SUBMISSION FROM THE NATIONAL UNION OF STUDENTS SCOTLAND – 8 NOVEMBER 2007

Graduate Endowment Abolition (Scotland) Bill

NUS Scotland is a federation of local student organisations in Scotland, comprising over 60 local campus student organisations that are affiliated to the National Union of Students of the United Kingdom (NUS). NUS Scotland is an autonomous, but integral, part of the National Union of Students. The students’ associations in membership of NUS Scotland account for 85% of students in higher education and over 90% of students in further education in Scotland.

Students’ associations affiliated to NUS retain autonomy over all policy areas, and may choose to make individual students’ association submissions based on local policy. NUS Scotland operates a democratic forum for policy and debate on national issues affecting students and NUS Scotland’s role is to reflect the collective position.

Introduction

NUS Scotland welcomes the proposed abolition of the Graduate Endowment. The announcement by the Cabinet Secretary in June 2007 to consult on this issue, and subsequent drafting of the Graduate Endowment Abolition (Scotland) Bill have been welcomed by NUS Scotland as important steps in the reduction of graduate debt.

History

Following the publication of Student Finance: Fairness for the Future, NUS Scotland called on the Scottish Government to fully implement the Independent Committee of Inquiry into Student Finance report, and argued that the Graduate Endowment as it was introduced did not achieve what was set out in the Cubie Report¹. In fact, NUS Scotland campaigned against the introduction of the Graduate Endowment because the income threshold for payment did not reflect the financial benefit that graduates derived from their studies, nor did it provide funding back into student support to an adequate level to improve student funding.

NUS Scotland described our dissatisfaction with the Graduate Endowment in our Education Manifesto, published ahead of the Scottish Parliament elections in May 2007. We pointed out that over the past fifteen years, the student loans scheme has meant that the average graduate contribution to higher education costs has increased from zero (other than income tax and other taxes) to thousands of pounds per graduate, over and above the standard taxation².

The vast majority of students are forced to add the Graduate Endowment fee onto their total student loan debt, thus adding to the already crippling debt levels of graduates. The fact that just one third of the overall Graduate Endowment fee has been repaid and an additional graduate debt of £26.3M incurred³ suggests that the plan to expand student support to the poorest students from the Graduate Endowment income has been poorly thought out. Recent evidence confirms that participation from the most deprived areas is still poor. In 2004-05, people from the most advantaged areas were almost twice as likely to participate in further or higher education as people from the most deprived areas⁴.

Furthermore, recent evidence highlights the growing problem of graduate debt. NUS Scotland figures suggest that graduates leave university with a debt of £16,000. Of those at university, students who come from poorer backgrounds had 23%⁵ more debt than those from the more wealthy backgrounds. Clearly the policy of better bursary provision from the income of the Graduate Endowment is not working to support those who it had intended to help.

¹ NUS Scotland ‘Student Finance: Funding Futures’ August 2000
² NUS Scotland ‘Education Manifesto: Elections 2007’
³ Statement by Fiona Hyslop, Cabinet Secretary for Education and Lifelong Learning to the Scottish Parliament, 13 June 2007
⁵ Scottish Executive ‘Higher and Further Education Students’ Income, Expenditure and Debt in Scotland 2004-05’
These levels of debt prevent our graduates from buying their own home, starting a family or a pension. Ultimately, this prevents graduates from contributing to the economy and prevents Scotland from becoming a wealthier and fairer country.

**NUS Scotland’s represents 85% of students in higher education and 90% of students in further education. Through our democratic forums, our members have voted through policy to oppose student debt and hardship. Based on this and the above evidence, we fully support the abolition of the graduate endowment fee.**

**Concerns**

The Cabinet Secretary informed the Scottish Parliament that the Graduate Endowment fee has recouped nearly £13M in cash payments and loan repayments since it was introduced. It has always been the case that any income from the fee would be channelled back into student support funding for the purpose of student bursaries. With the loss of this income stream, NUS Scotland is concerned that student support payments will be affected.

We are seeking assurances from the Scottish Government that student support levels will not be affected by the loss of this income and that the shortfall will be met by other means. Furthermore, NUS Scotland is concerned that the necessary increase to the student support purse as a result of the lost Graduate Endowment income will reduce the political will for greater investment in student support.

NUS Scotland acknowledges the commitment the Scottish Government has made in tackling graduate debt, but we seek further commitment that it will tackle student hardship by investing more funds in student support. Although a welcome proposal, the removal of the Graduate Endowment is just a small step towards defeating hardship.

**How helpful do you find the policy memorandum and financial memorandum accompanying the Bill?**

We acknowledge and support the view that the Graduate Endowment has failed to achieve its aims of promoting social inclusion by reducing barriers to widening access and participation. The figures and assessments contained within these memoranda closely support the views of NUS Scotland. The Graduate Endowment has increased the debt burden of graduates and has compounded issues affecting graduates because of their debt.

**Do you have any comments on the consultation the Scottish Government carried out prior to the introduction of the Bill?**

The consultation process was straightforward and easily accessible. There were few issues of contention, as evidenced by all the supporting responses received by the Scottish Government.

**Conclusion**

NUS Scotland would like to take this opportunity to welcome the proposed reduction to graduate debt, while emphasising that the loss of income to the student support purse and the general poor levels of student funding remain issues of concerns for us. We are pleased that the Scottish Government is taking steps to reduce the financial burden on students in Scotland but believe much more must be done to ensure that students are not forced into living below the poverty line.

NUS Scotland looks forward to working with the Scottish Government and the Education, Lifelong Learning and Culture Committee to ensure that lifelong learning becomes a reality in Scotland and that all students, no matter what their personal circumstances, are able to learn without facing hardship and poverty.