility for higher education is largely devolved, although some policies affecting higher education, such as science and research funding and immigration, are dealt with by the UK Government. Following devolution, distinctive policies have emerged in Scotland particularly in the area of under-graduate student funding, although the system continues to operate within a UK 'eco-system' and an international higher education market. Within higher education, there are multiple layers of inter-dependence between the policies of the four nations, with each having the capacity to 'interfere' with the policies of the others ([Keating, 2005](#); [Parry, 2009](#)). For example, the decision of the Westminster Government to introduce deferred fees of up to £9,000 for UK and EU students studying in England with effect from September 2012, had a profound impact on the policies of the devolved nations. In Scotland, whilst undergraduate education remains free for home and EU students, from 2012 universities were allowed to charge fees of up to £9,000 a year to students living in the rest of the UK (rUK).

The future of Scottish higher education has featured fairly prominently in the referendum debate, with a particular focus on tuition fees and research. The White Paper on Scottish independence ([Scotland's Future: Your Guide to an Independent Scotland](#)) argues that independence is the only way to ensure that higher education in Scotland remains free of charge to home students ([Scottish Government, 2013](#)). At the same time, the Scottish Government maintains that, post-independence, there is an 'objective justification' for continuing to charge rUK students studying in Scotland, which would be accepted by the EU. The White Paper also suggests that the UK research area would survive post-independence but this view is challenged in the BIS paper on Science and Research ([Scotland Analysis: Science and Research](#)) ([BIS, 2013](#)) and also in the report of the House of Commons Scottish Affairs Committee ([Report: The Referendum on Separation for Scotland: the impact on higher education, research and tuition fees](#)) ([2013](#)). In addition, the latter two reports claim that, following EU membership, Brussels is likely to insist that rUK students are treated in the same way as those living in Scotland and the EU. Finally, in April 2014, the Scottish Government published an additional paper on higher education research in an independent Scotland <http://www.scotland.gov.uk/Resource/0044/00449224.pdf> ([2014b](#)). Amongst other things, the paper suggests that the Scottish Government would adjust its financial contribution to the UK Research Councils if Scotland won more than its population share of grants, and Scottish representation on Research Council boards would ensure that funding priorities were more closely aligned with the needs of the Scottish economy. Plans for a Scottish Research Council and the expansion of innovation centres were also fleshed out.

In this briefing, we draw on data from different elements of the research including interviews with higher education key informants in Scotland and the rest of the UK; interviews with school pupils in Scotland and the north of England; and analysis of HESA data. Drawing on these different data sources and the wider literature, we consider policy makers' and young

people’s views of the funding regimes in Scotland and England and associated trends in cross-border student flows.

Research methods

Our project involved both primary research and knowledge exchange activities and the table below summarises the different data collection methods which were used. Further details of research methods and findings are summarised in a series of briefings and working papers.

Table 1: Summary of data collection methods and working papers

Type of data gathered	Details
Review of policy and administrative data	<p>Analysis of policy developments on widening access and student support in the four UK nations.</p> <p>Working paper 1: <i>Widening participation to higher education of under-represented groups in Scotland: The challenges of using performance indicators</i>, Elisabet Weedon</p> <p>Working paper 3: <i>The Fairest of Them All? The Support for Scottish Students in Full-time Higher Education in 2014-15</i>, Lucy Hunter Blackburn</p>
Analysis of data from the Higher Education Statistics Agency from 1996 - 2012	<p>Analysis of cross-border student flows</p> <p>Working paper 2: <i>Student cross-border mobility within the UK: A summary of research findings</i>, Susan Whittaker</p> <p>Working paper 4: <i>Student flows across the UK’s internal boundaries: Entrants to full-time degree courses in 2011</i>, Linda Croxford & David Raffe</p> <p>Working paper 8: <i>The impact of the 2012 tuition fee changes on student flows across the UK’s internal borders</i>, Linda Croxford & David Raffe</p>
Policy maker interviews	<p>Semi-structured interviews (32 in Scotland, 18 in the rest of the UK) with senior academics, college principals, civil servants, politicians, union representatives and an individual with knowledge of business and higher education.</p> <p>Working paper 5: <i>Key informants’ views of higher education in Scotland</i>, Sheila Riddell</p> <p>Working paper 6: <i>Key informants’ views of higher education in the rest of the UK and Ireland</i>, Elisabet Weedon</p>
Interviews with young people in schools and colleges	<p>Semi-structured interviews with 148 young people aged 14 – 19 (121 in Scotland, 27 in England)</p> <p>Working paper 7: <i>Young people’s views of tuition fees and their attitudes towards debt</i>, Sarah Minty</p>

Source: <http://www.ed.ac.uk/schools-departments/education/rke/centres-groups/creid/projects/he-in-scotland/he-in-scotland-wp>

The impact of diverging funding regimes in Scotland and England

Since devolution, there have been many changes to undergraduate tuition fees policy across the UK, with complex political ramifications (see [Briefing 1](#)). In this section, we outline key informants' and young people's views of these changes in Scotland and England. The table below summarises the current state of play.

Table 2: Student funding in Scotland and England

Scotland	England
Free tuition for Scottish and EU students. Tuition fees of up to £9,000 a year for UK students	Tuition fees of up to £9,000 a year for all UK and EU students
Income contingent maintenance loan	Income contingent fee and maintenance loan
Combination of means tested grants and loans	Combination of means tested grants, bursaries and loans. Bursary provision by individual universities approved by Office for Fair Access.
Repayment threshold: £16,265	Repayment threshold:£21,000
Debt written off after 35 years	Debt written off after 30 years
Post-graduate and international student fees unregulated	Post-graduate and international student fees unregulated

Key informants' views of undergraduate student funding

Scottish key informants

Scottish key informants recognised that different approaches to undergraduate student funding represented one of the most significant areas of divergence post-devolution:

I think I would characterise the divergence in higher education policy as probably the most extreme difference in citizen entitlement across borders of anything. If you have to put it bluntly, if my son fell over and broke his leg in Oxford, you'd expect it to be mended for free even though the health service there is organised very differently. If my son decided to go to Oxford University, he'd be incurring a deferred fee of £9,000 in contrast with not incurring a fee here at all for undergraduate full time study....I don't think though that actually the university community itself has diverged. I think there's still a very strong cross border movement of staff. There's still extraordinarily strong cross border research projects. I think within a highly divergent policy environment, a genuinely UK wide university eco system has managed to subsist. (Manager, Universities Scotland)

University managers welcomed the fact that the Scottish Government had been able to fund universities from the public purse, but the majority were not opposed in principle to some form of student contribution and believed that the issue of tuition fees in Scotland was 'dormant' rather than permanently resolved. The NUS, UCU and Unison were strongly committed to free undergraduate tuition, but expressed disappointment that this had not prompted further progress on widening access:

We largely support the, inverted commas, "free" tuition at the higher education level. We think that that is the right approach although we do recognise it hasn't achieved what we'd like to achieve which is better access for those from disadvantaged communities to university. So we don't think it's a panacea or a silver bullet to that issue. We think we have to do much more in that area, but it is nonetheless right in our view that access to education is free at the point of use. (Unison representative)

With regard to sustainability of the policy, different views were expressed as illustrated below:

It'll be so difficult for any Scottish government to introduce fees that they will not do so until a spending review too late. And that means three years at least and maybe more of Scottish universities actually being underfunded in comparison with their English counterparts. (Senior manager, post 92 university)

It [the policy of free undergraduate tuition] is sustainable so long as the Government is prepared to make difficult decisions. And at the end of the day this is very simply just an allocation of resource. And the Scottish Government at the moment is prepared to say that it wishes to fund higher education as a free good. And therefore not to fund other things. This is entirely sustainable as long as the Scottish Government maintains a commitment that it wishes to prioritise higher education for the benefit of the Scottish economy. (Senior manager, ancient university)

Whilst many university managers believed that fiscal challenges might make some form of student contribution necessary in the future, the majority viewed the English system as unsustainable due to the high burden of student debt and uncertainty over repayment rates:

I think in the long term [free tuition] will promote access. It will promote more inclusivity and fairness. I think in the long run what we're doing in Scotland is sustainable and what they're doing in England isn't. I think the funding system that is going to crash against the buffers and just be revealed to be unworkable is the English one. That's because of the way they've handled the student loan and the student debt. And they are suddenly going to find themselves with a massive government debt because they will move to, 'Oh gosh fifty percent aren't going to repay or whatever but we've doled out all these loans on the basis that twenty five percent or thirty percent would not repay'. (Senior manager, ancient university)

Scottish key informants believed that, in line with Bologna principles, the free movement of students was important and it was recognised that the growing difference in undergraduate funding arrangements was discouraging cross-border flows. One interviewee noted: 'a system

which becomes insular, where people do not come in and out, is not a good higher education system' (Senior manager, pre-92 university). However, the problem was not restricted to Scotland, since UK students in general were reluctant to study abroad.

University managers accepted the rationale for introducing fees for rUK students in Scottish universities:

If you get a major differential in price you would have a significant number of rest of UK students coming into Scotland and competing for places. The value of the present arrangement is that if you've got them being charged effectively full fees, full cost recovery fees, there's no burden on the Scottish budget in any sense.And so now there is value in the fact that there is going to be no squeezing of the Scottish students by the UK students. But that was a real risk if you continue to have a cap and you've got £9,000 in England and a significantly lower sum in Scotland. (Senior manager, post-92 university)

However, respondents believed that this arrangement was unlikely to continue if Scotland became an EU member state following a vote for independence:

It just flies in the face of what we're required to do as good Europeans, that we would have a particular set of requirements for one particular member state and not the others. So the big question is whether free tuition would be sustainable in those circumstances. (Civil service background)

English key informants

University managers in England generally believed that higher education was both a public and a private good and therefore should be co-funded. A Universities UK spokesperson explained the reasons for supporting the increase in the fee cap:

The reason we supported a significant rebalancing away from direct state funding to funding by the students is that we felt it would put universities down here on a more sustainable financial footing which undoubtedly it has done. ... Secondly, because of the protections built into the system, it genuinely hasn't put off poorer students from applying...And indeed the number of students from disadvantaged backgrounds has slightly gone up for all manner of reasons. Thirdly, it has undoubtedly affected universities' attitudes to the centrality of the student experience and the quality of teaching and learning ... And fourthly, the deregulation of student numbers, hugely problematic in the way it's been implemented ... But nonetheless, if you look at it from the student's perspective, more students are getting their first choice of university. (Manager, Universities UK)

She also recognised a number of downsides in Westminster higher education policy, including *'the volatility and unpredictability of the system from a supply side'* and *'the fact that it could put some institutions, long term, in a very difficult position. ... And then you can ask questions about how that would impact on the quality of the student experience'*.

However, some academics disagreed strongly and felt that funding for higher education should come from a progressive taxation system:

In principle, yes [I think that the state should fund higher education]. I don't think it's ever going to happen now. In principle I would go for a progressive tax regime which then funds higher education and adult education and further education ... I don't have kids who are benefiting from school education, but I accept that as part of a civilised society, my taxes contribute to school education ... I would rather pay more taxes and have a decent public and social system that includes education. (Senior academic, post-92 institution)

There was criticism of the Scottish system, but also concern about levels of student debt in England and the sustainability of the repayment system:

... in the end it's the same pool of taxpayers paying for very different life experiences. But there you are. I'm for fees in principle and I think the Scots are wrong really. I think they're wrong actually and they also deter their students from coming south. And actually it weakens the university system. And I personally think that where we were pre the rise in fees was about right. Maybe you could lift a little bit more. The good thing is it has insulated the university sector from what would otherwise have been serious cuts. But the taxpayer is going to pay in the end. I think the student loan book is going to be worth 35 or 40p for every pound that's been borrowed. So I think that the impact of the £9,000 fees is toxic on the education system. Toxic on academic life in the medium term. And the Scottish system is very different ... I understand why they've done it. But it's profoundly inequitable. (Senior manager, Russell group university, England)

Young people's views of undergraduate student funding

Attitudes to student fees

Irrespective of social background, three-quarters of the young people interviewed in Scotland supported free undergraduate tuition for all, and the majority believed that this policy was likely to make higher education more socially inclusive:

I think it's much better 'cause everyone gets the same opportunity. You don't see the figure and get scared straight away. If you look into it, there is all the costs of still having to live and everything but it's more open. (Catherine, Scottish comprehensive school)

A quarter of pupils advocated some form of student contribution, suggesting either that those who can afford it should contribute so that tuition remains free for those on low incomes, or that all students should contribute towards the cost of HE regardless of their income. One pupil suggested that the current policy is more favourable to pupils who are able to participate, and less advantageous for those who pay taxes but are not included in higher education:

The Scottish system is really, really effective....It offers people a way out of poverty because it means they could probably afford to go to university, whereas in England they might not be able to go. But all the tuition fees come out of taxes. So people who don't go to university are

just paying for something that other people are benefitting off and they're not. So it's not necessarily a fair system in some cases, but for the most part it is. (Cameron, Scottish independent school)

In contrast, in the north of England, three-quarters of the young people we interviewed were in favour of the charging of tuition fees. However, they felt that the fees were too high and this would deter young people from poorer backgrounds. There was a suggestion that fees of around £3,000 would be more manageable.

I think a student has a responsibility to contribute to their education. But I think if there's an expectation of a generation to go into higher education then the government should be obliged to contribute. (Emma, English sixth form college)

I know a lot of people who are doing a foundation degree or who are not going at all – getting apprenticeships - because the fees intimidate them. ... it's a real shame for them. (Mark, English sixth form college)

In addition, some young people living close to the Scottish border felt that the different social entitlement north and south of the border was unfair:

It's just ridiculous. Although Scotland, Ireland and Wales all have their own government within the government we have in England, everyone deserves equal opportunities since we're all ruled under the same laws. Then it seems stupid to have such different [fees]. That just makes us feel like we've drawn the short straw. Because someone from Edinburgh who's Scottish, who's not paying any money, is going to come out with the same degree as someone from Northumbria who's paid like £27,000 for three years. It just seems a bit ridiculous! Unfair. (Jenny, English comprehensive)

Decisions on moving to a different country

Different fees regimes in the home countries clearly had an impact on students' decisions, providing a marked disincentive for Scottish students to leave Scotland to study, unless the course or institution was particularly appealing:

I would have definitely [applied to England if there were no fees]. Obviously I've got family there and it would have been quite nice to maybe, obviously I've lived here for quite a while now and it would be quite nice to go somewhere totally new. (Liam, Scottish comprehensive)

I think unless it was somewhere like Cambridge or Oxford which has got a really good reputation then cost is a factor. And I wouldn't want to pay £27,000 ...for a degree that I could just as easily get in Scotland for free. (Clara, Scottish independent school)

However, other factors also came into play. Scottish respondents frequently pointed to the high quality of Scottish higher education institutions, while some pupils, particularly first generation entrants, also discussed their fear of moving far from home:

I genuinely couldn't [cross the border to study]. I think it would make me ill. I couldn't live without my mum and dad just now. I would need to be a lot older to stand on my two feet and it's probably my own fault that I rely so heavily on them, but that's just the way it is and I would just need to stay up here. (James, Scottish comprehensive)

Financial considerations might also have played a part in the decisions of English students thinking of studying in Scotland, particularly because they would typically be incurring four rather than three years of debt. One young person wondered whether the first year of a four year degree might repeat ground already covered at 'A' level:

I have friends that have gone to Scottish universities to do similar courses to that which I've applied for, and they've said that they've not really done anything new. Which having already re-sat a year of sixth-form is not particularly appealing. [...] Which I believe is to compensate for the Highers not being as necessarily as wide reaching as A levels, or whatever it is. So that's slightly off-putting. Although at the same time, the courses do look interesting. (Ross, English comprehensive)

Student fees, constitutional change and voting intentions

Young people in Scotland varied in their assessment of what might befall free tuition in the future. Some believed that higher education would always be free because this was such an important policy for people in Scotland:

I think it'll be something for Scotland to always have. I think Scotland will always have the free tuition fees. I think it's one of the, it might be one of the things that people really agree with in Scotland. So I think the free tuition fees will stay. (Callum, Scottish comprehensive)

Some believed that if Scotland remained in the UK, there would be pressure on the Scottish system to become more like the English:

I'd like to think so [free tuition would remain] but I don't know if it's sustainable. But I think there's more chance of free tuition fees staying in Scotland if we go independent than there is with staying in the Union because the English students would look and say, 'Well we're paying £9,000 and they're getting it for free so that can't be right' so there would be more pressure to make Scottish students pay cause it would be seen as unfair. (Daniel, Scottish comprehensive)

Others felt that, following independence, higher education would have to compete with other spending areas and free tuition might become a thing of the past. This reflected a very real concern amongst our interviewees with regard to the economic future of an independent Scotland:

I think if Scotland goes independent we won't be able maintain the National Health Service for a start. I don't think we'll be able to continue a free health service, dental care and stuff and education I think will be pushed to the side and we'll be more focussed on money towards

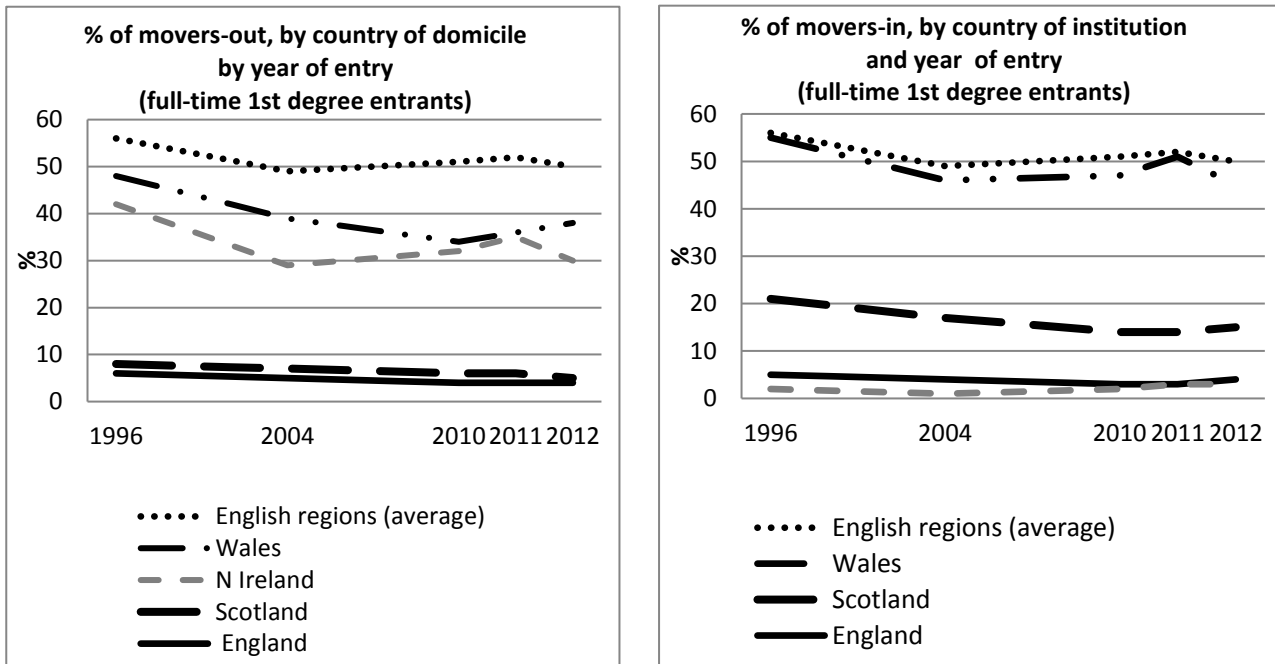
health care rather than money towards education so I think education will just drop as well.
 (Iain, Scottish comprehensive school)

It is interesting to note that, despite the strong support for free undergraduate tuition, this did not necessarily affect young people’s voting intentions. As noted by Jan Eichhorn, despite becoming more sympathetic to the ‘yes’ position over time, young people aged 14 – 17 are the least likely to support Scottish independence compared with other age groups (<http://blog.whatscotlandthinks.org/2014/06/favouring-not-one-union-but-two-new-evidence-from-the-under-18-year-olds/>). In the interviews, young people told us that issues like the economy, the currency and membership of the EU were more important to them than free higher education, though it was something which they valued and which they recognised made Scotland stand out from the rest of the UK.

Cross-border student flows

However separate their future governance arrangements may be, the HE systems of the UK will continue to be highly interdependent. One aspect of this interdependence is the cross-border flow of students who are domiciled in one home country of the UK but enter HE in another. Around 7 per cent of all full-time first-degree students cross the UK’s internal borders to study ([Croxford and Raffe 2014a](#); [Raffe and Croxford 2013](#)) and this proportion has tended to decline following devolution (see Figure 1). Table 3 shows the number and percentage of rUK students from each country studying in another home country, and Figure 2 shows the proportion of the student body in each country by origin (home, rUK, EU and international).

Figure 1: Cross-border flows of students within the UK, 1996-2012



Source: HESA 2012/13

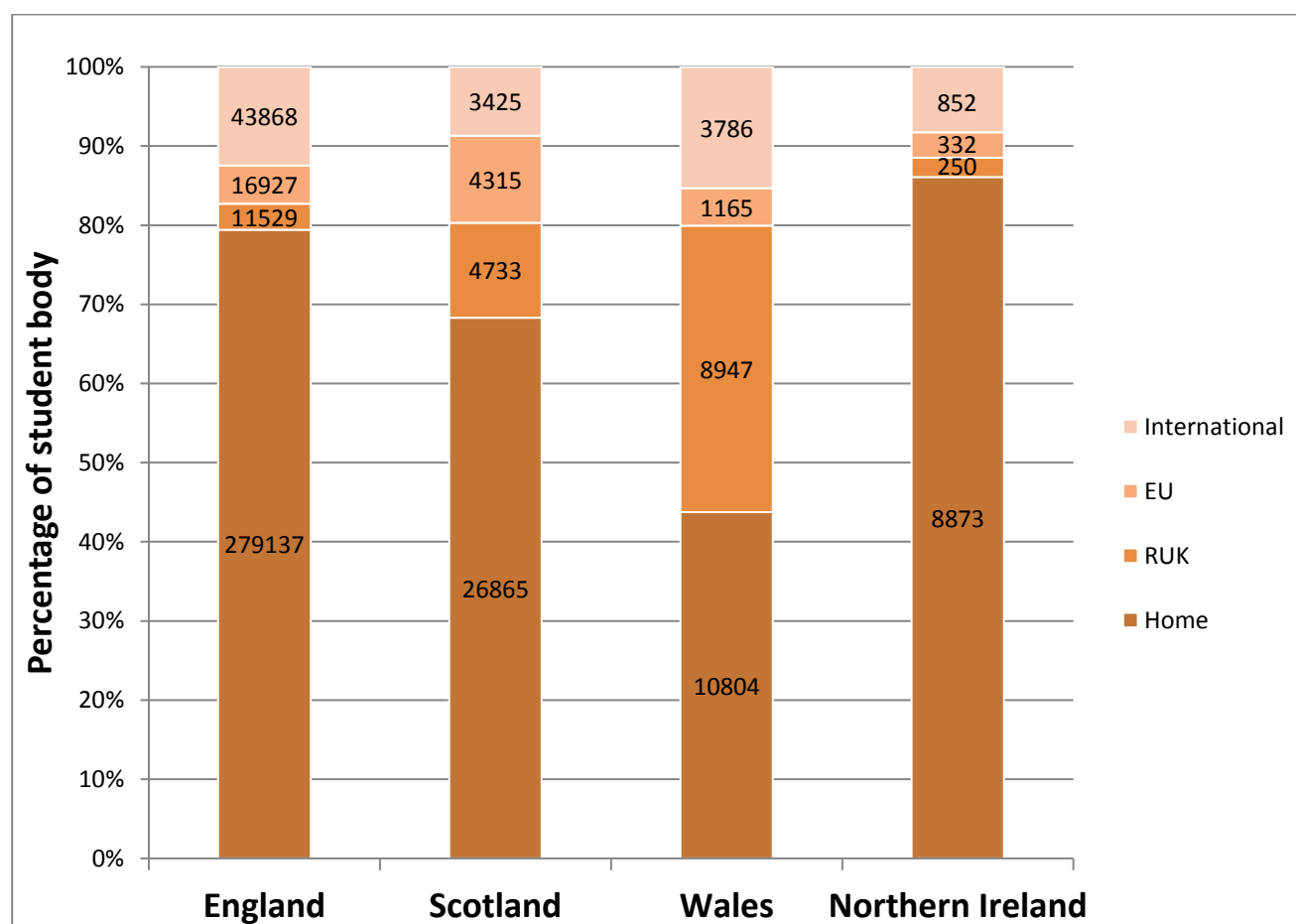
Note: The first figure shows students moving out of each home country to study as a percentage of that home country’s domiciles who entered full-time first-degree higher education in the UK in the year shown. The top line shows

the average of the equivalent outflow percentages from English regions (North East, North West, Yorkshire and the Humber, East Midlands, West Midlands, East of England, London, South East, South West). The second figure shows students moving into each home country/region as a percentage of all UK-domiciled entrants to institutions in the country/region.

Table 3: Home country of full-time first degree UK-domiciled entrants to an HEI in another UK country, 2012

	Scotland	England	Wales	Northern Ireland
Number of entrants to HEIs in another country	1325	12637	6709	3736
As % of entrants to all UK HEIs from country of domicile	5%	4%	38%	30%

Figure 2: Full-time first degree entrants to HEIs in England, Scotland, Wales and Northern Ireland 2012, by domicile



In each home country except Wales, students from the rest of the UK (rUK) are considerably outnumbered by students from the rest of the European Union or overseas. However, the impact of cross-border flows varies widely across the four home countries. In 2012 nearly

four in ten of Welsh-domiciled entrants and three in ten of Northern Irish-domiciled studied elsewhere in the UK, compared with 4% from England and 5% from Scotland. The inflow of rUK to Wales was even higher: 45% of FT UK-domiciled first-degree students in Wales were from outside Wales, very similar to the average percentage of entrants to HEIs in English regions who were domiciled in another region (i.e. inter-regional movers). These differences partly reflect differences in size, and point to a paradox with important policy consequences. England is by far the largest home country, and 95% of all first-degree students who cross borders to study move either into or out of England. But only 4% of English-domiciled students, and a slightly lower proportion of UK-domiciled students in English universities, have crossed borders. England is the home country that is least affected by cross-border movements but it has the most influence on these movements as they affect the other home countries. Despite its much smaller population, the proportion of students leaving Scotland to study is barely more than England (5%), although compared to this low percentage of movers-out, Scotland attracts a higher proportion of movers-in from the rest of the UK (15% of UK-domiciled full-time first degree entrants in Scotland in 2012 were from rUK; and 12% of all full-time first degree entrants).

Table 3 and Figure 1 are based on UK-domiciled students only. Further analysis including non-UK students (see Figure 2) shows that Scotland has the highest proportion of EU students, attracted by high quality provision and the absence of fees. English HEIs have the highest proportion of full-time first degree entrants from non-EU overseas countries. Wales and Northern Ireland HEIs both had a relatively low proportion of EU entrants from the EU in 2012, and Northern Ireland also had a low proportion of non-EU international students among its entrants. Students who cross borders are relatively likely to attend ancient or Russell Group universities and to study particular subjects, such as medicine and the arts. This is especially true of students moving to Scotland to study, and it has become increasingly the case over time. Students who move are relatively likely to be young, to have well-educated and middle-class parents, to be high attainers and to have attended independent schools. Once again this is particularly true of movers both into and out of Scotland.

Differences between the policies of the devolved governments have not only resulted in different tuition fee regimes across the UK. For certain students and at certain times they have provided a disincentive to cross borders by creating, or increasing, a differential between the cost of tuition in a university in the home country and elsewhere in the UK. Such a disincentive has been faced by Scottish students since 2000, by Welsh students from 2007-2009 and by Northern Irish students since 2012 (when the differential for Scottish students also became much wider). Analyses of these trends suggest that students do respond 'rationally' to such (dis)incentive effects, but that the response is often small and delayed ([Raffe and Croxford, 2013](#); [Croxford and Raffe, 2014b](#); [Wakeling and Jeffries, 2013](#)). The 2012 changes, for example, seem to have contributed to a small decline in the number of students leaving Scotland to study, but not in the number leaving Northern Ireland (the uneven trends in Figure 1 largely reflect the fact that fewer students who applied successfully in 2011 deferred entry for a year). There was little impact on the types of students who moved, except that they became slightly more concentrated among former independent-school pupils ([Croxford and Raffe, 2014b](#)).

This suggests that if an independent Scotland were required to provide free tuition for students from the remaining UK, the increase in the proportion of such students coming to Scotland would be relatively small in the short term. As our interviews with young people indicated, the cost of study is affected by many other things than fees. Travel and accommodation costs, the greater length of degree programmes and maintenance arrangements are also important, and might discourage many students from applying to Scottish universities. Moreover, the choice of institution is affected by many other factors than costs, particularly the perceived reputation of an institution, course content, distance from home, and expected employment outcomes. There are broad patterns in the emphasis placed on these factors in relation to the social and educational characteristics of students, so that students from less advantaged backgrounds are much less likely to move ([Whittaker, 2014](#)). The students who currently come to Scotland are a relatively selected and atypical group, and students' choices of universities tend to follow well-trodden pathways shaped by family and social ties and information networks. These patterns have an impact on the social profile of the institutions into which they move, and of course pathways may develop and change over time. Ultimately the sheer size of England might be the determining factor in Scottish policy on tuition fees. The Scottish Government ([2014a](#)) estimates that even a small percentage-point increase in the proportion of English students coming to Scotland – from 2% to 5% – would lead to approximately equal numbers of Scottish and rUK students at Scottish institutions; and an increase to 10% would 'displace the majority of Scottish students from studying in Scotland'.

Any changes in relative student numbers would also take place in the context of a potentially reduced young cohort in Scotland. Tindal, Findlay and Wright (2014) estimate, based on population projections, that there could be a total loss of around 5,400 Scottish students at Scottish universities over the next 10 years. If there was a reduction in home students and the desire to maintain the current sector size, then those additional students could come from the rUK, EU or further overseas.

Conclusion

Part of the reason that higher education policy has featured relatively prominently in the debate on Scottish independence is that, at least according to government rhetoric, it reflects differences in the value placed on education north and south of the border and certainly represent major differences in social entitlement. Our interviews revealed interesting differences in attitudes to tuition fees policy north and south of the border. In Scotland, young people welcomed the policy, but many policy makers and some young people questioned its sustainability in the light of ongoing austerity within the public sector. In England, there appeared to be a fragile acceptance of tuition fees policy amongst young people and university managers. However, young people believed that the policy of charging fees to rUK students in Scotland was unfair since, as UK citizens, they should enjoy equivalent social entitlements. Key informants both in England and Scotland were sceptical about the sustainability of the Westminster government's approach to student funding, suggesting that the very high levels of debt and uncertainty over repayment rates would eventually derail the system. The general consensus was that higher education policy was likely to be subject to further seismic shifts, which might be detrimental to its long-term well-being.

Policy on student fees was clearly linked to cross-border flows of students, since different policies may increase or reduce the incentives to move. Overall, there has been a decline in the number of UK students studying in another home country since devolution. As noted by Tindal, Findlay and Wright ([2014](#)), population projections suggest that there will be a decline in the number of young people in Scotland until about 2023. In order to sustain the size of its higher education sector, it will therefore be extremely important for Scotland to be able to attract a growing number of young people from outwith Scotland. There is a growing reliance within the Scottish higher education system on the income generated by the recruitment of rUK and international students. For example, each cohort of students from the rest of the UK taking a four year degree in Scotland contributes more than £170 million in fee income. Were Scotland to become an independent EU member state, many commentators believe that they would have to be treated in the same way as EU and Scottish students, and this might make the policy of free higher education unsustainable. Similarly, Scotland already attracts the highest proportion of EU students, and, since these students do not pay to study in Scotland, any increase might be challenging.

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Further information

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