

60-SECOND SUMMARY

The system of financial aid for students in Scotland, and across the UK, is unusual in several ways when compared to other developed countries. Key differences include:

- a ‘strong’ separation between frameworks to support students at university and those in vocational education and training.
- the separation of help with students’ living costs from the country’s social security system.

We compared financial aid in five case study countries (South Korea, Australia, Germany, Ireland and Finland), and also looked at some more general discussion of the relationship between financial aid and student participation, retention and experiences. We focussed on ‘first cycle’ (undergraduate) students, and on living costs rather than tuition fees.

In Scotland, as in the UK, financial aid systems for students in higher education (HE) are separate from those for those in vocational education and training (VET). Most countries do not have such a ‘strong’ distinction and in some a single system essentially covers both HE and VET. Sharp separation may make it harder to achieve ‘parity of esteem’ between the sectors.

Similarly, the UK’s complete separation of support for student living costs and social security is relatively unusual. This approach may mean that students whose progression could be eased by access to certain benefits find it difficult to get these, or may not receive them at all. In addition, opportunities to manage common issues for low-income groups are missed. Integrated systems mostly aim to provide a minimum income standard for students, allowing them to focus on their learning.

Integration can also help students manage their housing costs. Some countries offer specific allowances for accommodation, and providing affordable residences for students is a priority for many HE and VET institutions.

Simple systems for accessing funding generally work better than complex ones. For example, if information is provided through multiple sources or eligibility criteria are unclear, students may miss out on aid, or face delays in receiving it. And when grants or loans are paid to students in small, regular sums (monthly or fortnightly), this helps with budgeting and money management.

RECOMMENDATIONS

- Bringing the HE and VET student aid systems together seems to work well and may support parity of esteem.
- Students may benefit from better links and interactions between social security and student support. For example, students whose persistence and outcomes could be supported by access to certain benefits may find it easier to access these.
- Simple systems for accessing funding work better than complex ones.
- The timing of payments affects student experiences; payment in small ‘wage-like’ instalments helps with budgeting and money-management.
- Accommodation costs are a particular problem for students. State support to pay for housing and institutional provision of affordable places to live are useful interventions.
- Limited availability of state-backed aid may be associated with high levels of commercial credit use.
- Paid work is a necessity for many students but can become a virtue where ‘work study’ helps them to find good quality and/

Students use commercial credit to some extent in most countries, especially where state-backed aid is limited, or available only for tuition costs rather than maintenance.

Paid work is essential for many students and financial aid systems are often constructed with the assumption that earnings will play a part in meeting living costs. Universities can help by offering 'work study' schemes. These may include support to get jobs which are based on campus and/or related to the student's programme, with fair wages and conditions. Both HE and VET programmes can also seek opportunities for students to integrate reflection on their job into their course.

In Scotland, and across the UK, the vast majority of grants and bursaries are offered on the basis of need but most countries have at least some merit-based awards (although these may be available only to poorer students). These may recognise exceptional attainment or simply require minimum levels of progress. Awards made at enrolment on the basis of school achievement can favour better-off students, if school outcomes are strongly associated with social background.

Funding may also be limited by age, with certain streams available only to students who are below a certain age (as low as 30 in some cases) at enrolment. This rations aid and ensures that students who receive state support will contribute to society for a substantial period. However, it potentially creates a barrier to lifelong learning, upskilling and retraining.

Widening access initiatives tend to focus on tuition fees rather than living costs. Despite this, there is evidence that anxiety over financial hardship related to living costs and debt may affect access, persistence, and on-course experiences in HE and VET.

Widening participation issues may be different for HE and VET, although there has been more focus on the former; the last major review of widening participation in VET in the UK was published in 1997. We need more information about how students see the relationship between VET and work. Strong employer engagement and detailed, evidence-based assessments of local and national skills needs meant that students in some countries enter VET courses with a fairly accurate idea of their future job – and earnings – prospects.

or course-relevant jobs, and where programmes offer opportunities to reflect on learning from employment.

- Merit bursaries are fairly common outside the UK but need to be carefully designed to support equitable access to funding.
- Systems vary in how they 'cast' students as independent adults or adult children.
- Age limits for financial support eligibility vary. A low limit may ensure that students bring social and economic benefits to the economy and earn enough to repay loans, but may limit lifelong learning or 'upskilling'.
- Widening access activity tends to focus on tuition fees not living costs.
- Widening participation issues may be different for HE and VET.
- We need to know more about how students see the relationship between VET and work.
- Effective incentives for employers to support VET are diverse, and go beyond payments alone.

The progressive policy think tank

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