Thank you for your letter of 25 October 2007 asking me to submit views on the Graduate Endowment Abolition (Scotland) Bill. The College was also asked by the Scottish Government to respond to its own consultation. A copy of our response is attached. This answers your request for views on the general principles.

You also ask how helpful we find the policy memorandum and financial memorandum accompanying the Bill. The policy memorandum is helpful because it explains the rationale for the Bill in terms of principle rather than in purely practical or financial terms. The financial memorandum is useful in identifying the high costs of administering the Graduate Endowment system, but could also have identified more specifically how the income from the Graduate Endowment would have been likely to be spent in future and therefore what activities may suffer from its abolition.

The Graduate Endowment does not provide funding for universities and colleges. We remain concerned that funding for higher education in Scotland must keep pace with the funding provided to institutions in England, both from public sources and from students' fees. Otherwise we will find it difficult to compete for academic staff and for research funding, both of which are vital to Scotland's strong reputation for higher education and higher education's very important continuing contribution to the Scottish economy.
3 September 2007

Ms Jacqueline McKellan
Life Long Learning Directorate
Scottish Executive
450 Argyle House
Glasgow
G2 8LG

Dear Ms McKellan

Consultation on the abolition of the Graduate Endowment Fee

Thank you for the opportunity to respond to this consultation. The consultation paper makes it clear that the Executive believes that the Graduate Endowment has failed to deliver on its aims to promote social inclusion and enhance civic society. But the Graduate Endowment has been in place for less than six years. Graduates only begin paying the Graduate Endowment fee around nine months after they graduate, and the first cohort liable to pay began their studies in 2001, so very few students are yet liable to begin paying. It is not surprising, therefore, if the Graduate Endowment has yielded very little to the public purse so far. It will be unfortunate if this early and short-term evaluation leads directly to the abolition of a scheme that was introduced, admittedly with some unwelcome compromises, after the thorough and thoughtful recommendations of the Cubie Report.

On the other hand, the Graduate Endowment does add to the burden of student debt, although it is a minor component compared with the accumulation of living costs over a full-time course. Reducing the burden of debt may make it easier to attract students from disadvantaged backgrounds, and may also make it easier for graduates of all backgrounds to contemplate postgraduate study.

Furthermore, the fees and financial support situation for students in the UK is too complicated. This level of complication is widely believed to be a significant factor in deterring students from disadvantaged backgrounds from entering higher education. Abolition of the Graduate Endowment would be a simplification, and one with relatively minor financial consequences. In the interests of simplification, we wonder if it is sensible to continue to enforce the obligations of students who became liable to pay the Graduate Endowment fee in 2005, 2006 and 2007. It will be necessary to continue the infrastructure of collection for many years to gather what must be a relatively small sum.

Furthermore these citizens are unlikely to feel any pride or satisfaction in contributing to a fund that was originally intended to support the study of future students, but is now being presented as a failed experiment, the proceeds of which are used ‘to release existing budget to be used elsewhere to meet in-year-pressures’. The cleanest and perhaps most efficient way to end the Graduate Endowment would be to stop payments now and refund those already made.

Given the arguments for simplification and reducing the burden of debt, we would support the abolition of the Graduate Endowment.

The Graduate Endowment was never intended to support funding to institutions. We take this opportunity to reiterate, however, that it continues to be vital that higher education in Scotland is funded at a level adequate to maintain the high quality for which it is well known. Otherwise its benefits for the Scottish economy and society will diminish.

Yours sincerely

M Wood
College Secretary