

EXECUTIVE NOTE
THE EDUCATION (STUDENT LOANS) (SCOTLAND) AMENDMENT
REGULATIONS 2008 SSI/2008/205

1. The Education (Student Loans) (Scotland) Amendment Regulations 2008 (“the amending regulations”) amend the Education (Student Loans) (Scotland) Regulations 2007 (S.S.I. 2007/154) (“the principal regulations”) to provide that part-time courses may no longer be designated courses. Students undertaking part-time courses will therefore no longer be eligible for student loans. They are subject to negative resolution.

Background

2. In December 2007 Fiona Hyslop, the Cabinet Secretary for Education and Lifelong Learning announced the introduction of a £38m package of grants for part-time learners in higher education, removing the need for them to rely on student loans.
3. On 31st January this year the Individual Learning Account (Scotland) Amendment Regulations 2008 (S.S.I 2008/1) came into force. These regulations allowed us to offer the new funding for students undertaking part-time courses through ILA Scotland. Maureen Watt, Minister for Schools and Skills gave evidence on the policy issues behind these regulations to the Education, Lifelong Learning and Culture Committee on 6th February 2008.
4. The purpose of the amending regulations is to introduce changes to the principal regulations so that students undertaking part-time courses are no longer eligible for student loans.
5. It is part of the Government’s move away from student loans to grants. As a result students undertaking part-time courses will no longer be eligible for the part-time student loan from the Student Awards Agency for Scotland (SAAS) of £500 towards their course-related costs (such as travel and study costs).
6. The current part-time loan is income assessed and limited to independent students (generally over 25) studying at least 50% of a full-time qualification and with annual household income of £15,367 or less. In 2007/08 only around 600 students claimed the part-time loan from SAAS, whereas around 20,000 existing and new part-time students will benefit from the new funding arrangements we are introducing for part-time fee support through ILA Scotland.
7. This improved financial support is to be introduced from academic session 2008/09. It consists of a £500 part-time Higher Education (HE) grant for fees for all new and existing students who earn £18,000 or less, and who are studying at 50% or more of a full-time course. In addition there will be an extra £1m allocated annually to institutions HE discretionary funds to support study, travel and childcare costs for part-time students.

8. The improved support package complements what is already on offer to HE part-time students, as summarised in the table below - (new support shaded)

learner	is studying less than 50% of full-time course	is studying 50% or more of full-time course
is on benefits	fees paid in full	
is earning £18k or less	£200 ILA for fees	£500 ILA for fees
	discretionary funds – for study, travel & childcare costs	

Policy objectives for improving part-time HE support

9. The arguments for encouraging and supporting increased participation in part-time HE study (including distance learning courses) address both economic and social justice objectives. The overall policy aim is to help motivated individuals develop their skills and/or obtain the qualifications that they need in their professional careers; and to enhance access to and improve participation and retention in part-time study in higher education.
10. Part-time and flexible study will be increasingly important in the future as people of all ages in Scotland look to build their skills and re-train to meet the changing needs of the economy and society. This is recognised in our Skills Strategy - Skills for Scotland – A Lifelong Skills Strategy’. Improved support for part-time students is a very tangible demonstration of the commitments in the Skills Strategy to support and motivate individuals in the workforce to participate in part-time learning.

Findings of the Review of support for part-time students

11. Our review of part-time HE support concluded that there is a gap in the current funding arrangements for part-time HE students, that is people in work on lower incomes who want to undertake substantial advanced part-time study (eg HNC.HND/degree) but for whom the costs of study can be a barrier to participation and retention
12. The average HE course fees for a complete part-time degree programme are around £4,800 in total (or £800 per year), though there is a wide variation in part-time courses and thus in actual fee levels. The ‘price’ of part-time study is a significant issue for a number of these students, both current and prospective, even though in general, part-time students are assumed to be in work and thus have access to funding to support themselves during their studies. This is also supported by research done by the Open University and Scottish University for Industry which indicates that for some groups of well motivated individuals on low incomes cost is the final barrier that prevents them from taking up learning.
13. So this new funding will be a major boost for large numbers of part-time students in higher education. The changes we are making also support our wider commitment to make student access to higher education based on the ability to learn, not the ability to pay. It will help relieve pressures on existing part-time students on low incomes and will open up new opportunities for people contemplating part-time study to retrain.

14. Part time study suits a diverse range of people with varying needs. Helping more people study part-time helps widen access to higher education, as well as helping to increase the number of students achieving graduate status through part-time rather than full-time study.

Consultation on options

15. There has not been a formal consultation on the improved financial support for part-time higher education students; however we liaised extensively with internal and external stakeholders including colleges and universities to seek feedback on a number of options. These were:

- abolish part-time fees;
- subsidise part-time fee levels charged by colleges and universities;
- extend the current part-time fee waiver scheme;
- extend the ILA Scotland scheme to provide more fee support;
- introduce new means-tested grants for fees and/or study costs; and
- enhance existing student loans to include fees as well as study costs.

16. However no single option emerged as a clear favourite from the stakeholder discussions and there was no consensus from stakeholders on whether the funding should be channelled through the institutions or through the learner.

17. We also discussed the various outline options with Ministers in June 2007 and rejected three of the original options, which were not taken forward for full options appraisal, these were:

- *enhancing existing student loans* is out of step with our plans to replace student loans with means tested grants.
- *subsidising part-time fees* could provide for greater flexibility and targeting of fee support than a complete abolition of part-time fees. However it was not clear how this option would interact with existing SFC funding to institutions and was not strongly supported by stakeholders.
- *extending the part-time fee waiver scheme* has the advantage of building on a well-established funding mechanism. Although it was seen as potentially administratively burdensome for institutions (especially universities) as it would mean introducing new means-testing at local level.

18. A detailed options appraisal (including indicative costs) was carried out on the remaining options and the recommendation to extend the ILA Scheme (and increase discretionary funds for part-time students' study costs) was approved by Ministers in October 2007.

19. ILA Scotland has been operating from December 2004 and is a well established funding scheme to help pay the course fees of those adults wanting to get back into learning or who want to improve their skills. To date 91,000 accounts have been opened, and there are over 45,000 individuals using their accounts to study a wide range of courses, including HE courses. The benefits of using the ILA Scotland scheme are;

- eligibility requirements simple to understand, the ILA scheme is well-liked by learners
 - means-testing done centrally by the Student Awards Agency for Scotland (SAAS), the institutions do not have to undertake any means-testing element, so save on administration
 - individual income is used for means-testing (rather than household as for other options), which extends eligibility and access to many learners who otherwise would not receive funding (eg, under fee waiver arrangements)
 - no ‘previous study’ restrictions applied to ILA support
 - more people eligible
 - employers and individuals can still contribute
20. The colleges’ and universities’ main concern around using an ILA model was for the existing ILA administration to be streamlined. In particular there was a concern about the additional resource implications for colleges and universities of having to register all their eligible HE courses individually on the ILA Scotland database. We have taken these comments on board and the simplified ILA Scotland model we are proposing does not require institutions to register their HE courses to access part-time funding. This will be a major efficiency saving for colleges and universities.

Financial Effects of the Amendment Regulations

21. A total of £38m has been made for this new support over the period of the Spending Review (£12m/£13m/£13m).
22. These regulations have a negligible effect on the Scottish Government, Local Government or on business. It has not been necessary to prepare a Regulatory Impact Assessment.

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