

## Universities Scotland: submission to the Smith Commission

### Executive summary

Universities Scotland believes there are specific opportunities to craft a new devolution settlement which will enable the university sector to make an even stronger contribution to a fairer and more prosperous Scotland within the United Kingdom. We believe the Commission can craft a devolution settlement which will:

#### For social justice

- Enable learners to escape from the 'benefits trap' and access higher education.

#### For economic growth

- Enable Scotland to introduce variations on the overall UK migration policy, especially to enable us to compete successfully for high-talent students and staff. We would particularly benefit from the ability to offer international students the opportunity for two years post-study work in Scotland, comparable to what is offered by competitor nations.
- Enable Scotland to use tax incentives to improve our disproportionately low rate of business investment in research and innovation.

### Research

We stress the importance of retaining the current balance of devolved and UK-level responsibility for supporting Scottish university-sector research, which has provided a strong foundation for our achievement of world-class research excellence and the benefits this brings to Scotland.

### Scottish Government budget

We believe the Commission needs to model the potential impact on the Scottish Government's budget of proposed changes in the balance between devolved taxation and block grant, to give robust confidence that future Scottish Governments can have the resources necessary to invest in their increased responsibilities.

Taken together, we believe the proposals in this paper would make a significant contribution to the promotion of economic growth and social justice.

**Universities Scotland**  
**October 2014**

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## Universities Scotland: submission to the Smith Commission

Universities Scotland welcomes the opportunity to submit evidence to the Commission, on behalf of the leaders of Scotland's 19 universities and higher education institutions. We are keen to see outcomes from the Commission's work that enhance the university sector's contribution to Scotland.

Universities Scotland maintained a policy of strict neutrality throughout the referendum period, while challenging the proponents of all constitutional options to adopt policies which enhance the university sector's contribution to Scotland's success. Now that the electorate has made its decision we want to see the opportunity of a re-designed Union used to strengthen our contribution to social justice and economic growth.

We responded to the outcome of the referendum on Scottish independence by saying "*We do not believe in standing still, nor do we see the outcome of this referendum in those terms.*" Scotland's 19 higher education institutions are ambitious to compete amongst the very best in the world. The sector's work to achieve this delivers significant returns for Scotland's economy, society and culture. We want to see additional powers come to Scotland that will enable our universities to compete more effectively and therefore deliver more for Scotland in the Union.

We strongly believe that the Smith Commission presents a rare opportunity to be ambitious for additional powers that will result in meaningful change for Scotland, in the interests of social justice and economic growth, values which are widely shared by the parties on the Commission. We call upon all members of the Commission to be bold in their thinking. Many obstacles stand in the way of this, not least the timescale that has been committed to and the inherent difficulty in disentangling elements of policy from what is currently a UK-wide system. However, the potential rewards for overcoming this are great; not only for Scotland but for the whole of the United Kingdom, as the UK is surely stronger if its regions are made stronger and more vibrant within it.

We believe there are specific opportunities to craft a new devolution settlement which will enable the university sector to make an even stronger contribution to a fairer and more prosperous Scotland. We believe the Commission can craft a devolution settlement which will:

### For social justice

- Enable learners to escape from the 'benefits trap' and access higher education.

### For economic growth

- Enable Scotland to introduce variations on the overall UK migration policy, especially to enable us to compete successfully for high-talent students and staff. We would particularly benefit from the ability to offer international students the opportunity for two years post-study work in Scotland, comparable to what is offered by competitor nations.
- Enable Scotland to use tax incentives to improve our disproportionately low rate of business investment in research and innovation.

Collectively, these measures would make a significant contribution to the promotion of economic growth and social justice. We recognise that some measures will be easier to achieve than others but we expect the Commission to be motivated to use this opportunity to deliver a settlement which provides the maximum benefit for Scotland.

We also want to retain the best of what the current devolution settlement offers to the university sector. We attach particular importance to retaining the ‘dual support’ framework of devolved and reserved responsibilities for supporting research excellence. We also look to the Commission for confidence that any revision of the balance between devolved taxation powers and block grant will give the Scottish Government a budget which enables it to invest for Scotland’s success, across the full range of its responsibilities.

## **1. Building on a strong foundation**

The Scottish university sector has thrived under the current devolution settlement. A few figures illustrate the scale of our contribution:

- Our annual economic impact now stands at £6.7 billion GVA, multiplying every £1 of public investment into over £6 of economic impact.
- We employ 39,300 people and support over 142,000 jobs in the Scottish economy.
- We create £1.3 billion of export earnings from outside Scotland.
- We produce around 65,000 graduates per year, with the highest graduate employment and graduate starting salaries in the UK.
- Universities are proud to be amongst the key “pull” factors that contribute to Scotland’s attractiveness to inward investors, with high level skills and research cited by almost half of foreign companies as a key reason for their investment in Scotland.
- We are a key part of Scotland’s international connectedness, including attracting over 40,000 students from outside the UK.
- Whilst having only eight per cent of the UK population, our world-leading research now attracts over 13 per cent of total UK Research Council research project investment, leveraging over £200 million into Scotland annually.
- We work with 29,000 organisations each year on over £430 million of knowledge exchange contracts.
- We consistently exceed government targets for efficiency, releasing resources for re-investment in the quality and accessibility of universities.

We are ambitious to deliver even more benefit for Scotland and we hope a new devolution settlement will enable this.

## **2. Social justice: benefits and student support**

There is an opportunity for the Commission to create a devolved space for intelligent Scottish policymaking about the boundary between the benefits system and the student support system, in the interests of social justice and widening access. Housing benefit and attendance allowance may be devolved, in whole or in part. Devolution of responsibility for certain benefits would give the Scottish Government the ability to manage the benefits system in a way that stops potential students from being caught in ‘benefit traps’ which prevent them from entering higher education.

The potential loss of housing benefit (and council tax reduction) can be a significant barrier to people in social housing who are wanting to enter higher education but who would face substantially increased costs if they did so.

The current interface between the benefits system and student support disproportionately hits adults with parental responsibilities, mature students, part-time students and care leavers. It can create a barrier which prevents people from entering higher education, or from moving from part-time to full-time education.

Without prescribing a particular solution, it would be useful if a new devolution settlement gave the Scottish Government the power to review the interaction between the benefits system and student support and develop consequential improvements to the benefits system in the interests of social justice and individual opportunity. Further detail on this issue is at [Annex A](#)

### **3. Economic growth: high talent migration**

There are strong arguments for Scotland to be able to introduce some limited variations from UK-wide immigration policy, to help address our particular demographic and economic challenges. There are precedents – both within the UK and in other devolution settlements – for this. This was also a specific recommendation of the Calman Commission, which noted a broad consensus in its favour<sup>1</sup>.

Similarly, the devolution settlement in Canada recognises that the disparate economic and demographic profiles of the provinces require diverse approaches to high-talent migration priorities. This is given effect by the [Provincial nominee](#) scheme, under which different provinces can prioritise the skills needs of their local economy and select people who meet these needs. This has worked successfully for Canada as a whole since 1998.

Areas for the ability to vary UK immigration policy for high-talent migrants in a way which will enhance the university sector's contribution to Scotland include:

- Enabling the attraction and retention of international staff. The Scottish university sector is highly reliant on the free movement of talent and ideas across borders, with 13% of academic staff holding non-EU nationality. Current UK policy e.g. the limited number of 'sponsor certificates' for international staff and income conditions for continued UK residency can hinder this: the current case of the potential deportation of Royal Conservatoire of Scotland teacher Dr Steve Forman for falling below an income threshold has highlighted press and Parliamentary attention on this issue.
- Enabling the attraction of high-talent international students and their contribution to the economy, through the re-introduction of a post-study work entitlement.

Scotland faces distinct demographic challenges which some control over high-talent migration could help to address. Our population growth is slower than in other regions of the UK. Between 1971 and 2012, Scotland's population grew by only 1.5% compared to 15% in England. Population growth in England between 2012 and 2037 is projected by the Office of National Statistics to be 16%: in contrast population growth of only 9% is projected for Scotland.<sup>2</sup>

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<sup>1</sup> 'Serving Scotland Better: Scotland and the UK in the 21<sup>st</sup> century': recommendation 5.6, pp175-196

<sup>2</sup> [http://www.ons.gov.uk/ons/dcp171776\\_355166.pdf](http://www.ons.gov.uk/ons/dcp171776_355166.pdf)

Our proportion of the population of working age is also untypically low and is forecast to fall by 4% during the period 2012 and 2037 whilst the number of people aged over 65 years is projected to rise by 59%.<sup>3</sup>

We therefore have a strong case for variations from UK-wide immigration policy.

There is support for immigration policy being devolved to Scotland amongst the Scottish people. A recent survey by the Oxford University Migration Observatory found that 60 per cent of people in Scotland believe that the Scottish Government was best placed to make decisions about immigration policy in Scotland.<sup>4</sup> The same poll confirms differences in attitudes to immigration between Scotland and England, with Scots were less likely to want a reduction in immigration for students and high-skilled workers.

The UK Government and Scottish Executive have previously recognised that Scotland's different demographic challenges could be addressed through an adaption of immigration policy during the period when the 'Fresh Talent' scheme operated (2004-08) offering high-talent individuals the opportunity for up to two- years post-study work in Scotland. The rationale for Fresh Talent included:

- The attraction of a cadre of high-talent people who would contribute their energy and entrepreneurship to Scotland.
- The relationship between population growth and GDP growth, which puts Scotland at a disadvantage as a result of disproportionately low population growth.
- The need to address skills shortages in the Scottish economy, by enabling post-study work opportunities for high talent individuals and, for some of them, the choice to seek residence entitlement to enable them contribute their talents for a longer period.
- The 'soft diplomacy' creation of a network of high-talent individuals across the world, in increasingly senior positions, with goodwill towards Scotland.

The success of the Fresh Talent initiative led to its subsequent replication across the UK, until it was rolled back by the UK Government in 2012.

Partial devolution of responsibility for high-talent migration – whether legislatively or by agreement between the Scottish and UK Governments – would enable a creative response to these challenges.

#### Post-study work entitlement

The university sector's most urgent 'ask' from a limited devolution of immigration policy is the capacity to re-introduce a two-year post-study work entitlement for international students graduating from Scottish higher education institutions.

This could be limited to work entitlement in Scotland only which would therefore have no impact on the management of migration totals in the rest of the UK. Such a move would deliver a positive benefit for Scotland, which has a strong cross-party consensus on the value of high-skill immigration, and strict limitations on the location of work entitlement would respect the different views on immigration in parts of the rest of the UK and the UK Government's right to continue with its immigration policy.

We recognise that the UK Government has not capped the number of international student visas available in the UK but its restriction of the post-study work entitlement has harmed the Scottish

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<sup>3</sup> UK Government Scotland Analysis: Work and Pensions, April 2014

<sup>4</sup> <http://www.bbc.co.uk/news/uk-scotland-26020982>

higher education sector's competitive position in attracting international talent to Scotland. Scotland, along with the rest of the UK, has experienced a 0.9% decline in enrolments of international (non-EU) students in academic year 2012/13 compared to 2011/12. More worryingly, within this we have experienced a decline in enrolments since 2010/11 of students from key overseas markets, particularly India (31.2%) and Nigeria (17.5%). By contrast, key competitors such as the United States and Canada have enhanced their post-study work entitlements in the interests of attracting international talent; a strategy that has paid off with continued expansion of their international student numbers very steadily over the past five years (on average 5.5% for USA and 7.3% for Canada over the period) (see [Annex A](#)).

Universities Scotland's publication [Richer for it](#) sets out the social, cultural and educational benefits Scotland gains from the presence of a strong community of international students. We are enriched in many ways through the contribution made by a diverse and talented community who have chosen Scotland as the best place to learn. The benefits to Scotland include:

- the enrichment of the learning experience for all students;
- the development of an international outlook amongst home students and graduates which is valued by more than two third of employers;
- positive impacts within the wider community as a result of public engagement; and
- the creation of a vast network of alumni around the world who maintain strong and enduring connections to Scotland, acting as informal ambassadors for a country they perceive as a second home.

These benefits are in addition to the economic contribution made by international students including an estimated £337m per year in fees and £441m in off-campus expenditure.

We believe that Scotland can compete successfully for international talent if we have the opportunity to offer a competitive post-study work entitlement.

### Other opportunities

There are other opportunities which may be harder to realise within a new devolution settlement, but which should nonetheless be priorities for improvement of the UK's capacity to attract international talent. For instance:

- higher education institutions are currently only allowed a limited number of 'sponsor certificates' to enable them to recruit and retain the best international staff talent.
- International Masters' students are typically unable to be accompanied by their partners or children (in contrast to other nations which are working hard to attract international postgraduate students).
- The UK's inclusion of students in international migration totals has sent a message to key markets that the UK is wishing to restrict their opportunity to study here.
- The UK's visa administration process is inefficient and unwelcoming for students, and places institutions at risk if over 10% of their international applicants have their visa applications turned down for whatever reason.

Further detail on visa process difficulties is included at [Annex B](#).

#### 4. Economic growth: tax incentives for research-driven investment

Scotland has a strong record of investment in higher education research and development, but a relatively poor record of business investment in research and development. This is inhibiting Scotland's capacity to build an internationally competitive knowledge-driven economy. The opportunity to establish devolved tax incentives for research and development would help to redress this. It would give policy-makers in Scotland a tool to help turn around our historic under-investment in the research and development activities that drive business innovation. It would also help Scotland to address our competitive disadvantages of location.

Scottish Government figures<sup>5</sup> show that Scotland invests a much lower percentage of its GDP in gross expenditure on R&D than the average for the UK, the EU and OECD as a whole. This arises primarily from very low levels of business investment whilst spend on R&D in higher education is relatively high.

Gross expenditure (% of GDP) on R&D (GERD) 2012

<b>Scotland</b>	<b>1.58%</b>
<b>UK</b>	<b>1.72%</b>
<b>EU28</b>	<b>1.97%</b>
<b>OECD</b>	<b>2.40%</b>

Gross expenditure (% of GDP) on R&D performed in businesses (BERD)2012

<b>Scotland</b>	<b>0.58%</b>
<b>UK</b>	<b>1.09%</b>
<b>EU28</b>	<b>1.22%</b>
<b>OECD</b>	<b>1.62%</b>

Increased business investment in R&D would benefit the Scottish economy as a whole, and would also improve the university sector's contribution to the Scottish economy by catalysing demand for R&D collaboration between business and higher education. While the Scottish university sector is proud to work on knowledge exchange with nearly 20,000 Scottish businesses per year, this represents 38% by value of our £436m total income from knowledge exchange<sup>6</sup> and we are ambitious to grow this further. Strengthening the demand side from business will strengthen the university sector's contribution to prosperity. It will help to catalyse innovation-driven business creation and growth, which is currently relatively poor in Scotland: in 2013, there were more than 30,000 new companies started in Scotland, 5.7% of the UK total, but this compares poorly to nearly 97,000 in South East England and nearly 137,000 in Greater London<sup>7</sup>.

HMRC's [Evaluation of Research and Development Tax Credits](#) reviewed international evidence and found that well-crafted additional tax relief for R&D expenditure was effective in promoting higher levels of investment, with benefits of up to £3.60 for every £1 of tax relief. In highly devolved jurisdictions such as Canada and the USA provincial/ state administrations are able to offer their own tax incentives for R&D, additional to those available at national level. This capacity to offer supplementary incentives

<sup>5</sup> <http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/RD/GERDPubTables>

<sup>6</sup> SFC Knowledge Transfer Income Metrics for Academic Year 2012-13

<sup>7</sup> StartUp Britain Regional Entrepreneurial Map <http://www.startupbritain.co/news/2014-01-26/new-figures-reveal-regional-entrepreneurial-hotspots>

is seen as a useful and necessary part of the devolved jurisdiction's capacity to address the particular economic priorities of its region. The HMRC study found evidence that this had incentivised local firms to spend more on R&D and had attracted firms to locate in that jurisdiction.

Incentives normally take the form of reductions in corporation tax liability or the award of tax credits for R&D expenditure. In some jurisdictions e.g. the Netherlands and Ireland the incentive can take the form of a reduction in income tax or social security contributions paid by firms on behalf of employees engaging in R&D.

There is a clear need for improvement in Scotland's business investment in R&D, and we believe there is a significant opportunity for Scotland (and increased leverage of the economic opportunity provided by a world-class university sector) if a new devolution settlement can be crafted in a way which enables Scotland to offer a competitively advantageous incentive regime for this.

We would want this to be supplementary to the operation of UK schemes e.g. UK research development tax credits and the 'patent box' (analogous to the operation of national and provincial/state regimes in Canada and the USA).

#### Taxation: other issues

In general, taxation decisions affecting other organisations will have an impact on universities. Some issues to consider include:

- Charitable Status Tax Position

The vast majority of an HEI's income is already exempt from UK corporation tax, however, there are some areas where a charge may still remain. A blanket exemption for their activities (excluding VAT) would enable maximum support of charitable activities (e.g. removing constraints on gift aid payments between parent charity and subsidiaries).

- PAYE

Universities have significant numbers of staff working on projects at institutions elsewhere in the UK, and staff who work in Scotland but are resident in the rest of the UK. Clear rules on whether staff will be subject to Scottish or rest-of-UK income tax will be required, as will clarity about whether separate regimes e.g. for tax credits will need to be applied.

## **5. Sustaining the UK research ecosystem**

One of the foundations of the university sector's success is the 'dual support' framework for supporting research excellence, which works well and which we would not want to see disrupted or re-balanced.

Under dual support, the university sector benefits from devolved investment through the Scottish Further and Higher Education Funding Council (SFC) for elements of research infrastructure, distributed according to a formula driven by research excellence (the Research Excellence Grant). This baseline of funding enables Scottish institutions to compete successfully for research contracts from sources including, crucially, the UK Research Councils as well as UK research charities and European

and international funders. The current balance of sources of research funding (which we would not want to see disrupted) is:

- Scottish Government funding for research infrastructure through the SFC Research Excellence Grant and Global Excellence Grant (an aggregate total of £244m budgeted for in academic year 2014-15)
- £102m research contracts from governmental sources (including UK, Scottish, local authorities and NHS) (2012-13)
- £242m from UK Research Councils (2012-13)
- £169m from charitable and industrial funders across Scotland, England, Wales and Northern Ireland (2012-13)
- £69m from EU research contracts (2012-13)
- Scottish Funding Council Research Postgraduate Grant (£34m in AY2014-15)
- £33m from international funders (2012-13).

As part of the dual support model, Scottish institutions gain great benefit from shared access to the UK facilities in Scotland and England operated by the Research Councils. These include, for instance, the facilities for fundamental science at the Rutherford Appleton laboratory near Oxford and the Daresbury Laboratory near Warrington as well as facilities located in Scotland such as the ARCHER supercomputer and the UK Astronomy Technology Centre.

## **6. Scottish Government budget**

While we support the achievement of greater accountability and effectiveness of public spending through increased devolution of fiscal powers, we are neutral about the precise balance between block grant and devolved Scottish taxation as sources of funding for the Scottish Government's budget. We are not, however, neutral about the need for the devolution settlement to provide the Scottish Government with sufficient resources to invest in its full, and potentially expanded, range of responsibilities.

As a sector, we are highly dependent on funding through the Scottish Government: not just direct grant from the SFC (£1.1bn for 2014/15) but also fees paid to institutions on students' behalf by the Student Award Agency for Scotland (£179m in 2012-13). The accessibility of higher education to students from every socio-economic background depends on the funding of the student support system of maintenance grants and loans, with £236m being advanced in bursaries and loans to students at Scottish HEIs in 2012-13.

The success of the university sector, and our contribution to social justice by offering wide access to high-quality education, depends on a sustainable financial settlement.

We therefore urge the Commission to model very carefully the potential overall budget available to the Scottish Government under any proposals for a re-balancing between block grant and devolved Scottish taxation, to ensure that it is likely to provide the Scottish Government with the resources it requires to invest in Scotland's future. We look for the establishment of a fiscal regime which commands the confidence of all parties and which enables Scottish policy-makers to balance incentives and risks, against the background of robust confidence that the new balance between block grant and devolved Scottish taxation can support the required levels of investment.

## **7. Conclusion**

Universities Scotland looks forward with confidence to the Commission's work to develop a new devolution settlement. We will be happy to contribute further advice, orally or in writing, as required.

**Universities Scotland**  
**October 2014**

## Annex A: Potential opportunities arising from the devolution of Housing Benefit

At present, the rules governing entitlement to Housing Benefit constitute a barrier to entry to full-time higher education for some prospective students who stand to lose this vital income once they acquire student status. The rules also cause unnecessary disadvantage for some current full-time students who, although eligible to claim Housing Benefit, will have their entitlement reduced (sometimes to practically nothing) because of how their student funding is factored into Housing Benefit entitlement calculations which may have a significant impact on their retention and success. Many of those affected are likely to come from widening access backgrounds, and whilst we are not suggesting that extending eligibility for Housing Benefit to all full-time students would be an economically viable option in the event that Housing Benefit is devolved to the Scottish Parliament, we do believe that some adjustments to the rules could very much work in the interests of social justice, and contribute to further progress in widening access.

The purpose of this annex is to highlight some of the problems that current and prospective students face when the benefit and student support systems meet, focusing particularly on Housing Benefit. As mentioned earlier, there is an opportunity for the Commission to create a devolved space for intelligent Scottish policymaking about this boundary between the two systems, and below we suggest some starting points for discussion.

### Who can claim Housing Benefit?

Part-time students can claim Housing Benefit throughout their studies, provided they meet some basic rules. Most full-time students, however, cannot claim because they are expected to use other income, including from student loans and grants, to pay their rent. There are exceptions, however, which allow some full-time students to claim, and these include:

- people who are under 21 and on courses of 'non-advanced education' (i.e. courses below degree level);
- people who get Income Support, income-related Employment and Support Allowance (ESA) or income-based Jobseeker's Allowance;
- people who get Universal Credit (unless their Universal Credit includes an amount for housing costs);
- people who are lone parents of children under 16 (or under 20 in some circumstances);
- people with disabilities (including those who received Disabled Students' Allowance for deafness);
- student couples with dependent children under 16 (or under 20 in some circumstances); *and*
- people who are over the qualifying age for pension credit.

People who fall into one of the above categories must also meet some basic rules in order to claim Housing Benefit (i.e. they must be liable for rent, in eligible accommodation, have no more than £16,000 capital, have sufficiently low income, and not be subject to immigration control). For the purposes of calculating Housing Benefit some student funding is taken into account. This includes the amount of student loan a person is eligible to receive (whether they apply for that amount or not), as well as income from the Young Students' Bursary, the Independent Bursary, the vacation grant for care leavers, the dependants' grant and the lone parents' grant. Including student loans in the calculation of income, given that student loans are repayable, can create difficulties for students seeking to enter higher education. If their income is too high then their Housing Benefit is reduced or eliminated, which can make paying rent extremely difficult or even impossible, even if they are

supplementing their income through part-time work. Some students in this situation may have no other option but to abandon their studies so that they can afford a place to live.

In addition to this, people who are considering full-time higher education as an option for them but who do not fall into one of the categories above would either lose their entitlement to Housing Benefit once they acquire student status or have their entitlement severely reduced which, for some, can mean losing a safe and secure home following long periods of instability. This can be a major barrier to entry to full-time higher education, and a barrier to making further progress in widening access. It is difficult to quantify the scale of the problem because, as we understand it, the Department for Work and Pensions does not collect or publish data on student claims for Housing Benefit.

Below is some feedback, mostly from our members, on how what is described above has actually impacted in practice. This feedback is from people who work (or have recently worked) to provide direct support for students and prospective students:

- *“One student who recently attended a university summer school for access was in the care of her local authority and lived in supported accommodation. She had a tenancy for a flat with her local authority, worked on a part-time basis, did some voluntary work, and was preparing to re-enter full-time education after having left school a number of years ago. This student was in receipt of Housing Benefit and Council Tax Benefit (as was). The university’s widening participation team met with her for a series of one-to-one support sessions during the summer school, when the student indicated that one of the most significant barriers to her entering higher education was the loss of her flat and her tenancy. As she did not have any children or disabilities she did not fall into one of the exempt categories of full-time students who can claim Housing Benefit, so she would only have had her student loan to cover rent during term-time and other living expenses. This student was also given incorrect information about the impact of going to University on her tenancy and benefits by some of the agencies she was working with. This combination of difficult life changing decisions and a lack of information led to a particularly stressful situation for person in question. She faced uncertainty about where she was going to be living and the financial pressures she might face, and without the support of a family that many other students would have. This type of situation could create a barrier for any young person coming into higher education from a care background.”*
- *“A student who cared for her disabled mother and who was thinking about going into higher education. This young lady’s mother suffered from a rare muscular ailment that meant she was wheelchair bound and suffered from exhaustion. The mother was a single parent and they had no other immediate family who could help with the mother’s care. They also received little in terms of physical support from their local authorities Health and Social Care services. The mother and daughter both lived at the same address – a council flat – and were in receipt of Housing Benefit and Council Tax Benefit.*

*This Young Adult Carer was studying part-time at college but wanted to move on to a full-time course in Archaeology at university. She was worried, however, about the impact this would have on her family’s benefits and, in particular, the possibility that her mother would lose Housing Benefit and Council Tax Benefit. As a primary carer she did not want to put her mother through any unnecessary stress – whilst her mother wanted her daughter to fulfil her aspirations and go on the course. This Young Adult Carer felt that the uncertainty around these issues and the ongoing changes to the benefits system created a barrier to her going on a full-time course.”*

- *“One point that has always exercised me is the fact that is (almost?) impossible for a single independent adult on benefits to access full-time tertiary education – they are not eligible for Housing Benefit or any other benefits as they will be deemed to be unavailable for work. This seems bizarre as a student loan would not cover rent let alone any form of subsistence.”*
- *“I worked in Student Services in a college for many years and experienced cases where students faced barriers in entering higher education, or in progressing from further into higher education because of financial problems related to loss of benefits. The three groups of students commonly affected were lone parents, some students with disabilities, and young students with no family support.*

*The first two groups retain an entitlement to benefit, and most significantly Housing Benefit, as full-time students. However, because the student loan is counted as income, means-testing usually means that the amount of Housing Benefit is none or very limited. It seems very unfair that a loan is counted as income when it has to be paid back at a later date. These two groups are also least likely, because of their personal circumstances, to be able to supplement their incomes through earnings while studying. It is particularly difficult for those moving from having been wholly dependent on benefits to budgeting and being wholly responsible for housing costs – the risk of getting into arrears and losing their home is a real concern for them.*

*Students under 19 studying on full time non advanced courses are also eligible for Housing Benefit. These are often students with little or no family contact. If they progress on to an advanced course in the same college, or progress to university, then they automatically lose their entitlement to Housing Benefit, which can be a real shock. Again, because they are unlikely to have family support and may have had their own tenancies for several years, they are anxious about getting into arrears and losing their homes.”*

- *“We see students who are negatively affected by the boundary between the benefits and student support systems. One student, for example, was in receipt of Disability Living Allowance, Employment and Support Allowance (ESA), Housing Benefit and Council Tax Reduction, and then became a full-time student. She is still waiting for some funding to have her benefits entitlement confirmed. This is because the ESA team required details of her student income to give her a decision on what ESA she was entitled to, whereas the Student Awards Agency for Scotland needed confirmation of her benefit income in order to assess her eligibility for the Lone Parents’ Grant, hence putting her in a chicken and egg scenario.”*
- *“Most students we see who would be eligible for Housing Benefit now do not receive any because of increases to their student funding incomes.”*
- *“A potential obstacle to people in receipt of Housing Benefit attending university remains the policy that they lose the entitlement to such benefit on beginning their full-time studies. This could therefore play a large part in the decision on whether or not they feel that they are able to financially afford to attend university. Any devolution of the Housing Benefit policy could therefore allow a policy review in this area.”*
- *“In terms of Housing Benefit for university students, under the current system those eligible are parents and some people with disabilities. The rules about Housing Benefit for disabled students have narrowed over the past few years and will narrow further if Universal Credit comes in fully and replaces Housing Benefit. The increases to the student loan amount in the last couple of years also mean that less Housing Benefit is paid (as loan income is higher and*

*Housing Benefit is means-tested). Inevitably the restrictions to the amount of HB (bedroom tax, for example) means less HB is paid. So the current picture of Housing Benefit for university students is of parents and some disabled students getting small-ish amounts. If Housing Benefit was devolved and students were able to claim Housing Benefit freely then I am sure that this would increase numbers of students from low income backgrounds. Apart from unemployed EEA nationals, students are really the only group unable to claim Housing Benefit. Paying rent is a big issue for students, and much money is spent from discretionary funds helping students with rent payments.”*

## **Annex B.1: Post-study work entitlements**

Some educational agents who advise students on study destinations are now showing a preference for countries such as the United States, Canada and Australia where the immigration procedures and post-study work opportunities are considered to be better. A report from i-graduate which runs the Agent Barometer survey showed that the Canadian government's continued focus on international education and increasingly open immigration policy are likely factors in Canada's higher popularity amongst educational agents.

- Canada has two programmes:
  - Post-Graduation Work Permit Programme (PGWP) which allows recent graduates to work in Canada for a length of time equivalent to their study programme. Skilled Canadian work experience gained through the PGWPP helps graduates qualify for permanent residence in Canada.
  - In 2011 Canada introduced a new initiative to allow up to 1000 international PhD students apply for permanent residency as Federal Skilled Workers.
- USA:
  - International students in the USA can work in a field related to their studies for up to 1 year following graduation through the Optional Practical Training scheme (OPT). The USA has also removed the cap on the allocation of H1B visas (sponsored work visas) for international graduates.
- Australia:
  - In March 2013 the country replaced the Temporary Graduate visa with the Skilled Graduate visa as a part of the implementation of new post-study work arrangements. The Temporary Graduate visa has two streams: the Graduate Work stream and the Post-Study Work stream. The Post-Study Work stream offers extended options for working in Australia to eligible graduates of a higher education degree. Under this stream, successful applicants are granted a visa of two, three or four years duration, depending on the highest educational qualification they have obtained.

## **Annex B.2: Visa process difficulties**

Students have reported the following concerns:

- Difficulties in obtaining clear guidance:

The policy guidance for students is enormous and contains a huge amount of information. More work is needed to make the system seem less complicated. The 2011 UKCISA survey on the student experience of Tier 4 indicated that students repeatedly face difficulties in obtaining clear and correct information, especially from the Home Office. Meanwhile competitor countries, such as Australia have introduced streamlined visa processing for international students at Higher Education Institutions.
- Credibility Interviews

In December 2012 the Home Office started to roll out credibility interviews for students from “high risk countries”. Students and institutions have reported concerns about the interviews being excessively daunting for students. There is also concern about the level of training, knowledge & understanding that Entry Clearance Officers have of the HE system to allow them to determine the applicants genuine intention. There have also problems with delays in the process where students were unable to join the course because of backlogs and the time taken to arrange interviews.

- Police registration

An ongoing concern for universities and students is the experience around police registration. Students from what are deemed “high-risk countries” by the Home Office are required to register with the police within seven days of arrival within the UK. The Police Force, notably in Edinburgh, is unequipped to process the high number of students within the short time-frame and students have previously had to camp out in very long lines to make sure that they are registered.