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Dear Education and Home Affairs Scrutiny Panel,

These are my ideas, thoughts and observations on the current and future student finance system for you to consider for your review. Your scrutiny officer Mick Robbins has my contact details should you need them.

Scrutiny Review into Student Financing.

Jersey's Better Life Index 2013 - Jersey Statistics Unit

'Education and skills Education and skills have both intrinsic value for personal well-being and the prosperity of a nation ²⁰. On an individual level, higher levels of education and skill development are thought to increase the number and type of opportunities which become available throughout a lifetime whilst increasing perceived control over one's own life ²¹. Similarly, learning has indirect effects on individual well-being by impacting on material living conditions; higher educational status generally leads to higher earnings and great employability²². On a societal basis, jurisdictions which promote high educational attainment often perform well on indicators of productivity and economic growth ²³ and demonstrate lower levels of criminality and stronger social cohesion.'

²⁰ OECD (2011a), "Towards an OECD Skills Strategy", Document Presented at the OECD Ministerial Council Meeting, Paris.

²¹ OECD (2011), *How's Life?: Measuring well-being*, OECD Publishing.
<http://dx.doi/10.1787/9789264121164-en>

²² Boarini, R. and Staruss, H. (2010), "What is the Private Return to Tertiary Education? New Evidence from 21 OECD Countries", *OCED Journal of Economic Studies*, Volume 2010

²³ Hanushek, E. A. & Woessmann, L. (2010), *The High Cost of Low Educational Performance. The long Run Impact of Improving PISA Outcomes*, OECD Publishing 2010

There are many aspects of our current system that is not fit for purpose, is not advancing social mobility, in fact is now moving in the opposite direction, is discriminatory and should be changed without further delay in my view.

Low Income

It does not serve the low income families and there are a number of issues here which I find profoundly unfair, and in some ways it makes you think has anyone ever thought how a family could manage to live given that the full grant doesn't cover the full cost even for a basic three year degree course outside of London. How this has got into this state without it being raised is beyond belief.

As I understand it from a parent who contact me through the Student Loan Support Group, the following happens for those on income support.

Whilst the student is away at university the component she would receive of £90 a week is removed. The student receives the full grant. It does not however cover the cost and this family will be short of about £6/7000 a year. Plus the loss of £90 for 40 weeks £3600 over a year. That is a shortfall of £9,600.

The grant is calculated on the gross family income (previous year income) which includes income support. Which for the first year means if they don't qualify for a full grant will be less money anyway, then they lose the £3600 on top.

Year 2 their gross family income would be less as they would not have received income support at the same level as the previous year. Same for year three, so they may get a bigger grant IF they had not got a full grant before.

If they happen to be under the threshold even with income support they will lose the £3600 for all of the years.

It is different for those on island as their parents will still get the income support but from 2018 the grant to on island students will be cut. In that sense the figures would be fair.

What is not fair is that income support is paid to enable families to have a basic standard of living, that does not include the cost of higher education, and as our funding system does not cover the full cost it means students from income support families are less likely to be able to access higher education.

By contrast the numbers in the UK entering higher education from low paid families has been rising.

No need to draw comparison with the EU most countries charge little or no fees at all.

It means our system is not helping social mobility for the low income groups. The low paid in the island are already suffering (Low Paid scrutiny report)

Middle Upper Income families

As the family income rises, then the grant decreases, over the years the grant has not been adjusted in line with our inflation and in majority of cases it is the UK RPI that matters, and what costs the UK system are for higher education be that fees or accommodation costs.

Here during the time that there has been no adjustment, there have been considerable changes to our tax system meaning more people pay more than they once did compared to companies, who in some cases pay nothing at all.

There have been redundancies in both private and public sector (and still ongoing in the public sector) and considering that the public sector are a large employer there will be families trying to plan for HE or who had planned for HE costs who because of redundancy little or no pay increases that have not kept pace will have found extra pressure, or who now no longer can afford HE for their children.

No account is made in the system for other family members when calculating the grant, so a family on the same income who has one child accessing HE can have a vastly different view of affordability to say a family who has several children. i.e. 1 child £60,000 4 children £240,000

Many may have other relatives within the household that they care for, the long term care plan only helps a certain section, and for those pre the scheme they may have used all of their savings caring for elderly relatives.

Some homes will be owner occupier, some will be inherited homes maybe lifetime enjoyment, some will be renting.

Little account seems to have been taken of those owner occupiers dilemma, and effects to the island as a whole, do they sell or do they re-mortgage and a substantial number have to. I can understand why there is a reluctance to do so for very good reasons.

1. They have other children that need to live at home still at school. Leaves them no downsize option, it also has a cost in lawyer and agency fees of buying and selling which on an average family home of £500,000 and a new purchase can easily remove any cash benefit gained or substantially reduce it.
2. Parents by the time they are paying for HE costs are towards the end of their working life and re mortgaging isn't always possible as their pension income will not support the repayments.
3. Some (self-employed in particular) see their home as their pension, equity to be released to support them in later life.
4. If lots of people downsize or sell more pressure on rental homes with rising costs.
5. They may need social housing having spent any equity on HE.
6. When they are older they will qualify for long term care as their property will be more likely to be under the threshold.
7. Of those renting there is a limit to how much they can reduce their rental costs.

Beneficiaries of Higher Education

Those that benefit are the students.

They will be more likely to have higher income levels, if they are fulfilled individuals their mental health is likely to be better too. They are better able to support their own families requiring less state help.

The island if they return as they will have a greater pool of educated people.

The world in general benefits from education, Jersey has its role to play in the world.

Better educated people lead to better informed societies who are also more likely to take part and improve the places in which they live and work.

Companies that employ people are the main beneficiaries, they are more able to have a successful company if they have the employees they need. Successful companies pay taxes. (Unless like here some are exempt, in which case their shareholders only are the beneficiaries and who may not pay tax payers here).

The losers

These are the students that can't fulfil their full potential.

Society loses skills and has a population that is more likely to require help.

Frustration and disengagement breeds discontent, making a more unhappy society requiring more mental health support, both students and parents.

Some parents will leave to enable their children to have access to higher education if in public service that has increased cost for recruitment and relocation in an already diminishing pool of well-educated skilled people. We are already importing graduate teachers to fill maths posts, when we should be able to provide our own.

We have a great shortage of Social Workers employing instead through agencies at huge cost.

Companies will relocate where skilled people are easier to find. This could lead to less diversification in our economy which unhealthy relies on one sector, Finance, as its main breadwinner and employer.

As people sell, downsize etc. the cost of rental property and house prices rise, making living costs even more expensive than they are.

We need to know how the cost of buying a home versus renting the cost of non-voluntary contributory pension schemes (State employees) other children and dependent members in a family effect the amount of disposable income left for families to be able to spend on Higher Education costs and the number of children in a family that may need this type of funding before we can know what is affordable fairly across any system.

If a family has a mortgage and all of the required life insurance home insurance and maintenance, several children who wish to access Higher Education, a gran or grandpa, and are state employees, they will have less income to spend than say a family with one child, parents working in the private sector, who may benefit from employer benefits like free health insurance, cheaper mortgage, bonus, and an employer who pays for their pension. But still have the same level of gross income.

Both families would get the same grant, however it may be affordable for the one student family but not for the other.

None of this is taken into account with our current system.

Looking at the UK system of funding

This has changed recently and now has loans for maintenance.

There are means tested elements but only for maintenance not fees. All students in the UK can access a loan for fees, some parts of the UK it is free Scotland for fees, others it is cheaper NI and Wales. All have their own funding companies.

The UK have eligibility criteria for access to these and each one will not fund the other i.e. SAAS (Scotland funds Scottish students) to ensure that English students can't access free Scottish degree courses there is a clause which says that they will consider where you came from as where you are resident, for this course and any subsequent course disregarding any vacation.

This means that wherever a student comes from they are funded by that part of the UK. The EU allows discrimination between its own nationals but not between EU members. Any person from another EU country can access a student loan from any of the devolved sections of the rest of the UK. (RUK) They do not have access to maintenance loans as this is seen as support.

The EU has at its heart the freedom of movement of workers and that includes study, hence access to student loans for EU students.

Those that have made use of their free movement rights and lived in another EU country and returned to the UK can also access student fee loans, it is complex.

The UK values having students from the EU and internationally it recognises that they contribute to research, they spend money and overall there is an economic benefit.

We need to check if any of our students should be accessing the right to these loans, in order to facilitate access to higher education that because of our inadequate funding some students maybe missing but are entitled.

It is well known that for a considerable time Jersey Students had been accessing UK student loans, and going back a decade or more it was not a problem under the regulations but they did change. However, eventually the SFE discovered that student had been using the system when they were ineligible to do so. Despite parents and students calling to check, and even writing to ask they were assured that they were eligible. I had in 2012 phoned them myself, and was clearly told that my son should he want to would qualify. I brought this to the attention of the Careers Jersey and went into discuss this with them, and also another area of access to a course which had similar restrictions but slightly different (Andy Gibbs) he was surprised to hear what I had been told but did not dismiss it at the time. I took the paperwork from SFE where they had advised the amount he could receive.

A few months later, my husband was informed at an event he was at that Jersey students did not qualify. I was cross at the time as it was my enquiry, and not my husbands. However as it was my sons Plan B career choice he never pursued it.

Two years on and the news broke that around 70 Jersey students had been told to repay their student loan immediately because they did not qualify as were a larger number in Guernsey. I am aware due to a phone call I had with Guernsey months later about something different, when I was told 'it's a little known fact that students from the islands can get a UK student loan'.

It seems many students have been for quite some time accessing this funding. I would expect it also has had an effect on the student numbers dropping.

More than half of our residents are not locally born (census 2011) many come from the UK, so its not surprising that they would have tried this option, the university sending out information sign post you to the application for a UK student loan, the online application in 2012 never mentioned excluding Island student and by saying that living in the UK or Islands was a criteria to be eligible it's not surprising the error happened. The Guidance notes for a paper application is the only place it is mentioned from 2015/16.

I have supplied Mr M Robbins with a copy of the emails I sent to SFE who eventually referred me to BIS who are in overall control of SFE. I wanted to find out how long a person needs to be resident in the UK in order that they can qualify for a UK student loan, and if a gap year or working was required.

After a significant attempts I did get an answer, which is that a person needs to work for about a year then they would be looked at as ordinary resident in that place.

Ordinary resident is not defined in law but there is case law. The leading case is Shah V Barnet.

The UK department of Health and HMRC has guidance notes and cases to which you can refer. Strangely when it comes to the Department of Education and BIS they seem to have interpreted it differently. However, by doing so it means that English students can't access free degree in Scotland!

We now have a situation though because England have introduced postgraduate loans and will be doctoral loans, where any Jersey or CD student for that matter could be resident in the UK for an undergraduate, masters and doctorate and still be regarded as resident from 'whence they came' extraordinary considering in the Shah case it was decided you can be considered ordinary resident from the day you arrive if your intention is to stay for the foreseeable future, and you can be dual ordinary resident too, he also classed study as counting for Ordinary resident purposes. It is how the UK department of Health and HMRC interpreted it too. So a three year not being able to be classed as OR is very different to perhaps 9 or more years!

It seems this has not been challenged to date. Perhaps our External Relations Minister may like to look at the different ways in which British citizens are viewed that originate from Jersey that are not 'funny stamp passport' holders. It seems when it comes to the armed forces we are very British enough to be acceptable. With Brexit perhaps an opportunity for change. We are after all a very small number of students, other court cases where numbers are similar have not put a small number down as a reason that they should not be funded.

N.B. A question was asked of the External minister 15/11/2016 regarding an aspect of this an answer is awaited, I had written this before the question was asked but have left it in as my questions are more far ranging.

I noticed on the BBC website the other day that 31 NI students who had applied for masters loans have just been asked to pay them back, under the same regulations as our own students had to a couple of years ago.

It was this immediate repayment request that meant a person asked a question about funding at a Change.Je meeting in February 2015 which started the group Student loan Support Group Jersey. I joined the group as I was asked to, knowing that I had looked at various options around funding a few years previously and because I passionately believe all students should have access to higher education if they have the ability and desire to do so.

I am upset and angry that despite the evidence showing that student's numbers are declining that nothing has really been done to address the problem save the small changes in the MTFP 2m less savings to on island student grant of 0.5 = 1.5m which largely are just the underspend from the previous year given back to Treasury. Which have been occurring and heralded as a 'good thing' at the same time reporting a decline in numbers without any actions taking place to ask why? And address it.

(Various FOI responses are available with numbers which I won't include here).

The excuses have been its too expensive to fund a loan scheme using dubious calculations, without any repayments factored in, (if banks did this when calculating mortgages no one would have one), in the HE report compiled by the Education department which largely consisted of a variety of views collected from two consultation workshops where parameters were set that any funding had to be within the existing budget.

This tied your hands before you started.

It was a lazy report with little research using ideas like the EU universities as a way for students whose parents were unable to fund a way of accessing Education. Is that right? Isn't this creating a two tier system, when those that are having problems are taxpayers and are funding other students access, b no wonder people are upset and angry.

Little was made of currency fluctuations and what that can mean, Brexit?

Had it not been for the persistence of the group the consultations would not have happened, as it was the first one was held during the summer holidays and was open to all of the community to attend.

The group warned about timing, the results of it were not forthcoming for a considerable time.

The group suggested a survey to find the extent of the problem, none happened, so the group did its own which the panel have had a copy of. Had education done it the reach would have been greater we had essentially our Facebook group which is a closed group, and our smaller page set up to help the group to be found more easily by islanders, and Twitter to publicise it.

None the less it was a good response rate, and the results were a surprise to us as to the extent that parents and students were finding it hard to fund or were simply saying no, or making extensive life changing financial changes in the majority of cases.

The group continues to receive messages from new parents expressing the difficulties they are having.

Some are extremely distressing to hear about, and it is upsetting that it happens at all.

Bursaries, scholarships and hardship funding.

The UK universities make available (because they were allowed to raise fees) scholarships to low income family students, there are some for academic excellence etc. too. They are available to UK and EU students (usually all of those that are eligible for a fee tuition loan) and international students, however, because of our unique status as Island student our do not aces to this. Perhaps it's another area that could be looked at and questions asked, our students pay the same fees as the UK and EU students.

Most hardship funds are available to the same students I am aware through researching one or two that allow CI students access. These are one off payments made only once during a whole course to cover food, and books but not tuition fees. For various reasons a student may need extra money where they haven't got a job, lost one or the family because of an unexpected financial situation can't provide the normal living funding they normally do.

Could this be an area that is also investigated are there funds out there in a charitable trust that could oblige? Or perhaps the education department could do so?

I became aware of the Student Finance Bursary after seeing an FOI response 23rd September I had never heard of it before looked at the education website and it is not mentioned at all anywhere.

It only says this:

As of 2016 / 17, the maximum we'll pay towards tuition fees will be £9,000 or £7,500 for a £9,000 course. This is excluding any medical clinical based degrees.

Why is that?

Why Information is important

I have been very surprised on a number of occasions when asking for data, either FOI or when looking at responses that others have asked for. It appears the education department do not know how many sixth formers leave and go on to higher education they only have data from states or fee paying states schools not the faith schools.

The website where parents should find out information about higher education opportunities, grant funding, scholarships and bursaries (Scholarships and bursaries have improved in the last year) is insufficient given the very high expense that parents even with a full grant will need to fund. It is also often out of date. I have not included screen shots but have left this up to the panel to investigate.

As these sums are large parents need information for their financial planning. There should be a grant calculator on the website a few years ago I suggested this, the answer was it couldn't be done. I created one and sent it to them. How on earth parents are supposed to know what they will receive is beyond me without access to information. As it stands now parents will not know until a student has accepted a place at a university and effectively signed a contract that they will attend. The information is usually received 10 to 14 days after this has happened. We know from experiences within the group and the survey parents have only then found out that it is unaffordable. This is a wholly unacceptable position to place parents and students in. This needs to change straightaway.

Unfortunately many are still under the impression that a full grant covers the full cost. Looking at past comments on student funding in the press I have noticed many comments where others have failed to understand this point, citing 'I never had a problem paying for my child's university' which they probably didn't 10 years ago. They should have saved etc. etc. most do not seem to have a good grasp of the importance of degrees and why they are important. They do not seem to see the connection between the skills that are acquired by learning at this level, which are transferable skills, the learning to learn, research skills are also useful to employers. The list of skills is long.

Some degrees are clearly a particular skill base designed for a specific job, like Nursing, and they still have the other soft skills too.

Information needs to be given to all schools and colleges earlier, and repeated to catch others moving to the island and it must include Highlands College, it seems from comments that this is not the case. Why are they left out?

Recent Techfair

I have had two different sets of parents come back from this and say they were told by a company that there were degree apprenticeships available and scholarships, he meant UK ones. I am not sure if it was two different companies or one.

Another was told her child could get a UK student loan to cover the cost of the required degree and was quite adamant that this was the case. Luckily this particular parent has been involved with the group for a long time and is well aware of the limitations of our system and what a student can access and when in the UK. The other parent was not and as a consequence has been led up the garden path in a hunt for something that doesn't exist, raised hopes and expectations. That is hugely unfair. Had this parent not also been part of our group she'd be blindly thinking she had her child's education and cost sorted out.

How many more parents and students did these UK people advise incorrectly access to an IT career? Companies need to be briefed who are invited to run stands when it involves careers advice. It is no surprise we get upset parents and students a few years down the line discovering that information supplied is not not correct, perhaps missing a few years of opportunity saving towards the cost?

I understand Highlands College was not there on the Saturday, I have no idea about the Sunday, I did not go myself I have had recent surgery.

People who move to the island as States employees who have children it seems the information is not given to people thinking about working in Jersey, it comes as a shock for them to realise that by moving here they have essentially lost the opportunity for their children to access Higher education funding unless they are here on a temporary short contract. For some it may mean they don't qualify for any local funding either. They will not have planned for this cost depending on how long before they moved and their child/ren access Higher Education. How many then move back and what is the cost of recruitment and relocation to the taxpayer? From our survey results some do and many are thinking about it.

Funding one child average out over a ten year period if they don't get any grant is £6000 a year a significant 'paycut' to what may have appeared to be a better salary to move here. Two children £12,000 and so on.

As we know information from SFE has been incorrect if they have checked with them first, and our own website doesn't offer all of the information it should.

An experienced teacher and a nurse's salary will put them into the bracket of no or little funding. Areas where there is frequent shortages and recruitment issues. Those on director level that we seem to have employed quite a lot of recently are likely on one salary to qualify for no funding.

Discrimination - Right to Education

This is an area which always seems to be dismissed and not looked at, I don't know why that is, but I hope the panel can devote some of its time investigating our Human Rights Law Jersey 2000 Jersey has signed up to the ECHR conventions because of this law. Does our current grant system comply with the Right to Education? It has been established through various judgements that the Right to Education extends to Higher Education. The Right to Education belongs to person. It does not belong to the parent who under our system our grant is calculated using the gross parental income unless the student is 25 or has been living independently for three years or more. The Elizabeth Hunter judicial review in May has already led to a swift change in the regulations, this particular case was based on age discrimination but the wording in the judgement can be applied to many students here the Scottish government have not appealed.

The Tigere Supreme court case, has also seen swift changes to the English regulations. The cost to government was a factor in this case and it was decided that the cost to government was not a factor that could be used in not providing access.

The UK tuition fees are given to the student no account of parental income is used. Only the maintenance aspect uses parental income and if a student chooses not to disclose that they still have some maintenance grant awarded.

At what age is a person an adult? It seems up until they are 25 if they live at home in Jersey and what to access higher education. Why are parents paying for the education of students of this age? Why are they paying for students who are adults at 18?

We have no control over what courses they contract themselves to and when it comes to accommodation in halls we have no access to those contracts either. They are deemed to be adults and it is their responsibility as far as landlords and universities are concerned. We don't know what grades they have or have not achieved if they choose not to share it with us. However we pay the bills.

If we choose not to do so, or can't, or financially can't students are unable to access higher education until such time as they can afford to leave home find somewhere to live receive an income enough to save to cover the difference between a full grant and real cost, and maintain that for three years.

What cost to society is that? Delay in a chosen career, and if female more time that they are unable to advance before having a family, and returning to work, often on a lower pay scale compared to a male.

More pressure on accommodation which increases prices as they would have been away in education, but need a home away from family in order to access HE.

They are far more likely to leave the island, live in the UK working for a year qualify for a UK student loan etc. and are more likely to feel resentful towards our island, in order to just pursue a route to employment and a chosen career. Why should they return?

In an FOI request I made in the summer, (which took a considerable time before a response was received).

Has any work been done on the cost of importing graduate skilled people into the Island since 2012 to fill jobs, in terms of cost of housing, (need to build more homes, increase in rental cost due to shortages), educating the children of those people, and the cost of providing healthcare?

The astonishing reply was and it was next to useless and I fail to understand why it took months to provide it:

Work is ongoing to establish the full benefit and cost to the economy and to the wider community of all those who come to work and live in Jersey.

Further information about our planned expenditure and government plans for dealing with our changing demographics is outlined in the following documents:

Draft MTFP Addition 2017-2019 on States Assembly website

Draft Annex to MTFP Addition 2017-2019 on States Assembly website

Having read and tried to find out just simple information like how much the grant was to be improved by and when that would happen and what the on island student grant would be and when that would start and drawing a blank, or such little detail as to make it almost impossible. I recently had to try and find that information for someone in our group it took a few hours to rediscover it.

I would after several years of reading states documents and researching or looking for information put that MTFP at the top of the list for providing nothing that is easy for even someone like me to

understand and get information from let alone the many who never read states documents and accounts budgets etc. to manage to do so. .

The question it raised for me was how can you make all of these plans and budgets without knowing the cost of not doing it?

Solutions

It could be improving the grant up to current RPI and covering the increases.

It could be by charging companies and States departments who employ graduates that have failed to provide adequate succession planning and training a fee that is ring fenced to provide a better higher education system.

Raising general taxation, but we need to be aware that the middle and upper income bracket have seen a lot of income tax changes, including the LTC tax.

We could provide a tax break to the tax paying companies for those that pay for the university education of staff.

We could have a loan scheme, we spent time on this and can't see why it couldn't happen. It should be able to be self-funding over a period of time allowing for a reasonable default rate, insurance cover and guarantors are not difficult and are widely used in the loan industry anyway.

We could have combination of all of these things ensuring a fair spread of cost.

The big question which we should be asking is what it is costing us to NOT to improve Higher Education funding and providing fair and equal access for all?

That needs to be addressed in terms of society as a whole, the parents, the students, the companies that need graduates. The cost of more housing, (in all its terms including, loss of green space) health and education pressure on other areas of infrastructure, parking, traffic and our general environment, of those that we need to move to the island to fill the graduate gap.

Once you have that answer you can value the options of improving our failing system. As at the moment parents can't cope and each year the costs rise and are not covered it will only get worse, numbers are declining and that needs to stop.

Parents and students and the wider community can only make suggestions, only states members' government can bring propositions and effect change. We have said what the problems are, what help is needed, we can do little more.

In simple terms we can all use our brains.

Benefits of improving the current system.

Risk of not changing.

Alternatives we can look at

Intuition what feels right, what is fair and equal for all.

What if we do **N**othing what happens next?

Satisfied we have all the information we need?

Then

Evaluate consider choices.

Decide make a decision and get on with it.

I hope that change can happen quickly. I do not want to see our bright and most talented people leave the island to seek educational opportunities which are outside of their control because they did not choose who their parents are, or the wealth that they have, or how they choose to spend their money, but they have their lives and their choices dictated by them