

2018.02.20

2 Deputy S.W. Mézec of St. Heier of the Minister for Treasury and Resources regarding the funding requirements for revised higher education grants: [OQ.35/2018]

Further to the funding requirements for the revised higher education grants, as set out in P.33/2018, will the Minister advise what assumptions were made for States income and expenditure in 2020 and 2021 in order to calculate the requirements for those years?

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

Members will and can be assured that the Treasury team undertake a great deal of work forecasting the potential income and expenditure expectation over the years ahead. Latest income forecasts for 2020 are £811 million and for 2021 £839 million. These are detailed in the Budget 2018 document. These forecasts take into account the latest economic assumptions and any States decisions determining income over the period. Expenditure for 2020 and beyond will be prioritised by the next Council of Ministers and presented to this Assembly as part of the next Medium Term Financial Plan covering the period 2020 to 2023.

3.2.1 Deputy S.Y. Mézec:

Has any work been done looking at the forecast demographic changes to the Island and what further increases in basic level spending in departments, like the health service, the education service, over those years and whether the extra funding that would be required to fund the higher education grants, where that money will be able to come from and can the department afford it?

[10:00]

Senator A.J.H. Maclean:

As I have said publicly on a number of occasions, the ability to prioritise available budgets for the period of the next Medium Term Financial Plan is, first and foremost, a matter for the next Council of Ministers to consider and present to this Assembly. I believe that Education, along with Health, will remain a priority for this Assembly and for the Council of Ministers, and I do believe that the additional up to £2.5 million from 2020 that will be required for higher education funding is affordable when taken in the context of the priority that it represents.

3.2.2 Deputy M. Tadier:

Will the Minister for Treasury and Resources refer to his colleague at Education at the last sitting who said that he could not guarantee that other funds from his department would not be put at risk in order to fund this unsustainable project just before an election by the Minister for Treasury and Resources?

Senator A.J.H. Maclean:

The election is irrelevant. What I would say to Members is that in 2017 the Education Department had a budget for higher education of £9.9 million. Of that £9.9 million, £2.9 million was underspent, was not spent and was going to be used in the period 2018 to 2019 to funding the short-term proposals that are going to be before Members on 10th April.

3.2.3 Deputy M. Tadier:

Does the Minister, in celebrating the underspend, can he explain why there was an underspend and what projects perhaps were not delivered on during that period?

Senator A.J.H. Maclean:

The underspends that I have just referred to are specifically in relation to underspend of the higher education element of the Education budget. That was quite simply that there was not enough take up of that particular budget. The proposals that have now been reworked, which Members will have to consider on 10th April, are, I believe, far better targeted and will allow all eligible students the opportunity to access higher education. I think that is something to be celebrated.

3.2.4 Senator P.F.C. Ozouf:

I wonder if the Minister for Treasury and Resources could just confirm again what he said. It is always difficult to get figures on an oral question, which is why I have resubmitted mine as a written question. Did the Minister say the estimated income was £811 million? I am looking at the Budget 2016 and I see that the estimate then was £800 million. What is he saying? What is the income and how does that relate to when he started his term of office because there has been a lot of controversy about income and it seems the income has been rather higher than expected?

Senator A.J.H. Maclean:

The Senator is right with his final comment. Income has exceeded forecasts in recent years; in fact, in each of the last 3 years, which is as a result of prudent forecasting. That is the approach that I support, and I believe is absolutely right. Certainly when the economy is performing strongly, as it has been over the last few years, Members will tend to see a greater surplus generated. Of course the reverse happens when a recession hits and that is why prudent forecasting is important. But just to confirm: the forecasts which are contained within the Budget document 2018 show a forecast of £811 million in 2020 and £839 million forecast income for 2021.

3.2.5 Senator P.F.C. Ozouf:

I wonder if the Minister for Treasury and Resources would agree to publish immediately after this sitting these numbers because they are rather difficult to understand. It seems to me that what the Minister is saying is that ... if I can understand because he said the forecast was downgraded but now we are back up to what we were 3 years ago. These numbers are massively in advance and the Assembly must know what the figures are accurately. There is being prudent, but there is also being overly prudent, and these figures seem to be breaking all records.

The Deputy Bailiff:

So the question is: will the Minister publish?

Senator P.F.C. Ozouf:

Can he publish all the figures that he has explained, reconciled from the start of this Assembly's term of office?

Senator A.J.H. Maclean:

I do not need to publish the figures that I have just referred to because they are already published, as I mentioned in my initial comment. Budget 2018 gives forecasts for 2020 and 2021. However, if the Senator would like to have additional information relating to forecasts and actual outturns I have no problem whatsoever in publishing those, and going back a number of years to so do. I am happy to circulate to Members as well. I think they will find the information very interesting.

3.2.6 Deputy G.P. Southern:

The Minister referred to the underspend in the higher education budget. Was that not the case that things had got to such dire straits that young people and their families were deciding not to go to university because it was too expensive? Secondly, his new figures, do they cater for a return to the

old level of higher education funding with old numbers, the trend, and is there new money in his proposals or not?

Senator A.J.H. Maclean:

Taking into consideration the third question first with regard to new money: I think I have again publicly stated that a proposal is intended for the Budget 2019, which will be presented at the end of this year, to remove the higher childhood allowance, and to target that approximately £3.5 million into the higher education funding proposal. So that is better targeting. The new money from 2020 onwards, and the differential, again I have mentioned previously in a public forum, is £2.5 million on the assumption that every eligible student takes up the opportunity of accessing higher education. At the moment, in round numbers, around about 1,200 students are attending higher education. There are in fact about - again in round numbers - 1,600 or so who could ... the shortfall is 400. What we are not absolutely clear about is there are some within that 400 who indeed may be still accessing higher education being funded on a private basis. I believe these proposals will ensure that all students have the opportunity so that gap of some of the 400 have the opportunity to access higher education. I think that is an important step forward and an important investment.

3.2.7 Deputy G.P. Southern:

The second part of the question was: and whether his figures correspond to the old levels of student applications or otherwise, the new levels, the lower levels? Which is it?

Senator A.J.H. Maclean:

I am not sure if the Deputy is referring to actual student numbers or money. What I can say to Members is that since 2008 there has only been one upgrade, as far as I am aware, in the available grants either for maintenance or for the tuition fees. I think if those numbers since 2008 had been upgraded perhaps on an R.P.I. (retail price index) basis the actual overall costs would probably be very similar to where we are today. But that aside, the system itself has been redesigned to be more targeted, and I believe more effective, and therefore should have a greater uptake and, indeed, give every student, as I have said, the opportunity to access higher education.

3.2.8 Deputy S.Y. Mézec:

I think it follows on from what Senator Ozouf was trying to allude to in his question, which is that forecasts change. Often out of circumstances that are beyond anyone's control sometimes the situation ends up better than we foresaw, sometimes it ends up worse than we foresaw. What I am asking is what guarantees this Government can give those students who are setting out their path towards higher education, and the families who need security and funding for that, to know that this proposal that has been brought forward by the Council of Ministers is sustainable and that the next Assembly will be able to maintain its principles and funding at the levels that are being suggested right now. Either without having to see a decrease in their standard of living because of higher taxes to pay for it, or without seeing a decrease in their standard of living because other services are cut to find the funding for this. Can the Minister give any guarantees that this funding is sustainable within the parameters of what may end up being the case, a forecast being more optimistic than they otherwise could be?

Senator A.J.H. Maclean:

The Deputy knows full well that I cannot stand here and give guarantees. I am not able to give guarantees and I have said that on numerous occasions. In the same way I cannot give guarantees for any funding from 2020 or beyond. Quite simply it has not yet been presented to this Assembly or approved by this Assembly. There is nothing unusual about that. What I have however said is that I

believe that the up to £2.5 million of additional funding required is affordable and will represent part of the prioritisation necessary in the future for education, which is a key part of government funding. That is all I can simply do but let me be clear one more time, there are no guarantees of any funding for 2020 or beyond in any government expenditure. That is our system.