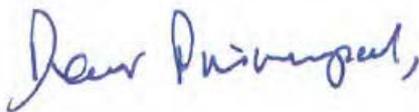


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29 June 2018

To: College Principals



Scottish Government's response to the Independent Review of Student Support - Update to student support policy for 2018-19

1. I am writing with details of the Scottish Government's response to the Independent Review of Student Support. Included in this is our proposed method for allocating £5.2m additional funding to colleges, so that they can introduce increased bursaries to Care Experienced students in 2018-19.

Background

2. The Independent Review of Student Support was carried out in 2016-17. The [final report](#) was published in November 2017.
3. On 9th June, the First Minister gave a broad indication of the Scottish Government response to the Review. This was followed up by a statement from the Minister for Further Education, Higher Education and Science to the Parliament on 12th June. Ministers indicated in these announcements that they will gradually implement the review recommendations. The [Minister's statement](#) can be viewed on the Scottish Parliament website.

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4. The [announcement of funding for colleges for 2018-19](#) included an earmarked allocation of £5.2million for implementation of the review in colleges. The Scottish Government has now confirmed that it will allocate a further £16 million for FE and HE student support in 2019-20.
5. The Scottish Government has stated that its priority for 2018-19 is to increase the rate of bursary funding for Care Experienced students to £8,100 per year. This is the Review's recommended minimum student income. The Scottish Government has indicated that the allocation of £5.2 million to SFC for 2018-19 is a ring-fenced allocation to be used to increase the bursaries of full-time Care Experienced students.

Introduction of Care Experienced Bursary rate for 2018-19

6. Colleges should begin to pay a higher bursary to Care Experienced students on FE courses from the start of the 2018-19 academic year. Colleges should allocate full-time Care Experienced students a non-means tested weekly bursary maintenance award of £202.50. We have based this weekly rate on an average of 40 weeks' support to include short holidays. However some colleges may pay students this rate up to the 43 week maximum (or longer if they have special permission for certain courses). Care Experienced students on HE courses at college will receive an annual bursary of £8,100 from SAAS.
7. In line with previous guidance, Colleges should ensure that Care Experienced students receive the **optimum** funding award, taking into account their wider circumstances. This means that Colleges should have regard to the student's potential entitlement to social security benefits. If the student is eligible to remain on benefits whilst they study and the amount that the student would receive through benefits (plus EMA of £30 per week or Universal Credit Bursary of £28 per week if applicable) is higher than £202.50 per week, then the college should allocate EMA or Universal Credit bursary rate instead of the new Care Experienced bursary rate. However, we predict that for the majority of students, they will either be better off on bursary or there will be no difference to the household income (see examples at Annex A).
8. Care Experienced students will continue to be eligible to receive additional funding elements, such as travel, study costs, additional support needs, childcare and discretionary awards.

Definition of Care Experienced

9. The Care Experienced bursary rate should be offered to students who:
 - Have ever, at any time in their lives, been looked after by a Local Authority in the UK; and

- Are beyond their statutory school leaving date (for most students this will mean a minimum age of 16. More details on statutory school leaving dates are set out in paragraph 53 of SFC's [Bursary Advisor Notes](#)); and
 - Are under 26 on the first day of the first academic year of their course (for most students, who start in the autumn term, this will be 1 August).
10. Further details on SFC's definition of Care Experienced students are set out in paragraphs 7 to 11 of the [Bursary Advisor Notes](#). The definition is the same as that used by SAAS for HE students, as summarised on their [website](#).
11. It should be noted that the following groups of students will not qualify for the full Care Experienced Bursary rate:
- Students in informal care arrangements. However, the college may take the decision that students in informal care arrangements are self-supporting and allocate funding on this basis.
 - Students who do not meet the residency criteria. This means that young unaccompanied asylum seekers who are under the care of the Local Authority cannot be allocated the full Care Experienced bursary, but should be supported as asylum seekers. However, if refugee status is granted to the young person or if they meet the 'long residency' rule, then they will then become eligible for the Care Experienced bursary.

Allocation method for additional funding in 2018-19

12. SFC will allocate the additional funding of £5.2 million on the basis of enrolments of Care Experienced students to colleges at the start of academic year 2018-19. When we invite Colleges to make bids for redistribution of student support funding in Autumn 2018, we will also ask them to report:
- numbers of Care Experienced students who have enrolled up to that point;
 - the committed funding associated with these enrolments, based on the new weekly rate of £202.50;
 - a forward projection of numbers of Care Experienced students who will enrol later in the academic year; and
 - a reduction to take account of the impact of withdrawals of Care Experienced students.
13. We will distribute the £5.2 million to colleges on the basis of this information. In the event that the additional amount required for Care Experienced students on FE courses is less than £5.2 million, SFC may be required to transfer any balance to SAAS to meet demand from HE students. The final allocations will be announced at the same time as the outcome of the redistribution, in late 2018. We will make the adjustment to college budgets in early 2019.

14. Colleges have the flexibility to draw down additional up-front funding to enable them to make these payments to students in advance of the college budgets being finalised, but any College which anticipates that this will cause a cashflow problem should contact SFC.
15. We are aware that college payment and information management systems are set up in advance of the academic year, with set maximum bursary rates included in the systems used by some colleges. If colleges cannot accommodate the introduction of a new bursary rate within their systems as a bursary payment they should pay the increased rate as a discretionary payment in this introductory year. Any college which anticipates that they will have difficulty in processing payments to Care Experienced students because of systems limitations should contact SFC.
16. It should be noted that we do not consider it appropriate to base our allocation of the £5.2 million to colleges on historic enrolments of Care Experienced students for the following reasons:
 - Demand for student support can be unpredictable and can fluctuate between years.
 - The quality of the data held on the numbers of Care Experienced students in colleges has improved greatly in the last few years but, prior to this, reporting was patchy and we do not have a significant body of reliable trend data on numbers of Care Experienced students.
 - The introduction of the higher rate for Care Experienced students will take the weekly award from just under £100 to just over £200 per week. This will mean that students who might previously remained on benefits during their studies will now be far more likely to be better off receiving bursary. Therefore, we expect to see a significant increase in the take up of bursary by Care Experienced students.

Changes to be implemented in 2019-20

17. The Scottish Government has indicated that a further £16 million will be provided to SFC and SAAS in 2019-20. This funding will be used to implement the following changes for colleges:
 - The continuation of the £8,100 annual/£202.50 weekly rate for Care Experienced students.
 - An increase in maximum FE bursary rate from approximately £4,000 p.a. to £4,500 p.a. This will bring the 2019-20 maximum weekly bursary to around £112.50 for full-time FE students.
 - A guaranteed award of bursary for eligible FE students and a guarantee to bursary, rather than EMA, for eligible students aged 18 and over.

- The development of an online portal to provide students with information, advice and guidance.
18. It should be noted that some of the additional £16 million will be provided to SAAS to increase in maximum HE bursary rate from £1,875 p.a. to £2,000 p.a., increase the income thresholds for HE means testing and make improvements to the conditions for the repayment of student loans.
19. We will be working with Scottish Government and colleges in the coming year on the detail of the changes to be implemented for 2019-20. Any changes to our student support policies will be taken through FESSAG and we anticipate that the above changes will be factored in to the core funding allocations for student support in 2019-20.

Work which will impact in 2020 and beyond

20. In her statement to the Scottish Parliament, the Minister also indicated that further work will be carried out on a number of other issues in the coming years. The key areas where we may see changes in 2020-21 and beyond are as follows:
- The rate of bursary funding allocated to other categories of vulnerable students, such as those who are disabled and student carers.
 - Funding for part-time students.
 - Possible availability of higher levels of student loans (this may include the extension of loans to FE students for the first time).
 - Any further changes required to align student funding and social security benefits.
21. SFC will continue to engage with Scottish Government and Colleges as this work progresses.



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Interim Chief Executive

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Examples of optimum award to Care Experienced students

Legacy benefits

18 year old care experienced student with weekly rent of £65

- If awarded EMA of £30: He can receive income support of £58. He will get full housing benefit of £65. His total income is £153.
- If awarded full bursary £202.50: He will receive no income support and no housing benefit. His total income is £202.50.
- The student would be £49.50 per week better off receiving a bursary than an EMA, and therefore this student should be awarded a bursary rather than an EMA.

18 year old care experienced student in supported accommodation with weekly rent of £220

- If awarded EMA of £30: He can receive income support of £58. He will get full housing benefit of £220. His total income is £308.
- If awarded full bursary £202.50: He will receive no income support and reduced housing benefit of £137pw. His total income is £339.50.
- The student would be £31.50 per week better off receiving a bursary than an EMA, and therefore this student should be awarded a bursary rather than an EMA.

Universal credit

20 year old care experienced single student with monthly rent of £360 (1-bed private rented property in West Lothian rate – varies by local authority)

- He can get Universal Credit of £612 per month / £141pw.
- If awarded bursary of £202.50 per week gets no UC during course. Total income is £202.50pw.
- If awarded bursary of £28 per week can get UC of £138pw during course. Total income is £166pw.
- The student would be almost £40pw better off receiving a £202.50 bursary than a £28 bursary and therefore should be awarded a bursary of £202.50.

20 year old care experienced student with partner and 3 year old child and monthly rent of £620 (2-bed private rented property in Edinburgh rate – varies by local authority)

- The couple can get Universal Credit of £1,292 per month.
- If awarded bursary of £202.50 per week can get UC of £502pm during course. Total income is £12,618.

- If awarded bursary of £28 per week can get UC of almost £1,278pm during course. Total income is the same as above, £12,618.
- There is no financial difference to the household. The college can choose to pay a £28pw bursary rather than a £202.50 pw bursary.

20 year old care experienced student with partner and monthly rent of £530 (1-bed private rented property in Edinburgh rate – varies by local authority). Partner earns £600 per month.

- The couple can get Universal Credit of £847.82 – £378 earnings = £469.82 per month.
- If awarded bursary of £202.50 per week the couple get no UC during course. Total income is £13,500 over 9 months of course.
- If awarded bursary of £28 per week the couple can get UC of £455pm during course. Total income is £10,615.
- The household would be almost £2,885 better off over the duration of the course receiving a £202.50 bursary than a £28 bursary and therefore should be awarded a bursary of £202.50.

20 year old care experienced student with partner and 3 year old child and monthly rent of £620 (2-bed private rented property in Edinburgh rate – varies by local authority). Partner earns £600 per month.

- The couple can get Universal Credit of £1292 – £378 earnings = £914 per month.
- If awarded bursary of £202.50 per week get UC of £124pm during course. Total income is £14,616 over 9 months of course.
- If awarded bursary of £28 per week can get UC of £900pm during course. Total income is £14,616.
- There is no financial difference to the household. The college can choose to pay a £28pw bursary rather than a £202.50 pw bursary.