

Reform Scotland MSP Briefing Note: How to maintain university tuition 'free at the point of use'.

We Need to Act Now

There is a danger that the policy discussion around higher education funding in Scotland could be accused of being oddly detached from reality. While all parties have been very vocal in their support of "free" university tuition, they have done so against a backdrop of shrinking government budgets; a cost of living crisis; growing fiscal problems being faced by our universities; a cap on student numbers; and an FE sector which has seen a 17% real terms cut in funding in recent years.

This situation is entirely unfair and unsustainable.

Audit Scotland warned back in 2019 that half of our institutions were facing growing deficits. This week's dreadful news about the substantial job cuts at Dundee University needs to be an urgent wakeup call before we see similar situations at other Scottish institutions.

Reform Scotland believes that we can maintain tuition 'free at the point of use', but only if we act now and introduce a graduate payment.

Graduate Payment

We believe that there needs to be a better balance between the individual graduate and Scottish taxpayers in the contribution towards higher education.

One way this could be achieved is through a fee after graduation, to be paid once someone earns more than the Scottish average salary. This cost would not be incurred on starting university and deferred until after graduation. Therefore, there would be no upfront fee and no interest accrued.

We suggest that a commission is set up to examine what the graduate fee should be. The Cubie report 25 years ago suggested a graduate fee of £3,000, which would be about £5,500 today. This could perhaps be the starting point for consideration. Any figure should take account of different variations in terms of the true cost of the course and potential skill shortages.

However, introducing a graduate fee would not necessarily mean an end to entirely 'free' tuition. Rather it provides an opportunity to look at the skills gaps that exist in Scotland and the possibility of developing schemes which cut off or scrap payments for graduates who work in specific geographic areas or sectors of Scotland for set periods of time.

The Danger of Inaction

Politicians need to be honest with the public about the situation we are in. Of course it would be wonderful if we could maintain fully tax-payer funded tuition, but at what cost? We have limited resources. If we get to the 2026 election and political parties continue to ignore this issue and refuse to offer an alternative, will we see a university go to the wall? How many key members of staff will walk away from the Scottish HE sector because of job instability? Will students, including the lucrative overseas students, look to study elsewhere instead? And if we continue to do nothing will we end up in a situation where upfront fees are unavoidable. A graduate payment would take four years to start accruing income. If the situation becomes too critical, it may be too late to introduce such a policy. In other words, we cannot afford to keep ignoring the problems around higher education funding.