

Lucy Hunter: Hidden cost of free tuition



The Scottish Government expects graduates from poorer backgrounds to end up with a higher government debt. Picture: Jane Barlow

by **LUCY HUNTER**

Grant reforms will leave students from lower income families in Scotland with the highest level of graduate debt, writes Lucy Hunter


Long after the first elections to the Scottish Parliament, university tuition fees retain their headline-grabbing power. Student grants, however, do not. This is about to have important consequences for students from homes with the lowest incomes, who as Sheila Riddell showed last week already constitute a declining proportion of our students compared to a decade ago. The changes to grants will also have a striking effect on comparisons between Scotland and other parts of the UK

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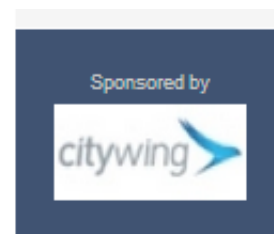
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parts of the UK.

The state supports first-time students in full-time higher education for their living costs in two ways. Non-repayable grants, now known as bursaries, are only available to those from lower-income homes. Student loans are available in greater or lesser amounts to all students and provide up-front cash at the expense of future earnings: repayments are collected later as a percentage of income, functioning while they last like an extra tax.



From this autumn, the value of non-repayable grants in Scotland will fall sharply and students from lower-income families will need to borrow more to cover their day-to-day costs. For young students from households below £25,000 studying in Scotland, the grant loss will be between £890 and £1,640 a year. Mature students will generally lose less, though a few of these who study elsewhere could forego £2,150 a year. These changes will apply to new and continuing students.

Despite criticism from opposition parties, this change has failed to excite much interest in the media or wider civil society. NUS Scotland has welcomed the new approach to student support, of which these reductions are only one part, as "a huge step forward".

Tuition, of course, remains free. Alongside this the government will issue much more student loan, so that for most Scottish students cash in hand (the combined amount of loan and grant) will rise well above inflation. For students from households with incomes of less than £17,000, the total package will now be worth £7,250. Together with free tuition, extra spending power for students has been critical to the NUS, which stresses that hardship rather than debt is the key issue for many of its members.

However, the package of free tuition and extra cash to spend will come at a price for the less well-off. For example, at incomes of £20,000, £1,945 more borrowing each year will produce only £427 extra to spend for young students who study in Scotland. The rest will be needed to make up for lost grant. For an unfortunate group with incomes around £18,000, £1,760 more loan will mean only £120 more cash in hand. At incomes up to £25,000, student loan debt will rise by between 45 and 60 per cent, but spending power only by between 2 and 17 per cent.

Over four years, young Scots from lower-income homes will now need to borrow £22,000 to obtain their full state support for living costs (£26,000 for mature students).

A main selling point of the new system has been that it is, in the words of the Scottish Government, "the best package of student support in the UK". Though the government has not provided specific comparisons, these can be done from publicly-available sources. That produces some unexpected results. First, Wales will now provide the highest figure for cash in hand in the UK, with a package of grant plus loan worth £7,736, for incomes to £18,370, and sums in excess of £7,250 for incomes up to just over £21,000.

Looking at the separate issue of debt, the graph here compares the position of students from each part of the UK who undertake the cheapest form of honours degree commonly available to them, starting this autumn. It shows the total government loan they will need to cover fees (where relevant) and to receive their full entitlement to government support for living costs, if they live away from home. English fees are assumed to be the maximum £9,000.

The graph shows the actual amounts of student loan debt projected by each government. As already noted, the Welsh (and also in fact the English) figures generally include higher total support for living costs than Scotland for students studying away from home: Northern Ireland generally provides less. The dotted lines show the effect of factoring this out in each case, to produce a pure like-for-like comparison.

The Scottish system will remain the cheapest in the UK for the better-off, provided that they

study in Scotland. In particular, on government models Scottish students from households with an income of more than £34,000 will be able to complete an honours degree with the least debt of almost any UK graduates, even allowing for the extra year of study required. At lower incomes, Scots will still need to borrow less than their English equivalents, although national grants in England worth up to £3,354 and widening access top-up schemes run by institutions mean the gap at lower incomes can narrow to an unexpected extent. This is shown using the example of Southampton University, which offers extra benefits worth £3,000 a year for incomes up to £25,000. It is a relatively generous scheme, but not the most generous.

However, among the devolved administrations Scotland will now expect the same or more debt for its lower-income honours graduates, as a direct result of the fall in grants.

Wales provides the largest surprise. As well as providing a "fee grant" to limit borrowing for tuition fees to £3,575 for all its students, wherever they study in the UK, Wales will also provide means-tested maintenance grants of up to £5,161 a year.

The graph shows how lower-income Welsh students studying for three years will now need to borrow less than equivalent Scots studying for four. Not shown is how on a like-for-like comparison Welsh students at lower incomes will in fact have less annual debt than all equivalent mature Scottish students and some young students also. This means some Welsh students will be able to complete a four-year degree in Scotland, including paying fees and having as much to live on, with less final debt than their Scottish counterparts. These comparisons exclude a government promise to write off the first £1,500 of student loan for most Welsh graduates.

With much the lowest grants and universal free tuition, the graph also shows how Scotland is closest to treating higher education support as a flat-rate benefit, while other jurisdictions choose instead to give more grant to those from lower-income homes.

The new maximum grant in Scotland will be much lower than elsewhere in the UK, just £1,750 (young) or £750 (mature: Scotland is alone in setting a lower rate for this group) and taper out more quickly. As a result, the Scottish Government is the only one in the UK which expects graduates from poorer backgrounds to end up with a higher government debt and, therefore, a larger claim on their future earnings, than their peers from wealthier homes.

Finally, Scotland concentrates its support more than others on those who study in-country. Under the new lower grant regime, Scottish students from lower-income homes who study elsewhere in the UK now face the highest annual borrowing of any group of UK students (up to £15,500 a year: not shown here). Comparison with the free-ranging students of Wales shows that this is not simply an inevitable outcome of decisions elsewhere; it is also due to policy choice here.

Lack of awareness may explain why there has been so little controversy about the planned grant reductions, which public information has not highlighted and still less quantified. But there has been some media coverage. So, a more intriguing explanation would be that we have reached a point in Scotland where the suggestion of any increase at all in government-backed [student debt](#) to fund tuition remains hugely sensitive in politics and the media, but a sharp rise in debt levels for those from lower incomes generates little interest. Meantime, a focus on England has left us uninformed about the other devolved administrations.

The symbolism of free tuition remains strong in Scotland. The First Minister has recently repeated his much-quoted Burns-inspired comment that "the rocks will melt with the sun before I allow tuition fees to be imposed on Scottish students – upfront or backdoor". The metaphor was a powerful one and might be regarded as prophetic.

With universal free tuition at the centre of its political universe, Scotland appears uniquely willing to allow student grants to melt away, at the expense of the least well-off. If we care

about addressing inequality, and given what Sheila Riddell has shown, shouldn't we be talking about this more?

- Lucy Hunter is a freelance analyst and formerly head of higher education, science and student support in the Scottish Executive. The full analysis on which this article is based is available at <http://adventuresinevidence.com>