



Kate Ogden
(with Madeline Thomas)

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@TheIFS

Higher education spending



Economic
and Social
Research Council

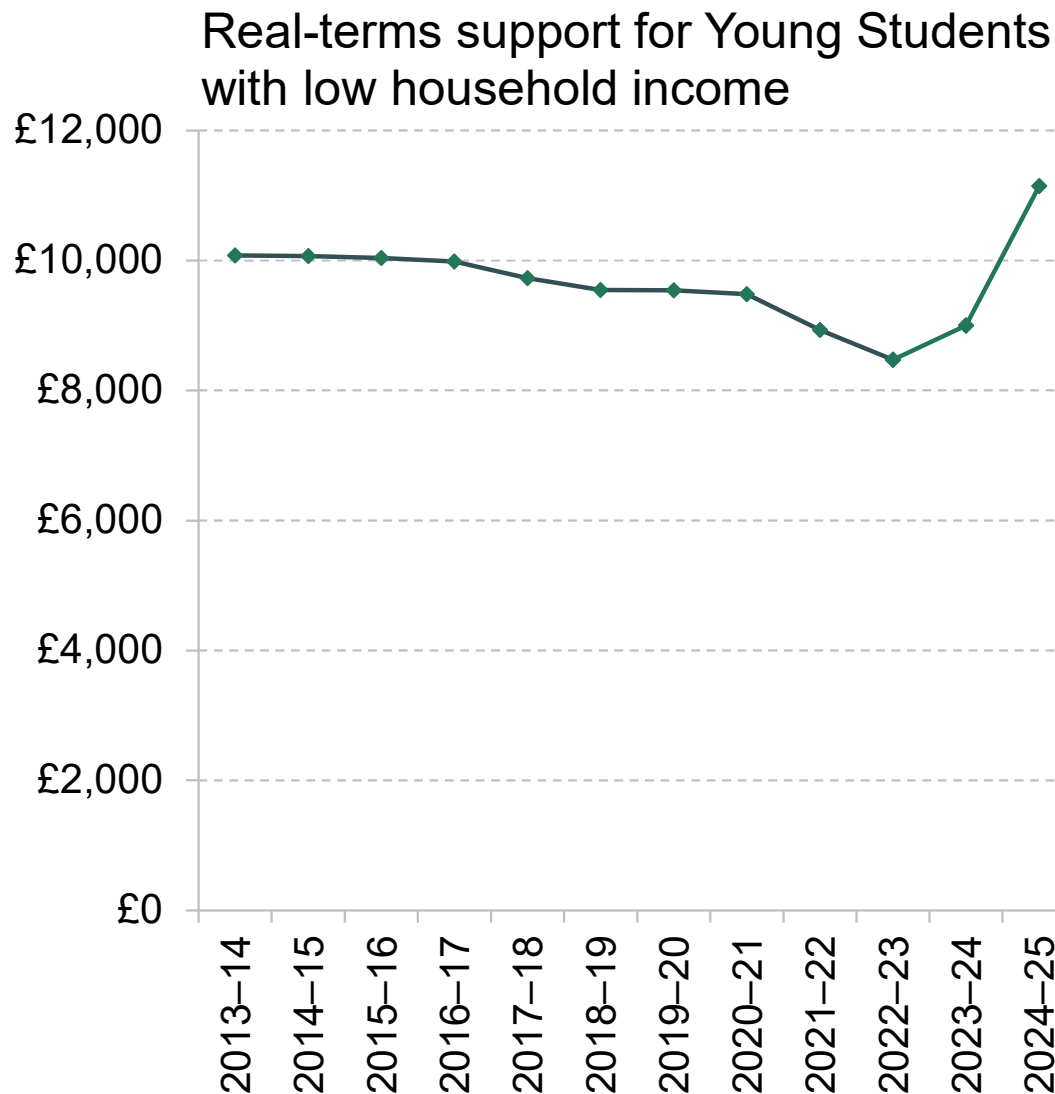


ESRC
CENTRE FOR THE
MICROECONOMIC
ANALYSIS OF
PUBLIC POLICY

Introduction

- Scottish Government has made very different choices to rUK about how higher education should be funded, and the costs shared
- ~£1.5 billion spent each year on Scottish undergraduates
 - ~ £0.9 billion on teaching for those studying in Scotland
 - ~ £0.6 billion on living cost support (mostly loans, some grants)
- This presentation will cover:
 1. Living cost support and loan repayments
 2. Funding for teaching
 3. Scottish Budget 2024-25 and options

Living cost support

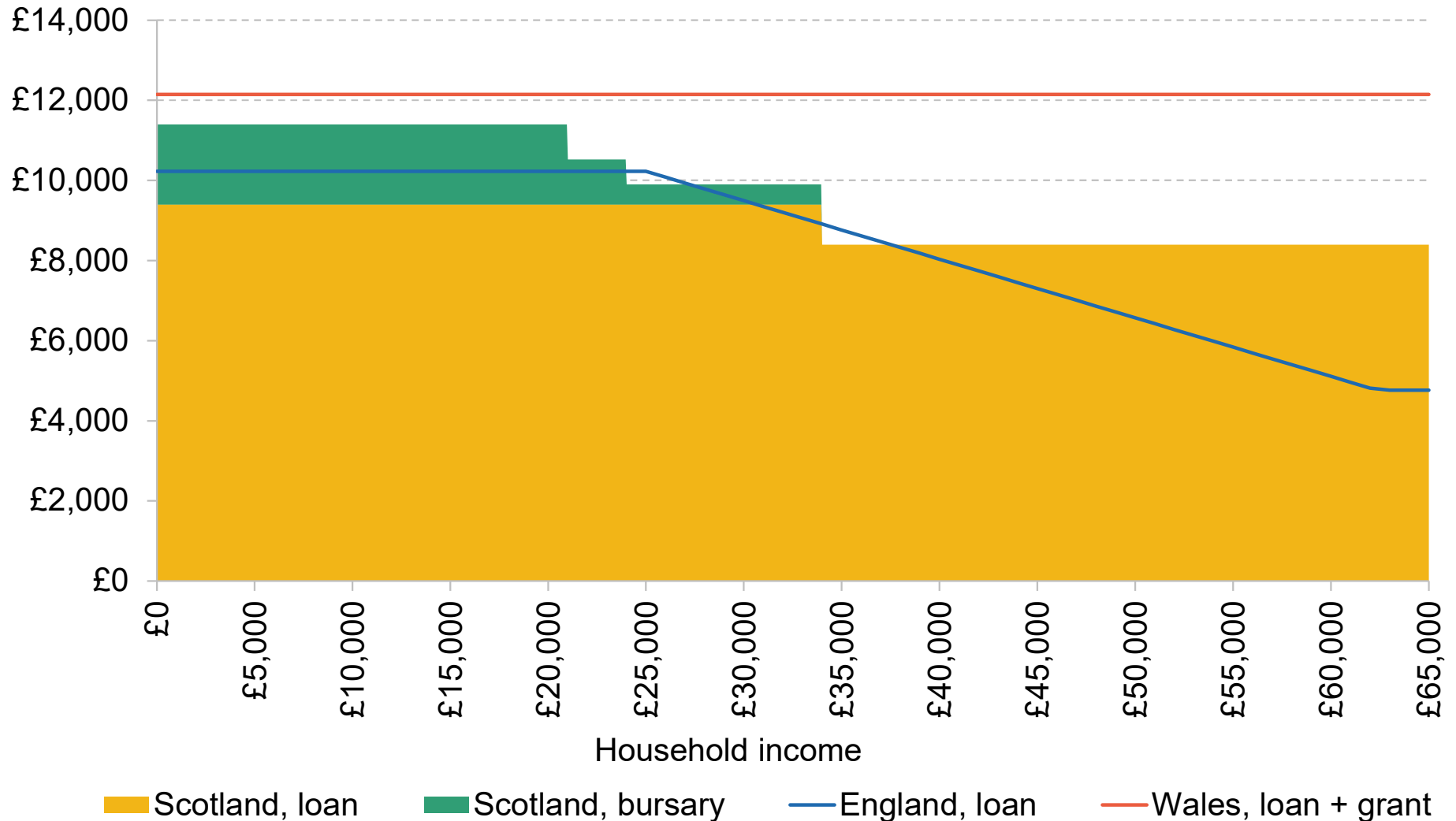


- Generosity of support eroded by inflation (cut of £1,600 per year from 2013-14 to 2022-23)
- £900 uplift this year was first real-terms increase in a decade
- £2,400 increase in loans next year (24% real-terms boost for the poorest)
- Delivers on 2021 commitment to provide support equivalent to the living wage

Real-terms based on CPI in Q1 of the relevant academic year. Figure 5.3, 'Higher education spending', K Ogden and M Thomas, 2024

Living cost support

Living cost support for Young Students, 2024-25

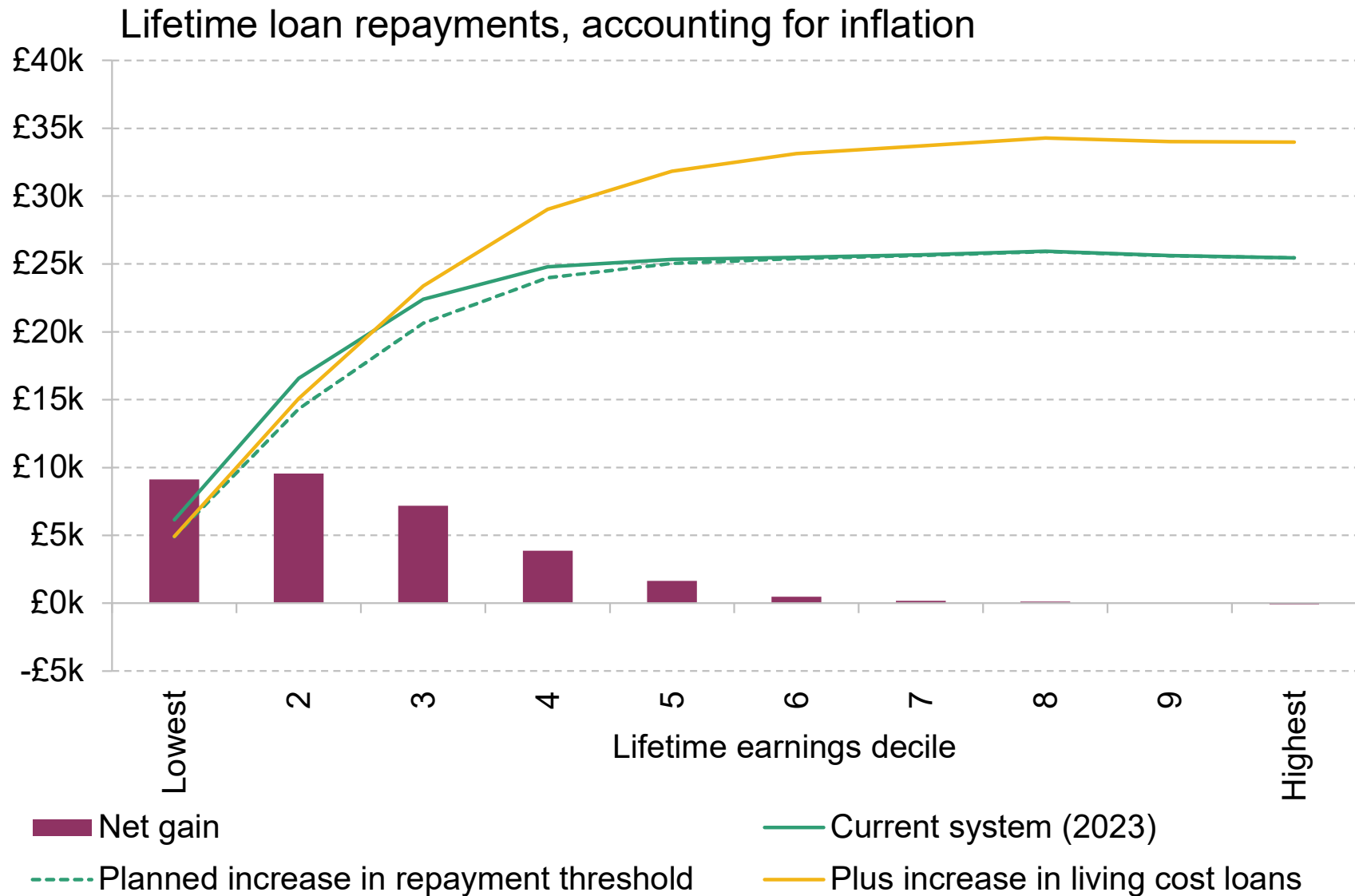


For Scottish Young Students, and England- and Welsh-domiciled students living away from home, outside of London.

Student loan repayments

- Graduates repay loans at 9% of earnings above an earnings threshold
- From April 2024, threshold will increase from £27,660 to £31,395
 - Many will repay £336 less per year (£28 per month)
 - Compares to freeze at £27,295 in England and Wales

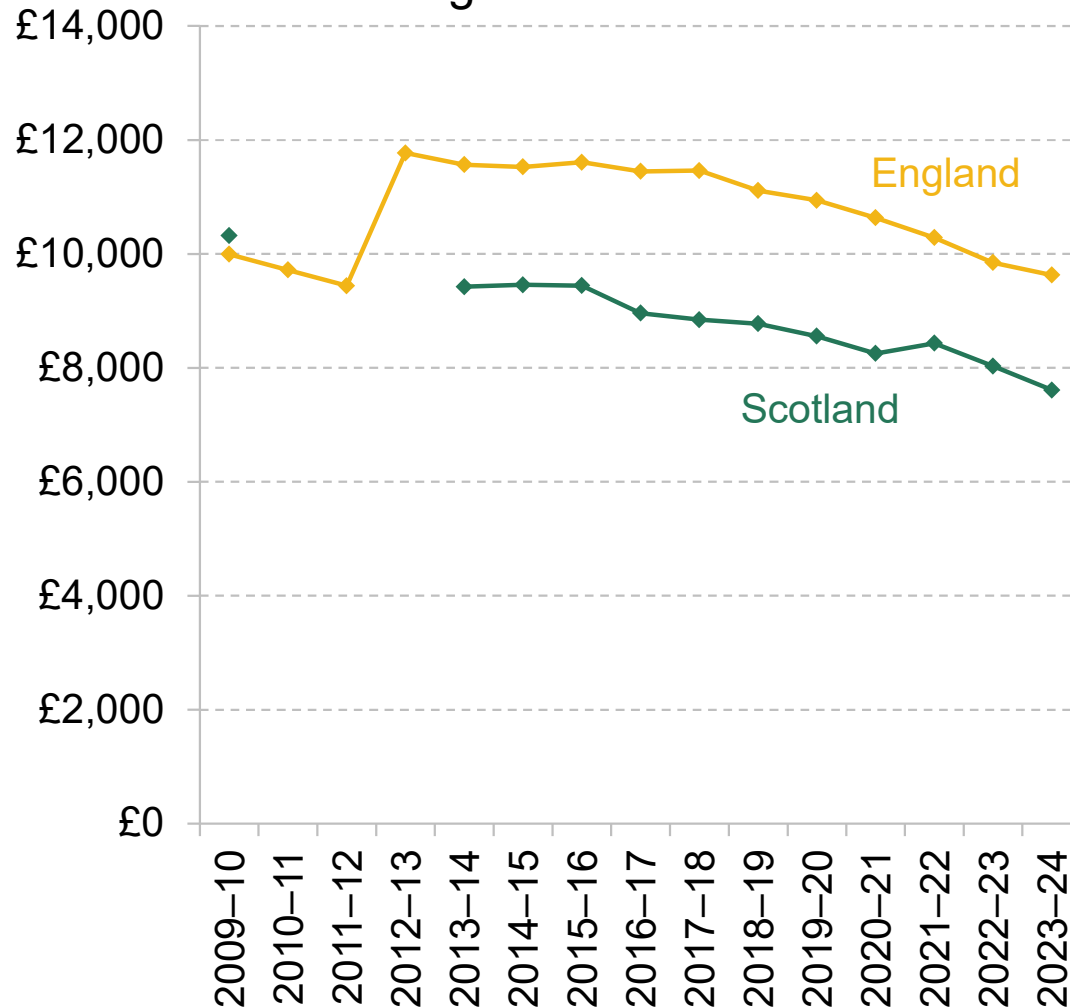
Planned changes in 2024



Assumes full take-up of living cost support. Figure 5.7, 'Higher education spending', K Ogden and M Thomas, 2024

Funding for teaching

Real-terms per-student resources for teaching

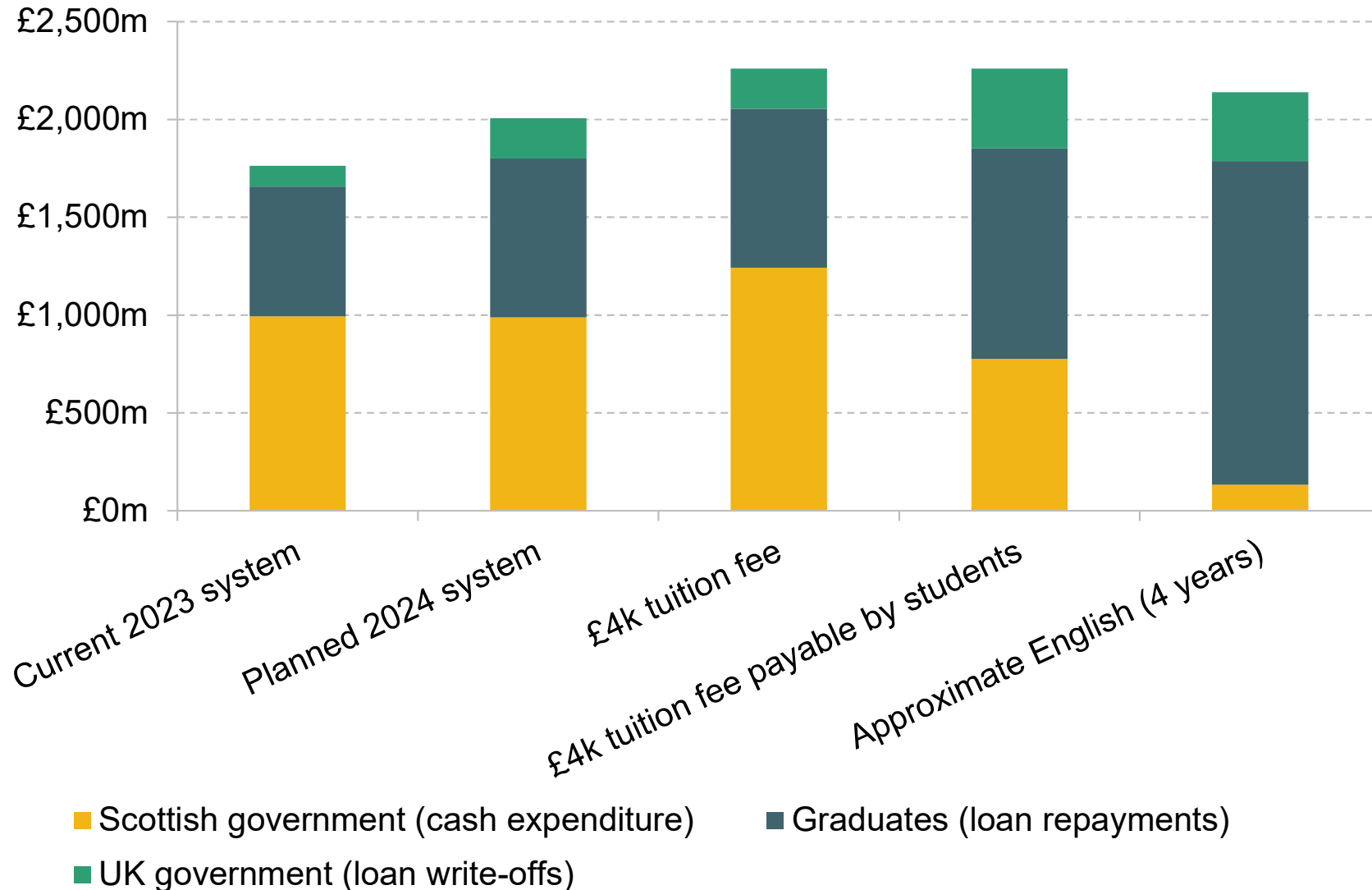


- £7,610 per-student funding for universities this year
- 19% (£1,815) less in real-terms than in 2013-14
- 21% (£2,020) less per year of study than in England
- Also caps on funded places for Scottish students
- Scottish universities increasingly reliant on international student fees

Scottish Budget 2024-25

- Increases in generosity for students and graduates won't cost the Scottish Government a penny
 - UK government funds loans if 'broadly comparable costs'
- 'Free tuition' means teaching costs all met by Scottish government, and traded off against other priorities at the Budget
 - Cash spending HE resource cut by 6.0% Budget-to-Budget
 - 3.6% cut Latest-to-Budget due to in-year savings
- Implies continued squeeze on per-student funding, and cuts to places for Scottish students

Long-run costs



Assumes full take-up of living cost support. Figures 5.8 and 5.9, 'Higher education spending', Kate Ogden and Madeline Thomas, 2024

Summary

- Living cost support for Scottish students will increase substantially next academic year
- Funding for teaching faces a continued squeeze
- ‘Free tuition’ policy means any increase in university funding requires reallocation away from other areas of the Budget
- Introducing fees would cost Scottish graduates more, or increase loan write-offs (and risk current funding arrangement)

- Explore the options here:

<https://ifs.org.uk/calculators/student-finance-calculator-scotland>

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