

**STATEMENT TO BE MADE BY THE MINISTER FOR EDUCATION, SPORT
AND CULTURE
ON WEDNESDAY 18th JANUARY 2012**

Grants to St Michael's and St George's schools

Following a question raised in the Assembly yesterday, I would like to provide further information to Members about the discontinuation of States grants to St Michael's and St George's preparatory schools.

The annual grant to St Michael's school of approximately £410,000 will be phased out over the next five years. By 2016 they will no longer receive a States subsidy.

The arrangement for St George's is different. When negotiations began, the school was facing a large rent increase that would have put its future in doubt. In order to avoid closure, the school requested an advance of the annual grant it would have received over the five-year period. This enabled St George's to purchase the premises at La Hague Manor, St Peter, and secure the future of the school for its 180 pupils.

The proposal was worked through by both the States Treasury and approved by the Comprehensive Spending Review Board under the previous Council of Ministers. It was approved by Treasury Minister who made the money available from the restructuring provision. Both Ministers recognised that this payment would support the States' strategy to deliver real savings and provide better value for money within existing spending limits. I am grateful to the Treasury Minister and his officers for their work on this.

The level of grant provided to St George's each year has been approximately £204,000 but fluctuates slightly depending on student numbers. The advance payment it received was £500,000 – equivalent to two and a half years of the full grant, or roughly the same as it would have received if the funding had been phased out over five years.

In other words, the amount of public funding received by the school has not changed. It is only the timing of the payment that has altered.

The arrangement clearly has important benefits for St George's and the Jersey taxpayer. By adopting a flexible approach we have been able to save a valued school. We have also reached a solution that has enabled us to save a considerable sum of public money in the long term. This one-off payment has ended St George's reliance on taxpayers.

I have already said that I support transparency and it was always the intention to publish this information as soon as possible. However, it would not have been appropriate to publish details of the payment until the property transaction was completed. The sale went through Royal Court on 16 December. I was then in the process of arranging a meeting with the school to discuss the announcement. This was overtaken by events and yesterday's question.

I am grateful to the schools for their co-operation in achieving these savings. I would also like to reassure States Members and the public that safeguards are in place to ensure this grant cannot be exploited for commercial gain. A contract is in place that requires full or partial repayment of the £500,000 in the unlikely event that the building ceases to operate as a school during the timeframe of what would have been the grant.

The Deputy Bailiff:

The statement having been made, it is now open for questions. Does any Member have questions for the Minister?

3.1.1 Senator L.J. Farnham:

My key interest in this matter is to ensure that for all fee-paying schools in the Island, their States funding is protected while a policy is formulated and the appropriate timescale is given, and I believe a very lengthy timescale of approximately 10 years needs to be put in place to address funding to schools. But my first question on this issue, after the States decision I believe on a proposition from former Senator Ben Shenton... my question is why were these 2 schools treated differently from the other fee-paying schools?

The Deputy of St. John:

To quote the Minister for Social Security, it may surprise Members that I inherited this decision but that I do agree with it. I cannot say what was in the minds of the States Members who made that decision. I was not party to it. It would be wrong for me to surmise what States Members were thinking but it is quite clear that they made a decision to reduce the grants to these particular schools. That is the only way that I can answer the question, I am afraid. It is not particularly helpful to the Senator but I am afraid I was not there at the time.

3.1.2 Senator L.J. Farnham:

I am just trying to establish was the current outcome that St. George's and St. Michael's found themselves in now, was that negotiated by the current Minister or the former Minister? If it was negotiated by the current Minister, I ask again why when the States had agreed not to act on any changes to ...

The Deputy Bailiff:

I understood the Minister to say he inherited it and therefore he did not negotiate this.

The Deputy of St. Ouen:

Please, Sir, as a point of information and just to clarify the matter of P.72 ...

The Deputy Bailiff:

It is Question Time, Deputy, and therefore not a time for clarification.

The Deputy of St. Ouen:

Well it seems to me that the current Minister for Education, Sport and Culture is quite rightly unable to answer the question put to him about P.72, that was a proposition debated by Senator Shenton, and it is important that States Members recognise what that proposition meant and it was Senator Shenton who specifically excluded St. Michael's and St. George's from his proposition. In fact, he also excluded the States schools until an amendment that was proposed by Deputy De Sousa.

3.1.3 Deputy J.A. Martin:

Just a point of clarification. In the last paragraph, it states: "A contract is in place that requires full or partial repayment of the £500,000 in the unlikely event that the building ceases to operate as a school during the timeframe of what would have been the grant." Firstly, is it full or is it partial and secondly, which is the timeframe, the 2½ years of the double the £204,000 or the 5 years that would have taken if we had given it over the increment of 5 years and also I have a concern that if it is the 5 years, that that is not even long enough. We are talking about a gross repayment of half a million ...

The Deputy Bailiff:

Deputy, the first 2 were questions. Can you please answer the questions, Minister?

The Deputy of St. John:

Yes, I have the contract in front of me and if you will just give me a few moments. It is difficult for me to pull out the right piece in the contract right now. It is a contract between the Education Department and the school but my understanding is certainly that it is over the 5-year period and not 2½ years. I will confirm with the Assembly there is a copy of the contract here. I can give it to the Attorney General, Sir, if that would be better. [Laughter]

The Deputy Bailiff:

Absolutely not, Minister. It is for the Minister, not for the Attorney General.

The Deputy of St. John:

Okay, right, in that case, my understanding is that it is for the 5 years. It would depend upon the timing of when the school ceased to operate as a school as to the amount of the repayment of the £500,000 so that it is the way that the contract would work. I have looked at the contract and I have had my officers look at it very carefully. That was, in fact, the first question I asked when I was aware of this particular agreement and I am assured that it is commercially correct. I hope that satisfies the Deputy.

3.1.4 Deputy M. Tadier:

I am slightly confused. We had a very reasonable question from Senator Farnham and the Minister, although I know he is a new incumbent relatively, said that he supports this decision but was unable to answer the Senator's question as to why this was being targeted at these 2 schools as opposed to the other fee-paying schools. Now, if the Minister does not know why this decision has been made, how can he say that he supports it?

The Deputy of St. John:

The decision was made by my predecessor and the Minister for Treasury and Resources. In terms of why though those 2 particular schools were excluded, that was a decision made by the States of Jersey during the debate last year on grants to fee-paying schools.

The Deputy Bailiff:

I think the question, Minister, is why you support it?

The Deputy of St. John:

Why do I support it? I think they would have made the right decision. I would have made the same decision as the previous Minister and the Minister for Treasury and Resources and I would have made that decision, had I been party to it, on the basis that we have preserved a valuable school that was in danger of closing and that is why it was decided to pay the £500,000 in advance to enable them to buy their freehold property. A school that owns its own freehold property is in a far stronger position to spread its costs over a much longer period of time. Anybody who has been in business knows that the ownership of a freehold allows much more long term objectives in spreading one's cost base or costs over a period of time. I certainly ...

The Deputy Bailiff:

Answers must be succinct, Minister.

3.1.5 Deputy M. Tadier:

Can I have a supplementary because that is not the question that was being asked? The intimation by Senator Farnham is that by singling out these 2 schools to cut their subsidies, now and over a planned period and not look at the other fee-paying schools is inequitable. Now, the Minister has basically said that he does not understand why these 2 schools have been singled out but he supports the decision even though he does not know why the decision has been made, so can he clarify the position or at least seek to come back with more information at a later date?

The Deputy of St. John:

I support the decision to use the invest to save fund to pay £500,000 rather than tailing-off on a glide path the grant over the 5-year period in the case of St. George's school. I have no comment to make about a previous States decision. I was not party to it. I hope that is clear. I have no comment, I am completely ambivalent one way or the other. I am not party to the information that the States had at the time to make the decision to exclude those 2 schools.

3.1.6 Deputy G.P. Southern:

Will the Minister assure the House that the next time he comes with a statement or some sort of explanation of his position as Minister, notwithstanding his newness to that position, will he come better prepared?

The Deputy of St. John:

I do not believe I have come ill prepared.

3.1.7 Deputy G.P. Southern:

Does he accept that this question and answer session is producing no fresh answers and no fresh information?

The Deputy of St. John:

No.

3.1.8 Senator S.C. Ferguson:

Just 3 quick 2-word answers. Will the same loan facilities be given to St. Michael's? Was the loan agreement given to the Law Officers to review?

The Deputy Bailiff:

Two questions, I think, is enough, thank you.

Senator S.C. Ferguson:

What was the interest rate?

The Deputy Bailiff:

Two questions, you can choose any 2, Minister.

The Deputy of St. John:

Which 2 to choose? I do not mind answering all 3, Sir. It was given to the Law Officers to review. There is no interest rate because it is in lieu of a grant. That will do, that is 2.

The Deputy Bailiff:

Thank you. That brings the questions to an end, 10 minutes having expired.