

2020.06.30

**16 Deputy R.J. Ward of the Assistant Minister for Education regarding the support available to higher-education students facing financial difficulties during the Covid-19 pandemic: (OQ.181/2020)**

In light of the current difficulties facing those students looking for seasonal work in order to save for university or to pay off overdrafts, what advice, if any, is available for students who may be considering private student loans offered by local finance companies and who risk entering into long-term and expensive debt; and what action, if any, is being considered to address this funding gap?

**Deputy J.M. Maçon (Assistant Minister for Education):**

My advice to anyone considering a loan is to seek independent financial advice, it is not something I or any of my officers are qualified to do. The student finance scheme provides tuition fees and a maintenance amount dependent on household income and it has always been acknowledged that these do not cover 100 per cent of the likely cost of all students.

[11:30]

We have already offered practical and financial assistance in the form of there will be no request for return of any summer grant payment, however this should be used to cover any additional costs as a result of the pandemic. If universities give a reduction in fees in the summer term as a result of disruption caused by COVID-19 this will be shared by students and the Government of Jersey in proportion that the fees were paid in the first instance. The Minister for Social Security has also changed arrangements around income support for families and also with the assistance of the Deputy, by promoting the issue, through Jersey Post, discounted schemes for repatriation of belongings have also come into play.

**4.16.1 Deputy R.J. Ward:**

I just want to ask the Minister whether he would advise young people to take out loans of what are being offered up to £30,000 at high interest rates in order to study, including loans that are interest only online and at interest rates, which are difficult to calculate, but they are between 14 and 30 per cent. Would the Education Department not be advising against such loans?

**Deputy J.M. Maçon:**

I can only reiterate that I am not qualified to give such advice but I would absolutely advise anyone in that situation to seek a qualified independent financial adviser.

**4.16.2 Deputy G.P. Southern:**

Given the pressure to balance the books, which we are currently under, what consideration has been given to the education grant as a large element of the Education Department?

**Deputy J.M. Maçon:**

Sorry, just for clarification, does the Deputy mean the funding from student finance?

**Deputy G.P. Southern:**

Indeed.

**Deputy J.M. Maçon:**

As the Deputy will know that is made up of 2 elements, one element being the one that covers the fees, the other element being the maintenance component, which is on a sliding scale with different caps. What we have done is we have already extended the summer maintenance component, which not everyone would get, given the circumstances. There is not much else in the way of the order of the scheme, which would allow us to do anything else, so we have worked as much as we can within the legal framework.

**4.16.3 Deputy G.P. Southern:**

The question was: what consideration has been given to any changes in the financing of students, if any?

**Deputy J.M. Maçon:**

The scheme, as mandated by the States, of course is under review, but at the moment there is nothing on the table to suggest that we would reduce the budgets going to student finance.

**4.16.4 Deputy K.F. Morel:**

Does the Assistant Minister agree that the Government's failure to adequately support the Island's students is putting the future prosperity of Jersey at risk through a lack of skills, as young people choose to avoid further education due to the costs and indebtedness that studying entails?

**Deputy J.M. Maçon:**

Two elements on that. Would I like to see more funding towards education in the sense of university funding and vocational courses? Yes, absolutely, I would. Does that lead to a skills gap? Yes, it does. However, given the work that was done in the last term, particularly by my Scrutiny Panel and the now Minister for Education and Minister for Children and Housing, the new student finance grant does not bear out with the statistics of the Deputy's final point, which we have seen hundreds more go to university with the existence of the current scheme. The Deputy is both right and slightly incorrect in his question.

**Deputy K.F. Morel:**

Thank you to the Assistant Minister for a comprehensive reply.

**4.16.5 Deputy C.S. Alves:**

Can the Assistant Minister advise whether the loan companies for students are given access to schools and colleges to advertise their products?

**Deputy J.M. Maçon:**

I am not aware that that occurs within the Island, but I am happy to go back and seek further clarification, but I do not believe that occurs.

**4.16.6 Deputy R.J. Ward:**

Can I ask the Assistant Minister whether he would get his officers to look and engage with the loan companies that are being offered online in order that they can advise? Because I am very concerned about the high interest rates that young people could be getting themselves into problems with. They are very enticing, the adverts, but they do not give a lot of detail.

**Deputy J.M. Maçon:**

We might be able to give guidance about how to approach loans and what to look for, but I would not want to put my officers in a position whereby they are asked to give financial advice when they

are not qualified to do so. But I will ask my officers to seek perhaps some form of F.A.Q. (frequently asked questions) to help guide the students, if that is of help to the Deputy.