

STATES OF JERSEY

Education and Home Affairs Scrutiny Panel

Annual Business Plan

MONDAY, 21st APRIL 2008

Panel:

Deputy D.W. Mezbourian of St. Lawrence (Chairman)
Deputy J. Gallichan of St. Mary
Connétable G.F. Butcher of St. John
Deputy S. Pitman of St. Helier

Witnesses:

Senator M.E. Vibert (Minister for Education, Sport and Culture)
Mr. M. Lundy (Director of Education, Sport and Culture)
Mr. D. de la Haye (Assistant Director, Sport and Leisure)

(Please note: All witnesses and Panel Members were given the opportunity to comment upon the accuracy of the transcript. Whilst the transcript remains a verbatim account of proceedings, suggested points of clarification may have been included as footnotes to the main text.)

Deputy D.W. Mezbourian of St. Lawrence (Chairman):

We will make a start then if you are settled, gentlemen, and I would like to thank you for coming to speak today to the Education and Home Affairs Scrutiny Panel. Before we go any further, I think we should introduce ourselves. I am Deputy Mezbourian, Chairman. On my right is ...

Deputy J. Gallichan of St. Mary:

Juliette Gallichan of St. Mary.

Deputy S. Pitman of St. Helier:

Deputy Pitman of St. Helier.

Connétable G.F. Butcher of St. John:

Constable Graeme Butcher from St. John.

Deputy D.W. Mezbourian:

If you would like to introduce yourselves, please, for the record.

Senator M.E. Vibert (The Minister for Education, Sport and Culture):

Sorry, I did not know if we were going to have everybody introduced.

Deputy D.W. Mezbourian:

We will in a moment, yes.

Senator M.E. Vibert:

I am Senator Mike Vibert, Minister for Education, Sport and Culture, and on my left is ...

Mr. M. Lundy (Director of Education, Sport and Culture):

Mario Lundy, Director of Education, Sport and Culture.

Mr. D. de la Haye (Assistant Director, Sport and Leisure):

Derek de la Haye, Assistant Director, Sport and Leisure.

Deputy D.W. Mezbourian:

The officers with us today are Tim Oldham and William Millow and Matthew Dransfield(?) is a new Scrutiny Officer and is sitting in today to see how the job is done and I hope he will think it is being done effectively. I would like to thank you, Mr. de la Haye, for coming because you have not spoken to us as a panel before and I would just like to draw your attention to the protocol that is on the desk in front of you. I understand it has been sent to you in the past when we believed you were coming to speak to us so you may already be aware of it. If not, I would like to ask you to read it please. Minister, we have been asked by the Council of Ministers to address questions regarding the Business Plan for 2009 and the way we intend to structure the hearing today is we will ask a few questions on general matters and then we would like to lead on to the AquaSplash demographics and the higher education funding. As you know, we have decided to undertake a full review of the Social Inclusion, the Mont à l'Abbé funding issues, and we will not be addressing questions to you on that today.

Senator M.E. Vibert:

Thank you.

Deputy D.W. Mezbourian:

It is 11.10 a.m. I would hope that we will be finished by about 1.00 p.m. I see no reason why we should not be. Minister, to start, just generally, I would like to ask you what work you have taken on the prioritisation of services within your department.

Senator M.E. Vibert:

Prioritisation of services is a continual basis not just to do with the Business Plan. We are always looking at prioritisation of services and, of course, leading up to the Business Plan we go over

every sector and look at how we are performing there and also what needs are there. For detail I can ask my director, who can explain how that filters down through the department.

Mr. M. Lundy:

The real opportunity for prioritisation -- if you bear in mind that there is a small percentage with a discretionary spend in the Education, Sport and Culture budget because the majority of the money goes in to staffing. It is one of the most staff intense budgets. The opportunity for reprioritisation comes really through the money that we receive, the formula funding that we receive into the department, which is based on pupil numbers; student numbers at Highlands, primary numbers and secondary numbers. Each young person, child, in the system brings to the department a sum of money that allows the institutions to serve the needs of these children to operate effectively. Now, one of the issues that we are facing in our work is reducing the envelope of cash because we have reducing pupil numbers. So some of the reprioritisation is about how we use the funding in order to maintain essential services. So, for example, this year we would have had a reduction in the numbers at Highlands College and we would have tried to use any surplus funding that had come into the service to match up some of the challenges in primary education. So while the money comes in, in a formula for each student, what we then do is we look at the students right across the piece (in primary, secondary and further education) and we distribute the money in order to enable us to sustain those services. It is quite a complex process but it means that we can manage, for example, primary classes where there may be fewer pupils in the class - and there are very few of these but there are some - and, therefore, the class, in terms of the money it brings, may not pay the salary of the teacher. So we have to prop that up.

Senator M.E. Vibert:

Another area that is ongoing - and we look further ahead than one year, obviously, at a time - is, of course, the bulk of our funding is to do with education. The financial year, of course, is totally different to the academic year; the academic year running from September to September and the financial year running from January to January. Of course, this causes problems because we are having to look ahead and make our best estimate of how many children will be in the class for January; which means we are doing it a considerable time ahead when we will not know until the following September how many people are there because we have a legal duty to educate any child that is legally in the Island who appears at our schools' doors, so to speak.

Mr. M. Lundy:

There are some bigger projects, in a sense, that we tried to initiate this year, which we will see through to completion and implement in 2009. One, for example, is around the relationship that we have with Highlands College. In the past I think it is probably fair to say that Highlands

College themselves, and the principals of Highlands College, took the lead as far as further education is concerned on the Island. Now we are looking, with the formation of the Skills Executive, to change the relationship between the college and the department. We have a professional partnering relationship that we have established now whereby the funding that will flow through to Highlands College will make provision for the Minister to carry out his statutory duties in respect of the education of young people post-16 but also will make provision for the Skills Executive to be able to influence the direction and the types of courses that the college will implement so that it best meets the needs of the community and the economy. So that shift in change will require a new formula, a new funding formula, which we are working on at the moment. Now, whether that funding formula will produce any efficiencies, or indeed the opposite, it is too early to say; but that work is ongoing at the moment with a view to its implementation in 2009. In 2008, as you are aware, we have funding pressure. I know that you do not wish to explore it at this meeting in respect of Mont à l'Abbé, but in 2008 we were able to absorb some of the additional costs of Mont à l'Abbé by reprioritising part of the project for this year and I think probably, from my position as accounting officer, I can say that the culture is one where we are looking more closely at budgets across the service to see how we can reprioritise in that respect as opposed to maybe just looking in vertical strands, i.e. schools, youth, sport. So there is a significant cultural change.

Deputy D.W. Mezbourian:

Just a very brief question. You say you reprioritised to Mont à l'Abbé in 2008. So what services or where did the money come from then if you reprioritised it there?

Mr. M. Lundy:

Well, I suppose the argument would be that the Education budget, be it that it is formula funded and that there is a high percentage of staffing, is quite a tight budget. So the capacity to reprioritise really comes from projects where initially there might have been some slippage or appointments where you do not have somebody in post and you could perhaps defer it for a period of time. Given the number of staff right across the service, from time to time there are opportunities there. So that is precisely what we did and also looking at youth service and sport as well. These were small sums of money but, coming together, they enabled us to sustain Mont à l'Abbé this year. I do not know the exact figure but I think it was to the tune of about £250,000.

Deputy D.W. Mezbourian:

Thank you. Gentlemen, I forgot to say at the beginning that, of course, this is a public hearing. I am taking it for granted that you know that, but that we are recording it and it is the usual system. You will receive a transcript to comment on accuracy and it will be uploaded to our website. Minister, you, I believe, took your information on the Annual Business Plan to the Council of

Ministers and gave them a presentation on your pressures and indeed on the savings or potential savings that you have identified. Tell us what their reaction was and how they questioned you. What were they interested in?

Senator M.E. Vibert:

Well, they were interested in a number of areas; particularly, of course, where I was referring to pressure, and Mont à l'Abbé was one. You mentioned we are going to do that separately but that was an area of great interest and I explained the reasons why the costs for Mont à l'Abbé were rising, which is more children with severe difficulties surviving longer and also how one or 2 young people with severe difficulties can add considerably to the school's needs and budget. So that was one area. We talked, of course, and one of the areas that came under considerable discussion was higher education because that is an area where there are a number of elements which are outside of our control. Most of our students attend universities in the U.K. (United Kingdom) and the cost to the Island is determined by the charges that are allowed by the U.K. Government. As you know, we introduced a system of student loans to help cope with the last increase, approved in top-up fees by the U.K. Government, and there was considerable discussion on were the charges to us likely to go up again. The answer is: "Yes, but we are not sure when." It was meant to be from 2009 onwards but we are uncertain at the moment whether it will come in, in that year and so on. Of course, there can be political changes in the U.K. so it is very much an unknown. As you will see when we get on to higher education, the U.K. Government deciding, for example, to allow a £1,000 increase in top-up fees would mean to the Island another £1.5 million in costs. It just depends on that and that is something that is unfortunately beyond our control, though we have been in touch with the U.K. Government and are continuing correspondence with them about seeking better treatment for Island students. So those were 2 areas. Demographics, of course, were touched upon and I explained the problems of the current funding, the A.W.P.U. (Age-Weighted Pupil Unit) funding, and certainly have raised with the Treasury Minister, perhaps on the educational side in particular, the need to move to a different funding formula which is more based on the cost of a certain size of school with a small element for pupil unit as opposed to the current system; because there is a cost to running a school whether the school has an over-capacity of children or a slight under-capacity of children. The number of teachers you need in a primary school and a head teacher and so on, there is a cost there. That is something that we are discussing actively with Treasury, about how we can move forward in working out the best way that the education side should be funded and whether the A.W.P.U. and the previous way of funding is the best and fairest way for the Island of doing it.

Deputy D.W. Mezbourian:

Thank you.

The Connétable of St. John:

Minister, what work was undertaken by your department in reviewing the department's objectives in the 2008 Annual Business Plan when developing the 2009 plan?

Senator M.E. Vibert:

All our thoughts go back to what our objectives are and, of course, we have the updated ... the last ones come out soon as to how we are getting on against them, the strategic objectives. We had up to December 2007, I think it was, the latest report and that showed that, apart from the ones we have changed, I think, we are making good progress against them. We have achieved many of them and, of course, in developing the 2009 Business Plan we look at the 2008 objectives and how we have performed against them and whether we need to put more effort into one area than the other and how we have got on. So they are continually informed and looked at. I do not know whether the Director wants to add anything on that.

Mr. M. Lundy:

I think, in looking at one of the main aims, it should be quite apparent in the 2009 Business Plan, is that we have tried to put all that we do in a very clear strategic framework within 4 aims which are: giving children the best start in life; preparing them for adult life, not just for the challenges that they are going to meet but also to make a positive contribution to the Island or to society, wherever they may be; to encourage lifelong learning and engagement; and to promote social inclusion. Now, the rationale for bringing them together there is that for the first time, I think -- it is an evolutionary process but for the first time we are able to say that these 4 aims are things that every part of our organisation can work towards. So these aims are good for sport, they are good for culture, they are good for youth service, they are good for schools. It also provides a platform for us to work more closely across the department. So when we are talking about efficiency it is not just efficiency in terms of finding a more cost-effective way to do things; it is about working together to achieve more. So we are exploring, for example, how sport can work to provide a more effective sports experience for children in primary schools. In primary schools, for example, you would not always have highly qualified P.E. (physical education) teachers but in our service we have got people who know. So that is just an example of the type of synergies that we are trying to explore across the department. Likewise, if you think in terms of giving children the best start in life, the plan has been constructed around the concept that if you give children success early that there is a greater chance of success later on. For sure if children face failure early on, then the likelihood of failure later on is increased. So if you want the Island to be culturally rich, high sporting prowess, economically sound, then how does different parts of our organisation work together to ensure that children get a good start in all those directions. So I think what you are seeing in the 2009 Business Plan is a more cohesive Business Plan which is inviting all aspects of the department, all parts of the department, to work together to common aims and to

deliver them more efficiently and effectively. So through that efficiency, effectiveness, exploring the synergies and working together are the things that we are trying to continue.

The Connétable of St. John:

How would you say you have achieved your performance criteria on the 2008 plan? Are there any shortcomings in areas where you feel that you have not been able to achieve the ...

Senator M.E. Vibert:

The area that I always have problems with is the provision of nursery education for all and, as you know, I have brought proposals to the States that would have enabled me to have achieved that in 2008 and the States declined to provide the funding for it. So that is an area where I still feel that there needs to be progress and we are working on that all the time. We are, as you know, awaiting the report of the Scrutiny Panel and we have also set up a permanent -- sort of a standing working group to work on this because that is an area that I feel that still has to be addressed. But other than that area, I would say that from our 2008 -- we have progressed well against what we set out that we wanted to do.

Deputy D.W. Mezbourian:

Minister, we are not really here to discuss Early Years, although obviously we know it is a funding pressure for you, but you just mentioned setting up ... did you say a permanent ...

Senator M.E. Vibert:

A standing ...

Deputy D.W. Mezbourian:

A standing group?

Senator M.E. Vibert:

Yes.

Deputy D.W. Mezbourian:

Can you just elaborate a little on that?

Senator M.E. Vibert:

Yes. We have been obviously considering how to take forward the situation and resolve the situation with improving the equity in the provision of nursery education and one of the areas we have been looking at, and I have had a paper from my officers, is we have had a group coming together which has involved the providers and others on an ad hoc basis to advise us and to work

with us. What we are looking to do is to bring together a standing group which would have representation, we hope, from all the areas concerned; which would be the providers, ourselves, the practitioners and parents and really as wide an area to make sure that we cover the whole area. That group we would like to work with in developing, if you like, the provision really ...

Mr. M. Lundy:

The concept for a partnership obviously has been borne out of all the work that has been undertaken to date in terms of Early Years. I think one of the things that we recognised along the way -- I mean, there is the inequity but Jersey is not unique in that. There are free nursery classes in the U.K. when there was no free provision in the private sector. So I think it is more intensely felt in Jersey because it is 50 per cent against and 50 per cent for and we are aware of all the issues around that. But the partnerships that have been established in the past mainly ended up talking about that issue at the expense of many of other issues to do with Early Years, which also needed to be addressed. So this idea of a partnership is not so much about a group that sits down to say: "What shall we do about Early Years", but a group that sits down and identifies some of the key issues, for example, staff development. So there could be a subcommittee looking at staff development across the Island. Quality: what constitutes quality; there could be a subgroup looking at that. How do you evaluate quality in nursery provision, be it whether it is private sector provision or the public sector provision? So they can start looking at that. So it is giving practitioners, both private and public practitioners, the opportunity to focus on some key areas that are in danger sometimes of being left behind because of the real challenge of delivering the equity.

Deputy D.W. Mezbourian:

And that group has met or ...?

Mr. M. Lundy:

No. The framework for that group has been put together by officers and is to be presented to the Minister. The Minister has seen a draft of it and we will be making some modifications to that and bringing it back to the ministerial team and then we will then start to talk to the private sector about their engagement in the process.

Deputy D.W. Mezbourian:

Okay, thank you. We will move on from Early Years and I would like to ask you, Minister, what services within your department ... because you are looking at reprioritisation and you must surely be giving consideration to cutting service provision somewhere, what do you consider to be the least vital service and the least required within your department?

Senator M.E. Vibert:

I believe that all the services we provide are vital. We went through, and we have been through, numerous cost-cutting exercises and identification of whether you should be doing this or that. With the amalgamation in particular, we made considerable savings. I do not believe that there is any service that my department offers that is not vital to the Island and necessary for the Island and that covers right through from what our department covers - that is education, sport and culture - because we have looked and we have examined very closely all the services we offer and I do not believe that we are offering any services that are not required by the Island. We have a library service; we support the arts and the heritage; we provide sports facilities; we provide a youth service; and, of course, we provide education, both statutory and otherwise. I believe all those are required.

Deputy D.W. Mezbourian:

We know that all departments have identified efficiency savings and I believe that yours are ... is it £72,000 worth?

Mr. M. Lundy:

Yes.

Deputy D.W. Mezbourian:

So that is not cost-cutting; that is efficiency savings?

Senator M.E. Vibert:

Yes, which is different.

Mr. M. Lundy:

Yes.

Deputy D.W. Mezbourian:

Can you give us a breakdown of those, please?

Mr. M. Lundy:

We have applied that as a percentage cut across the board for a very good reason. The biggest part of our organisation is schools. Schools are formula funded. If you then go back to individual schools and take back, for example, different amounts of money, what you are doing is corrupting the formula. So it is important to maintain that equity across the schools. So we have allocated the efficiency savings to schools and other parts of the department and allowed them to analyse their parts of the business, given that it is a very dispersed organisation, to see how best they can

absorb those challenges. Now, that has been the most effective way for us to do it. If we were to do it another way and to take different amounts from different parts of the organisation, then we would corrupt the very formula that underpins the whole financing of education.

Deputy D.W. Mezbourian:

So are you saying that these efficiency savings have been made only to schools?

Mr. M. Lundy:

No, they have been --

Senator M.E. Vibert:

No, no. They have been pro rata'd across the whole organisation. It is really an issue of subsidiarity as well because basically we are saying to the areas that know best their own area: "This is your allocation of the savings that have to be made. How are you going to make them?" Rather than us being directive and saying: "We are going to chop so much here or so much there." It has been problematic. It has been problematic in the past when there has been bigger efficiency savings to be made. It has hurt. It has hurt every aspect of the department but the savings were imposed and had to be met. It has not been easy. It has been painful. It has been painful in schools. It has been painful in sport. It has been painful in culture where we have not increased grants to the extent that people might have wished and we have cut back on grants if necessary. So it is a situation where when you are told you have to find efficiency savings you have to find them and we have said to the people involved: "We are being fair about this. We are pro rata-ing it across the department and please tell us how you are going to make these savings." They have come back and done that and found them.

Deputy D.W. Mezbourian:

As we have Mr. de la Haye here, I wonder if perhaps he would be able to tell us what efficiency savings were made within the sporting area.

Mr. D. de la Haye:

Sure. Well, obviously this has been a process that has been going on for several years now. The Minister just mentioned grants. That is one of the areas that has been reduced and was one of the first ones to go. We used to have a festivals and events budget. That was reduced quite considerably from somewhere in the order of £100,000 down to about £30,000. We have made efficiency savings through some staffing where we have reduced in one or 2 areas of staffing over the period of time. One of the other significant things that we have done was to change the opening hours of sports centres and to reduce those. The most recent one, as mentioned, is a fairly minor one for us in terms of the budget that we have. So our portion of that is only about

£6,000 or £7,000, so that is a more easily achievable amount; and that amount has been done through just reducing the budget around the purchase of equipment. All of things, of course, have a knock-on effect in the long term but those are the sort of means that we have undertaken over the last 2 or 3 years.

Deputy D.W. Mezbourian:

Thank you. Minister, I would just like to come back to what you said earlier about all services being vital. Will you tell us the basis that you use the word “vital”? What basis is it made upon? Is it because they are vital through legislation for example?

Senator M.E. Vibert:

No. A large part of our service is statutory. Education, strangely enough only education from 5 to 16, but I doubt if anybody would say that we should not offer free sixth form education in the Island, which we do, or support young people going off to university, which we do. That is not statutory but to me that is vital and it is vital because I think it is vital for the future wellbeing and the good of the Island, as well as the individuals involved. So that is why I use “vital”. I think it is vital that the Island, particularly facing issues to do with health and obesity, has a good range of sporting facilities to offer people and fitness facilities for their overall wellbeing. Again, culture; I think it is vital that we have a cultural provision in the Island and that the States supports it. That is again for the overall wellbeing and the future benefit of the Island and all the people within it. So that is how I judge vital. A lot of it is statutory. We have now, only quite recently, got a statutory duty to provide a library service; it was not previously. We have a statutory duty to provide education between certain ages. We have got other statutory duties but that does not mean that the other things that are not statutory are not equally as vital to the Island in my opinion.

Deputy D.W. Mezbourian:

That is your opinion. Is any of it based upon public consultation or is it merely your opinion?

Senator M.E. Vibert:

It is not just my opinion. I would say it was generally accepted in western democracy, in all countries that I know of, that these sorts of provisions are made to a greater or lesser extent. It is my opinion, I suppose, how vital they are but I do not know of any country that does not provide many of these facilities and this is with the support of the officers and it has been tested in the past. One of the potential savings, when we were in to quite heavy efficiency savings and cuts basically which were being imposed, we looked at was we suggested perhaps the branch library, for example, at Les Quennevais; perhaps that is not vital. There was considerable public concern against that saying: “No, this is what is needed.” So I think it reflects what the public want as well.

Some of us might remember the concern there was over the Opera House when that ran into financial problems. There were certainly very few people suggesting that we should not support the Opera House at all in that area of culture. It was about how much we should support it and how it needed to react to that support. I would always consider if anyone suggested to me that you should not be doing this or that but I would need convincing that any of our services that we currently offer are not required for the benefit of the Island.

Deputy D.W. Mezbourian:

So how do you square that with public opinion which seems to be at the moment that the States should be if not cutting back on spending, certainly keeping to within the agreed spending limits?

Senator M.E. Vibert:

I find it very difficult to judge public opinion except through the ballot box at times. Now, there are ways of judging public opinion. I think public opinion will always say, because it is very simplistic to say so: "Tax less but I want very public services. In fact, I would like improvements in public services." In fact, I would say that the public opinion coming into our department is always about improving and offering more services. I cannot remember the last time where somebody contacted us and suggested we offered less services because that would be a saving. So I think it is a difficulty with saying "public opinion". Of course public opinion would say: "Well, spend less so you can tax us less." But ask the public: "Do you want larger school classes? Do you want us to get rid of the youth service? Do you want us to close the library?" I think you would get a different answer. They would say: "Of course not. You must not do things like that." I think that is where the difficulty is. I think the public want, and quite rightly deserve and should get, high-quality public services that they require and I believe the services we offer and provide are the sort of services they want and in fact, in my view, what I know of public opinion, they would like those services improved not cut back on.

Deputy D.W. Mezbourian:

You said: "Ask the public." Do you ask the public? You are saying it is difficult to gauge public opinion and yet you are now in a position whereby you are a very high-spending department. How do you gauge public opinion, because surely that is what you should be doing? You should be asking them what services they see are a priority. You are talking about public services. What do the public see as vital? When do you ask them?

Senator M.E. Vibert:

Well, whenever we are looking at doing something different we have -- in fact we did public consultation over Early Years and the public's answer on that is yes, we should be providing more. We are currently out to consultation on a national gallery. Of course, we have feedback

constantly through our schools, through parents' views, et cetera, and we have the same with the feedback on higher education. Again, when we made changes to higher education we ran possibly one of the most elaborate public consultations because we just did not issue -- I issued a green paper but we also had workshops, public meetings, written in feedback. We try to involve the public and try to get as much feedback as we can on these issues. We are very close, I would say, to the public in many ways through our areas: the youth service, sport, education through the schools, that we get the public's views back. Certainly I get a considerable number of emails from members of the public and they do not hold back if they wish to tell me something to do with the areas in which I have got responsibility.

Deputy D.W. Mezbourian:

So the services that you deliver, which you consider to be vital, you believe are supported by the public?

Senator M.E. Vibert:

Yes.

Deputy D.W. Mezbourian:

Okay.

The Connétable of St. John:

The question I was going to ask leads on from that a little bit, Minister. Have you had any direct feedback from the public relating to your identified funding pressures or your budget proposals for 2009?

Senator M.E. Vibert:

No. I do not know how much they have hit upon the public's imagination --

The Connétable of St. John:

There has been a little bit of advertising in the media regarding the items that you have identified as problems. I wondered whether you had any feedback from anybody relating to those.

Senator M.E. Vibert:

I had a little of feedback on the need to ensure that we cater properly for the needs of Mont à l'Abbé, for example. I have had some feedback on that. I have not had any feedback on the other areas that we have raised as funding issues because I think the public are probably waiting to see what happens before providing that feedback.

The Connétable of St. John:

What was the feedback, if you do not mind me asking, that you got on Mont à l'Abbé?

Senator M.E. Vibert:

It was mainly from parents involved who stressed the importance and how vital it was to them, and particularly for the older children, that the provision was in place. In fact they were asking and saying how vital it was that the provision after Mont à l'Abbé, when they are young adults, because we provide provision up to 19, and they were very concerned about 19 onwards. They were very concerned that we did as much as we could within our area to prepare them for 19 onwards and trying to ensure that there was something for them to do post-19, if I can put it like that.

Deputy D.W. Mezbourian:

Thank you, Minister. We would like to move on to the AquaSplash now and Deputy Pitman is leading on that topic so I will hand over to her.

Deputy S. Pitman:

The draft proposals indicate that the Council of Ministers has allocated £370,000 for the funding of AquaSplash. However, on page 16 of these proposals it is apparent that revenue indications of this may be greater in subsequent years, rising to £405,000 in 2012. How was this anticipated shortfall predicted?

Senator M.E. Vibert:

AquaSplash has a long and convoluted history. The States decided, when they were looking at the waterfront, to fund the leisure pool on the waterfront and then the States also decided to add what we call a competition pool, a lane pool, as well to the leisure pool, now known as the AquaSplash. A deal was done with an operator, Serco, and as part of that deal, signed on behalf of the States, there is a funding formula which provides that for any losses over a certain amount - I am sure Derek can go into the whole detail in a minute - the States compensate the operator, basically the manager of the pool. It was always known that it was likely to run at a loss and require a subsidy, because as far as we know all public pools that we know of require a subsidy, they do not make money, and the subsidy unfortunately has grown beyond what was predicted in the early papers; predictions that were done at the time of the AquaSplash. Our involvement, if you like, in it was that after it was being run by W.E.B. (Waterfront Enterprise Board) and when the pool was up and running, as is the normal case, it has asked if the department can take on the control and we have made quite clear that we thought we were the best place to manage the contract because of our expertise in this area, but we made it very clear that the commensurate funding required would have to come along with that and that we would not take on this extra

funding because we did not have the funds to do it. So it has always been known that there would be a need for a subsidy and that is what is happening. The subsidy is continuing as it was known it would be, but if you want the detail I can ask my Assistant Director to fill in some of the detail on this.

Deputy S. Pitman:

Yes, please.

Mr. D. de la Haye:

The first figures that -- as the Minister said, the projections at the beginning -- the business case that was made indicated that the subsidy levels would be very small and in fact there was even a projection that there would be profit coming out of it. Now, I do not know how that was done; I certainly was not involved and we were not involved in that projection. We recently had an audit done by PwC (PricewaterhouseCoopers) when we were looking at this whole issue and quite clearly they identify in their report that the business case that was made at the time was somewhat false and clearly, as the Minister has already said, there are no swimming pools, certainly in our part of the world, that do not run without subsidy. The Finance and Economics Committee of the time received reports which indicated that this would not be the case and they agreed to continue to subsidise the pool. In the first year ... There are 2 things really. The developers agreed from the beginning that they would pay £96,000 towards the offsetting of the subsidy and that is index-linked. The liability of the States at the beginning of the first year was £217,000 and then Serco themselves reduced that by a management fee. That has steadily increased since that time so during 2007, the year just completed, the actual figure was £297,000; that was the subsidy provided by the States. In addition to that there was the £100,000 that came from the developer's contribution. The figure of £370,000, which is the figure for 2009 which will be transferred from Finance and Economics to the budget of Education, Sport and Culture, was based on work that we did because quite clearly it is accepted that without considerable change the deficit will continue to go up of subsidy required. We have looked at the options. We did a report on that and believe that there are several options to be taken but the preferred option in the first instance is to work with Serco to see if we can renegotiate the contract. It is that that we will be doing in the near future when it is confirmed that we have taken over complete administration from Finance and Economics and the budget.

Deputy S. Pitman:

If you did not have the £370,000, where would you find that sum of money?

Senator M.E. Vibert:

We would not. The pool would close.

Deputy S. Pitman:

Each year the funding or the financial pressures are increasing. Has it been cheaper for Education, Sport and Culture to run this pool or the --

Senator M.E. Vibert:

We did look at that. Derek can --

Mr. D. de la Haye:

Do you mean would it be cheaper for us to run the pool if we took over the management and running of the pool? Is that what you are asking?

Deputy S. Pitman:

No, no. I am talking about the expenses that are being paid to the AquaSplash and the -- initially you were saving money from moving the swimming pool --

Senator M.E. Vibert:

From closing Fort Regent?

Deputy S. Pitman:

Yes.

Mr. D. de la Haye:

Okay.

Senator M.E. Vibert:

Those were savings we handed back, so to speak, to the centre. So we never, if you like, had -- when we closed Fort Regent we saved, I think, 6 staff and --

Mr. D. de la Haye:

The saving at the time was 6 staff and it was estimated that it was somewhere in the order of £200,000 per annum and those savings were taken away from our budget or we did not receive them in the next year. So those savings were made.

Deputy S. Pitman:

In the long term was it worth it?

Senator M.E. Vibert:

Sorry, was what worth it?

Mr. D. de la Haye:

There were 2 aspects. The decision was made at the time to provide £2 million additionally towards the capital development of the AquaSplash in order to get the tank part of it and not just to be a leisure pool. It was estimated at the time, the work that was done, that in order to refurbish Fort Regent pool would have cost somewhere in the order of £4 million. So there was a decision made at that time that that would -- the decision was to put the tank down at the AquaSplash and to close Fort Regent pool. We have saved £200,000 and the staffing that has gone with it. That was done in 2003. The pool opened in July 2003. We lost the staffing at the end of 2003 because Fort Regent pool remained open for that 6 month period. But clearly things have gone up and costs have gone up since that time. So if you are asking the question: would it have cost the same to run Fort Regent at this time; I would have suggested probably it would have done.

Deputy S. Pitman:

Okay.

Deputy D.W. Mezbourian:

Sorry. Can you just explain that, please? I am not sure that I understood that. You said ...

Mr. D. de la Haye:

We would have had to invest somewhere in the order of £4 million to refurbish Fort Regent and based on the figure of £200,000 -- it is difficult to assess because it was not a stand-alone pool. The AquaSplash is a stand-alone pool and everything has to operate from there. Clearly there were costs to Fort Regent where we had a rotating staff and obviously lots of the backup that come, the technical support and those kinds of things, were still in existence for other parts of the business that we have. But one would have to say that the costs would have gone up since 2003 fairly significantly. It is difficult to know exactly how much but it would be coming towards the order of late £200,000, which is effectively what the subsidy level is now.

Deputy D.W. Mezbourian:

I am still not sure that I understand that. Can I just --

Mr. D. de la Haye:

We would have to keep employing those 6 staff and running the pool. That would have cost us a certain amount of money. We believe it would have cost us roughly the same amount of money as the subsidy that is currently being paid to the AquaSplash.

Deputy D.W. Mezbourian:

In your opinion would it have been better to have retained the pool at Fort Regent, albeit ...

Senator M.E. Vibert:

In my opinion it would have been far better to redevelop the whole of Fort Regent incorporating a pool within it, but the States are agreeing that was a good thing, there was never any chance of the necessary funds becoming available, and it was the States that decided that instead of refurbishing Fort Regent Pool that it should be added to the leisure pool on the waterfront - the tank - the competition tank. That was gone into. It was not something I was totally happy with at the time. I had some reservations, but the case was made and it was agreed that this is what should happen. I would have much preferred to have seen the whole of Fort Regent refurbished incorporating a new pool.

Deputy D.W. Mezbourian:

How much of that view was put across at the time?

Senator M.E. Vibert:

I would say a considerable amount. I took a proposition to the States that did this overall issue about redeveloping Fort Regent with a new pool. It won the support of the States, but no funding was forthcoming. When we were getting to the stage which we were getting to, this is going back before I was President, when I was Vice President of S.L.R. (Sport, Leisure and Recreation), and when I was a member of S.L.R., the Fort Regent Pool was coming to the end of its useful life and would need either to be completely refurbished at the cost of £2 million, or there would have to be provision of a public pool, because it was thought it was necessary in St. Helier, somewhere else. At that time, with the funding being tight, the prospect of having a public pool at a cost of £2 million as opposed to £4 million swayed States Members, I believe, to incorporating it with the leisure pool rather than refurbishing Fort Regent Pool.

Deputy S. Pitman:

May I ask when the responsibility of this funding was given to your department, how much say did you have in that?

Senator M.E. Vibert:

The say I had in it was that we only agreed -- I only agreed to accept it, the responsibility on the management side, on the clear agreement that the subsidy would continue to be funded centrally because it would be quite wrong for it to have to suddenly come out of our budget when there was no provision for it in that budget. The provision had been made and the deal had been struck by Finance and I believe it was only right that the funding for it should be provided centrally and that is what is itemised and listed in the forthcoming budget.

Mr. D. de la Haye:

If I might add, Minister, our department was asked to take over the management of the contract because it was believed that WEB really were not in the business of managing leisure facilities in that respect and the expertise of that and the knowledge lay in our department. That is why the Minister agreed to take on that responsibility.

The Connétable of St. John:

Could I just go back a bit? Can I just ask a question, either of the Minister or Mr. de la Haye, when the projections were put forward for the AquaSplash -- the Serco development, obviously the costings are reasonably predictable on an annual basis, give or take. Where was the big error that they made? Was it on the revenue that it was going to generate?

Senator M.E. Vibert:

It was on revenue. It was on usage.

The Connétable of St. John:

Where did they base their revenue streams from? Was it what Fort Regent were already doing, or was it a pluck out of the sky?

Senator M.E. Vibert:

I think it was Fort Regent plus; particularly with the attraction of the leisure centre. Of course, this was really before we had a downturn in the tourism numbers, to a great extent. I think they thought there was going to be - and the projections involved - more income from the tourism side, from visitors, when we had more visitors coming to the Island. I think that another issue that complicated it at the time was that originally the fitness side, which is run by Fitness First, and the pool side were going to be a single operator and it would have been a single contract for both sides. Unfortunately, the people who were interested in that, the private operator interested in that - 2 of them - both dropped out. In the end it was only found possible to get single operators for each side. I think that had an effect on the income predictions.

The Connétable of St. John:

I think generally around the circle of friends that I have got, with children and I have got grandchildren of my own, most people would have preferred to see the Fort Regent one stay, to be honest. They do not like this one down here.

Senator M.E. Vibert:

I came under --

The Connétable of St. John:

It is a shame.

Senator M.E. Vibert:

Strangely enough, I came under considerable pressure after the States' decision and after contracts had been signed to -- that the Fort Pool should be kept open. I think the States were aware of that feeling when they made the decision, but they made that decision, they signed binding contracts that meant that Fort Regent Pool had to close by a legal contract, and that was in the contract with the provision of the new pool on the waterfront. Many people would probably still say they would prefer to see a pool at Fort Regent and that that is what they would prefer, but that is not the position we are in. The famous phrase "we are where we are"; the States made a decision all those years ago and they signed binding contracts and we have to make the best of what we can from those contracts and to -- as much as we can, this is where we are going to be working with Serco, to try to make sure that subsidy required is as low as possible.

Mr. D. de la Haye:

Can I just add a little bit to that? It is not for me I think to judge whether we should still have Fort Regent or not, but what I would say is that clearly there was a body of opinion within the Island to retain Fort Regent quite clearly. We had to manage that process. It was a difficult process to manage, the closure of Fort Regent Pool, because there was a significant number of people, particularly some of the organised groups - these are the aquatics groups - who wished that Fort Regent would have been retained. What I would say, however, is that Jersey is well provided for with water facilities. I believe that the way that they are managed both between the private operator and between ourselves is that Jersey people do have an appropriate and good supply of water facilities to use, so we are well provided for within the Island. Generally, I would say that most of the aquatic users are happy, although I accept the point that you make, that there are still people who say they would have preferred to have Fort Regent.

Deputy S. Pitman:

May I just follow on from that? We were talking about your other provisioning of swimming pools; what information do you have regarding the efficiency of the department's own swimming pool?

Mr. D. de la Haye:

What information? Are you asking me how much it costs to run the facility?

Deputy S. Pitman:

Yes, and staffing and usage, public use.

Mr. D. de la Haye:

The most equitable facility that we have got, but nothing is exactly the same as Les Quennevais swimming pool, obviously, but that obviously runs a dry-site facility alongside it, and also some squash courts and dance studios, et cetera. I am sure you are all familiar with the centre. It is interesting that that centre runs at a subsidy somewhere in the order of £417,000. Its usage, but it is not just the swimming pool, is somewhere in the order of 450,000 people use the facility during the course of last year.

Senator M.E. Vibert:

450,000 visits.

Mr. D. de la Haye:

Visits, yes. Sorry, 450,000.¹ Did I say -- visits, sorry. Are we efficient? We have made and looked very carefully at the staffing levels. We do have Quest accreditation and that is being -- that is a body that looks at the way facilities are operated. It is a national recognition of what they do. They come over and they have looked at that facility and I am pleased to report that Les Quennevais has been now "Quested", as it were, on 3 occasions. It happens every 2 years. It is now in the top 10 per cent of performing facilities, and that looks at absolutely everything. It looks at the way it is operated, the customer care, the way it is --

Senator M.E. Vibert:

It includes the U.K.?

Mr. D. de la Haye:

Yes, it is throughout the U.K. It is 10 per cent across the United Kingdom.

¹ The witness subsequently advised that the true figure was 350,000 visits.

Senator M.E. Vibert:

Top 10 per cent.

Mr. D. de la Haye:

I would say that in terms of validation of facilities that that is obviously something that we are extremely proud of in the way -- in the achievement it has. I am also pleased to say that it has continued to improve its mark over the 3 occasions that it has been looked at.

Mr. M. Lundy:

I think it is probably worth just drawing out of that, regardless of where you are in the U.K., public swimming pools make a loss of around about £300,000 to £400,000. The decision is whether or not you believe that is value in terms of what it brings to the community. The other thing around the swimming pools and the efficiency of their usage in the Island is that the school pools, which are heavily used by the schools themselves, of course, serve the primary schools that are in the catchment areas, are also used predominantly by the swimming clubs. By allowing the swimming clubs to book up a majority of time there you free up the other pools for public use, so there is a payback.

Deputy D.W. Mezbourian:

Mr. De La Haye, did you say that the subsidy figure for Les Quennevais was £470,000 or £417,000?

Mr. D. de la Haye:

£417,000.

Deputy D.W. Mezbourian:

£417,000.

Senator M.E. Vibert:

That is for the whole facility.

Mr. D. de la Haye:

That is for the whole of the facility that is referred to. What that also includes is - as Mr. Lundy has already mentioned - the school have access to that facility and obviously there is no cost to them to use that facility. There is quite a lot of subsidised use that goes on with that facility, but the subsidy, the cost to the department for running that facility last year in 2007 was £417,000.

Deputy D.W. Mezbourian:

I would like to come back, if I may, Deputy, to you, Minister, and I would like to ask you about the contract that E.S.C. (Education, Sport & Culture) is involved with regarding the AquaSplash. You explained how it came to be under the remit of your department. What are your opinions on the contract as it stands?

Senator M.E. Vibert:

We will be seeking to re-negotiate the contract and the deal because we would like to make sure that we have the best deals possible. We have not been involved before in the contract; the contract was -- involved W.E.B. and the Finance and Economics Committee of the day. We, when asked, gave advice on various aspects, but we did not negotiate the contract. We have agreed to take on the management of the contract and when the details are completed of that we will be looking at it very closely, which we have been doing, and seeking to work with the management of Serco, who we have got a good working relationship with and to see what improvements and how we can improve contract, hopefully to both parties' benefit. It is very important that we get it right.

Deputy D.W. Mezbourian:

You said you are intending to seek to re-negotiate the contract. When does the contract itself end? Your re-negotiations, would they be at the end of the contract, or are you looking to do that now?

Mr. D. de la Haye:

We have already begun to discuss with Serco management that clearly there is an issue and there is concern about the subsidy levels and we need -- we are concerned about going up. We have talked to them already. It is a 20-year contract which began in 2003, to 2023. What there is within the contract, however, is there is a get-out clause that if the subsidy level goes in excess of £50,000 then the States do have the right to terminate the contract. Clearly, we have got to do that very carefully because we have got to know what the alternative is. The first option that we are going to take is to re-negotiate to see if we can improve the terms of the contract so that Serco are taking more of the risk and therefore, obviously, the risk is reduced on behalf of the States for Education, Sports and Culture, and to see if there are ways that we can increase revenues and reduce costs. That is obviously the way that things are going to be made better in terms of the subsidy levels.

Deputy D.W. Mezbourian:

If re-negotiation is unsuccessful, what is the alternative?

Senator M.E. Vibert:

The alternative is the Island has to decide whether it believes there is a need for a public pool in St. Helier, which I believe there is and I believe we should provide a public pool in St. Helier. That pool is located where it is the AquaSplash. Unless you are going to close the pool the only alternatives are either someone continues to run it for you or you run it yourself. Certainly, all our predictions so far is there would be very little, if you like, financial difference in terms of between having someone continue to run it for us and running it ourselves. So, we will be looking at that and because we believe - and because the States gave an undertaking with the closure of Fort Regent pool - to provide an alternative public pool in St. Helier, and AquaSplash, we believe that is still relevant. We are going to try to make sure that we negotiate, now that we are taking on responsibility for the contract, the best contract possible for the Island.

Deputy D.W. Mezbourian:

A couple more questions because we need to move on to demographics which Deputy Gallichan will be dealing with in a moment. Minister, you said the Island needs to decide on the AquaSplash pool. When you say that, what do you mean? Do you mean you will consult with the public and the States will decide?

Senator M.E. Vibert:

The States does decide these things. If eventually the subsidy grew to such an extent that we did not have the funds to pay for it, the States would have to make a decision but I believe there is an understanding and general acceptance that we need to provide such a pool and that as long as we believe it is operating efficiently and the subsidy is only that which is required then I do not think there is any question that we are continuing to run the pool.

Deputy D.W. Mezbourian:

Deputy Pitman asked you earlier what would happen if you did not get this £370,000 to fund this and you said the pool would close.

Senator M.E. Vibert:

Correct.

Deputy D.W. Mezbourian:

Would there be financial consequences of that?

Senator M.E. Vibert:

No. There is a “get out” clause. We would have to look at that and give notice, et cetera, but the point I was making is that we cannot find this £370,000 from our existing budget so if the budget was not provided we would not have funds to pay that subsidy.

Deputy D.W. Mezbourian:

So, the pool would then close?

Senator M.E. Vibert:

We would have to negotiate and enact that clause if the States did not agree that the money should not be provided.

Deputy D.W. Mezbourian:

The States will be asked to agree this in September. In the meantime, will you have renegotiated with Serco?

Senator M.E. Vibert:

We will be renegotiating with Serco. I cannot put a timescale on when that will be completed but we will be talking to Serco and they are very keen to make the pool as profitable as possible because that is in their interests as well as ours. We have to remember that restrictions have been placed on the pool and continue to be placed on the pool. In fact, against my advice, the States voted to put a restriction on when the pool could be used for private parties and so on, which I warned at the time would have funding implications. If the States insist on a public pool being run in a certain way and restrict the management from maximising their income then you have got to accept the consequences.

Deputy D.W. Mezbourian:

Will negotiations be based on a shared risk approach?

Mr. D. de la Haye:

They will but the idea is, because that is where they are now; it is a shared risk at the moment. I think it will be very difficult to have all of the risk placed upon Serco or the operator. I think they would be highly unlikely to take all of that risk but I think, because they, in good faith, have signed a contract for 20 years which is there, but I think we need to try and reduce the risk to the States and incentivise Serco, the operator, more so that there is more incentive for them to do well but at the same time reducing the risk and, therefore, a benefit to the States.

Deputy D.W. Mezbourian:

Is there incentive to them to do well now?

Mr. D. de la Haye:

I believe that there is not huge incentive for them to do well. As the Business Plan was written there was incentive because as soon as they went into profit then they would have obviously received benefit then. That Business Plan has obviously, as I have already explained, never materialised and in my opinion never was going to so there is not huge incentive.

Deputy D.W. Mezbourian:

No incentive for Serco at the moment?

Senator M.E. Vibert:

There is not a huge incentive to Serco at the moment because once the losses or need for subsidy go over a certain point then it is met by the States. If the income projections have been met and there was not that amount of loss, there was a much greater incentive for Serco but there is an incentive for Serco because they wish to keep operating the contract. They know the contract with the "get out" clauses. They want to do as well as they can out of it and they would like to get as many people as possible using it. But, again, it is a balance between what is a reasonable price to ask the public to pay to go swimming and what could be cash productive. You could put up the prices and have fewer people going which is not good economics either. It is a matter of trying to maximise the income for the pool and we will be working with Serco on that.

Deputy D.W. Mezbourian:

Thank you, Minister. Deputy Pitman has one more question on the AquaSplash. I would ask you to keep your answer brief, please.

Deputy S. Pitman:

You spoke of public consultation and value to the community. Was there public consultation concerning AquaSplash before it was built and also do you engage with the public now regarding the AquaSplash; the prices; the facilities? If so, have you acted on any of that?

Senator M.E. Vibert:

There was public consultation. There was a States debate. There was considerable discussion. There was representation from the aquatic groups and the public when all this came about when the decision was made whether to refurbish Fort Regent pool or to put a tank in at the AquaSplash. One of the ways you see whether the AquaSplash is appreciated or not is by the

number of people using the pool. A considerable number of people do use the AquaSplash pool and they put in comments and so on and Serco share these with us.

Deputy S. Pitman:

Has that number increased each year?

Mr. D. de la Haye:

I would say it has remained pretty much the same, to be fair, in the reports that we have received.

Deputy S. Pitman:

Tourists: have you got records?

Mr. D. de la Haye:

The number of people using the facility has remained pretty much the same. The numbers are pretty much the same. They have worked very hard to increase the numbers and they have incentivised people - they have done all sorts of things - but in truth the number of visitors has not met their expectations.

Deputy S. Pitman:

Thank you. That is all on the subject.

Deputy D.W. Mezbourian:

Thank you. Gentlemen, I mentioned at the start that we were going to be finished by 1.00 p.m. and of course the AquaSplash, as we probably surmised, has taken a little longer than we expected. Deputy Gallichan will deal with demographics and then we will move on to higher education with Deputy Pitman. But if I could ask you particularly, Minister, to keep your answers concise.

Senator M.E. Vibert:

I am trying to provide as much information as possible.

Deputy D.W. Mezbourian:

I am sure you are and we appreciate that, thank you.

The Deputy of St. Mary:

I am glad to say that a lot of the information I want to go over you have already touched on in the introduction with regards to the funding mechanisms, et cetera, and the role of Islands. I will follow my question plan in case you wish to add anything else. The decline in birth rate is

something that will affect the schools. Could you outline what the demographic predictions for the Island's children are up to the year 2015, Minister?

Senator M.E. Vibert:

Yes, the demographics -- you must remember that we can develop projections but we can only be sure of those children who have already been born and after that it is an estimate. One of the things we have noticed is that from year-to-year there can be, from my point of view, a considerable change in the number of children born because if you have, as we have in some years, 70 more children born than the previous year, presuming most of them stay on in the Island and enter the school system, that is a considerable change year-on-year for us so it is a projection. We have projected up to September 2015 and if you wish I can give you total figures. I do not want to take up too much time.

The Deputy of St. Mary:

No, perhaps a copy so we could just have ...

Senator M.E. Vibert:

Roughly the totals at the moment for, if I can go primary first. The totals at the moment on the non-fee paying primary school population predicted pupil numbers were -- about September 2007 was 4,971, so just under 5,000. We are predicting for September 2015 just under 4,500; 4,464. So, that gives an indication of about 500 pupils. For secondary, it is about 400 pupils less over the same time. September 2007 in the non-fee paying secondary sector we have got 3,326. September 2015 down to 2,874.

The Deputy of St. Mary:

What information do you use to establish the demographic trends?

Senator M.E. Vibert:

I have an officer who does it. I would not say he does very little else but certainly spends a long time on this and obviously we take into account the birth rate each year. We take into account information received from Social Security and various other areas, and so we make a prediction based on up to 2012 actual births plus the other things, and those beyond 2012 are based on information we receive from the Statistics Unit on the projected birth rate. As I say, there are occasions when that does not quite work out right. Also we are using, as an assumption, that immigration is assumed to be between zero and 200 working adults per annum and the young people they are likely to bring in. It is quite complicated and we do do a lot of work on it.

Mr. M. Lundy:

Once obviously the children enter the first year of school we know what that cohort is likely to be, then as it moves through in years of primary education and then into the years of secondary education, and the only fluctuations will be children who leave the Island and children who come to the Island. We do get some surprises from time-to-time. Our net projections this year I think we saw an increase of about 80 children. We were expecting a falling roll but we had 80 children more in the system than we had expected. We always see a number of children joining the system in the summer months. You cannot predict that; you can just make an allowance for it so these predictions affect the policies that are in existence because, for example, when we talk about in primary a reduction of between September 2009 and September 2015 of about 345 children, well, 80 in any one year can have a big impact on that as you will appreciate. But also the policies have, over the years, in order to make education as efficient and effective as it possibly can, with the emphasis on “effective”, class sizes have been reduced from 29 to 25. So, quite clearly while the ideal class size is 25 there will be some over that. If you have class sizes of 24 you have got less surplus places. If you have got class sizes of 28 you have got more surplus places so there is a policy issue around that. The other difficulty is not so much in the prediction of the numbers overall but where the numbers will appear. It is not as if you can take a primary school out of the picture and assume you will be able to accommodate it. The other complication is that you need a number of surplus places in order to be able to manage the system.

The Deputy of St. Mary:

I was going to ask about that because I understand you need about 250, do you?

Mr. M. Lundy:

About 250 in the primary phase to be able to manage the system.

The Deputy of St. Mary:

Can you tell me exactly how that works and how that surplus system will be affected by the saving to demographics?

Mr. M. Lundy:

Simply, what you want is you want some spare places in all your schools so that if children move into the catchment area or come to the Island or there are changes in housing policy or whatever, that your schools are able to accommodate. You may not always be able to accommodate in the closest school but you may be able to accommodate in one of the closest schools, so you want that type of capacity to be able to manage those challenges. At the moment we have some difficulties. Interestingly, the school that lent itself to closing a form of entry, Samares, is now on

the up because, of course, housing policy in that area has affected the potential roll of the school. Other schools in that area: Plat Douet, tight; St. Clement's, tight; St. Luke's, very tight.

Senator M.E. Vibert:

Can I just mention the blips in projections, in 2003 over 2002 there were 70 more births than expected and the same in 2007, 2006, 80 more births, so suddenly you are going along and we have to have the capacity to cater for that and so you will have schools where in one year group the school is running at capacity - 25 or slightly over - but in the year group above it maybe 3 or 4 under because of the birth rate and the way it goes up and down. It does not stay consistent.

Mr. M. Lundy:

In terms of efficiency, you can see we have closed a form of entry at Rouge Bouillon School and we closed a form of entry at Samares; whether or not that will need to be reopened remains to be seen. But that is a step that has an impact each year as it moves through the school so it is not just having an impact on the year that you are closing. Over the period of time the capacity will be reduced by 14 classes, so that is approximately 360 pupils. Now, the savings there will generally be in teaching staff. The fixed costs of children in the system will probably increase so it really depends on which way you look at it because if you have got fewer children you have still got the same fixed costs, so the fixed costs per head increases but obviously you are reducing the teaching numbers. Primary phase: this is where it gets somewhat difficult. It is about managing the transition. Not so much about adjusting to lower pupil numbers but managing the transition from this number to that number. Closing a form of entry is a good way to do that. Obviously closing a school would have a major impact and may -- some authorities choose to "mothball" schools. But what we have effectively done is mothball 2 forms of entry so if there was pressure on places in those areas we could choose to bring them back.

The Deputy of St. Mary:

I think you have mostly answered this but you mentioned when you have got disparity across the year groups combining year groups. In my parish school some years ago it was a combined year 5 and 6. Obviously that would be a policy reversal, would it not?

Mr. M. Lundy:

They are discouraged but they are not, in a sense, outlawed by the Minister because on some occasions it may be seen as a necessity. You may put some additional resource into the school to make sure it is effective. As a general policy it is not perceived to be as educationally sound because you are educating 2 years' groups in a single class so there is a broader range of ability; broader range of progress to take account of.

The Deputy of St. Mary:

But these are all things that you -- weapons, if you like, in your arsenal that you have to --

Senator M.E. Vibert:

They certainly could be considered but, as the director is saying, it would not envisage the savings that you think it would because you would have to put in extra support to make it educationally viable. So, it does not deliver a full saving and it is certainly something that would be one of the last resorts. It is not something one encourages because educationally it is shown not to be as effective as teaching single year groups.

The Deputy of St. Mary:

You mentioned the possibility of closing a school. We already know from what the Minister said in the House that there are no plans to do that in the immediate future. What concerns me, as representing one of the smaller schools - one of the first to go, I fear - if it ever comes of you having to discuss this, will you have something in place to give schools a level playing field? I am particularly concerned about, for example, where the intake has been boosted by having a nursery class, for example. Obviously that is a huge bonus to a school in attracting pupils. Bearing in mind my concern about the huge community role that the school plays as well, it is not just an educational tool; it is a huge part of the community. Can you give any reassurance ...

Senator M.E. Vibert:

I think you hit on it. As I have no intention of closing any of our much needed, in my view, parish primary schools, or any of the primary schools. You mentioned community there and I think one of the ways forward is where we may have space in the school, perhaps we have gone down to one form of entry from 2 forms of entry, we really are looking and considering how schools can become much more part of the focus of the community and the centre of the community and offer a range of facilities. When we go to early years, for example, that is an area where I think that in the overall early years, not just nursery education, that schools could play a bigger part in the community. We will be looking at that and I think it would be short-sighted to start thinking about or just looking in pound, shilling and pence - except it is not that now but decimalised - of the value, or the cost. We need to look at the value of the school as part of the community and enhance that value. I believe that we need to have schools as centres of community alongside the parish halls and the other community centres and that it is vital we look at developing this and certainly with sport and other areas - higher education and culture - we are using the school premises more for various things. A school is a community facility. It is not just a school and this is an area which we have developed with sport and we are developing further. It is a very valuable community asset which should be used as much as possible.

The Deputy of St. Mary:

Thank you, I think I am suitably reassured about St. Mary's School at present. We talked earlier about Highlands College and the new involvement with Skills Executive. Given the demographic changes, what guarantees are there that the roll of Highlands College will remain constant?

Senator M.E. Vibert:

I do not think there are guarantees about anything remaining constant. What we are doing, the Skills Executive has been set up and we are looking at ways of doing it and trying to react through the Skills Executive to the requirements and needs of the Island for the future and its workforce and so on, and I see Highlands as becoming much more responsive to changing needs. It is not - they do need a lead-in time. Like any school, the majority of Highlands' budget is on staffing and if you have suddenly got a demand in block laying, if I can put it like that, then you cannot just move someone who is a lecturer in catering to block laying. So, we have got to plan ahead but Highlands is a fantastic provision for the Island. It has people in it from 14 to 90 plus in the adult education side and it has a very, very wide provision and what we are looking at is, in certain areas, to ensure that where the provision is more closely allied through better information to the future requirements of the Island. That is where the Skills Executive comes in and, as I say, I see Highlands, in this area in particular, being able to be much more responsive and working with the Skills Executive to make sure we get the provision as right as we can.

The Deputy of St. Mary:

Thank you. I understand the department is going to be looking at a review of demographics during 2008. Can you let me know what this will involve?

Mr. M. Lundy:

We have a demographic model which we update -- the department reviews demographics annually; probably for the next -- as you can see it is right up to 2015 so we will add the years on as the information becomes available. Given that we are in a period of falling student numbers, what we are trying to do is marry up those projections with the financial circumstances that will come out of those projections. So, build a model. It is tentative work at the moment, particularly because we do not know when the children are going to appear and when they are going to disappear. But we build a model that would enable us to say: "Well, okay, in 2015 we know how many students we are likely to lose. What are the different scenarios if they are in this catchment area or this catchment area? What would the financial consequences be for those schools?" So, it is trying to develop a more sophisticated model this year. This is not easy to do. There are models in the U.K. but they are based on a very different educational system where parents have got free admission to whatever school they wish to attend. The success of this will depend on

what happens this year but we do think we can get something that is more sophisticated than that which we have got at the moment.

Senator M.E. Vibert:

I will be using this in discussions with the Treasury because I believe that looking to the future we need to change the way we currently work out the funding. I mentioned this earlier but I think it is vitally important that we look at this and that a school -- if you take a single form primary school, 7 classes, head teacher, well, the actual costs for running that school are pretty much the same whether it is full with 175 children in it or whether it has got 15 free places and it has got 160 children in it, or if it has got 5 over and 180 within it. I think we need to be more sophisticated in our funding of education and we need to look more at the fixed costs and with a smaller proportion for an Age-Weighted Pupil Unit, particularly in the primary sector, rather than the emphasis areas now where the majority of the costs are on the Age-Weighted Pupil Unit which comes into ourselves, and then we, if you like, work out how we are going to allocate. We are working closely with the Treasury and we will be working closely with the Treasury. I think we need to be more sophisticated in our funding model.

Mr. M. Lundy:

If you go to the first question you asked about re-prioritising, given the nature of the budget, percentage of staff costs, the department is always re-prioritising. For example, if you look at 2009 the current services will cost just about the same but there will be a reduction of 325,000 coming into the department because of the reduction in funding in pupil numbers. Similarly in 2010 we can expect nearly 300,000; in 2011 about a further 200,000. So, over that period of time the service is becoming increasingly more efficient by virtue of the fact that there is less funding coming into it. Now, that poses some challenges. Over that time the costs can be reduced but they cannot be reduced overnight. So, for example, if you have a secondary school which in year 11 has 150 pupils, those 150 pupils leave at the end of the summer term and the school then has an intake of 100 pupils for the next term, then overnight the school is still staffed the same way, still has the same costs but 50 less pupils which amounts to about a £180,000 fall in income for that school. Now, secondary schools in the U.K., because they manage their own funding and the governing bodies are responsible - they are, in a sense, the employers - can make provision by carrying over annually amounts of money that will enable them to manage that transition. Our schools operate delegated financial management. They are allowed to carry over a 3 per cent surplus to help them manage that. Or they can carry over a 1 per cent deficit. We have to, in the department, be able to manage their carry-overs, be they plus or minus, within a cash limit. So, that is quite a challenge because if all our schools decided to take advantage of the 1 per cent, I would have a real difficulty as an accounting officer balancing the books. So, we need to be able to manage that scheme. So, what we are also looking to do is to develop some sort of

contingency. It may be perceived that at the end of the year if we have got some money left over that we have not done a good job; we need to strive to ensure that there is some money there to be able to underwrite this type of school funding. In secondary schools it works but they need time to shift. It is a transition time because they will reduce their staffing, curriculum, et cetera. In primary schools it is more difficult because I think it is about 22.5 pupils in a class gives you the funding for a teacher so if you have got 15 pupils in a class - we do not have too many classes that size - you would be propping up the school by giving them additional money. That does not come into the service for that purpose so we have to find it from somewhere else. So that is the type of re-prioritisation that is taking place all of the time.

The Deputy of St. Mary:

That has neatly answered my last question as well. I would just like to go back a step just to be sure I am quite clear, if we have had this extra sophisticated review of demographics for this year, are you still confident that you have identified the right amount of saving for this year for 2009?

Senator M.E. Vibert:

As far as we are able. The one thing you can be sure of with any estimate you make is that it will not be right. It will be out one way or the other; it is just a matter of how close you can get to it. The issue we have, as I say, with the difference in the school year and the academic year and so on, and also having a statutory duty to educate children, we could have, for example, 20 more students we did not know about suddenly appearing this coming September which we would have to deal with. We could have 20 less than we have estimated. We could have, and I use this as an example of Mont à l'Abbé. I know we are looking at it separately but there was someone who came to the Island to take up a job with a severely disabled child and suddenly we have got a severely disabled child presenting at Mont à l'Abbé, quite rightly, and needs one-to-one support. That is a cost we did not know about and there was another instance where unfortunately following a procedure at the hospital we were, again, suddenly faced with a severely disabled child that we had to support, and quite rightly. But those are very difficult things to estimate accurately for. The one thing you know is you do your best estimate but it is not going to be exactly right because life is not like that.

Mr. M. Lundy:

The security on this is that the funding that is in the service as of 1st January 2008 has come in as a result of the pupil numbers in November 2007 because the numbers are in the system in the term before; the difference between the financial year and the school year, which is why schools need that capacity to carry over a surplus because they may need to manage any shortfall for that one term until they get the funding in the following term.

The Deputy of St. Mary:

I think that is understood, thanks. That is all my questions, Chairman.

Deputy D.W. Mezbourian:

Thank you. I just have one that I would like to ask concerning rationalising or merging the sixth forms. With the current state of demographics has any consideration been given to that?

Senator M.E. Vibert:

Yes, a lot of consideration over the year has been given to that. People may remember there was a suggestion some time ago that Hautlieu became a sixth form college and that was roundly defeated in the States. What we have been doing is encouraging - and we have had a lot of success in this - much closer working co-operation between the sixth forms in the fee paying schools in particular because of course in the non-fee paying sector there is one sixth form; that is Hautlieu. Certainly there has been a lot more co-operation in moving towards joint timetables between, for example, the 2 colleges and Beaulieu and De La Salle have a lot of shared sixth form classes, and so we are encouraging to make them as efficient as possible for their own and for the students' benefits.

Deputy D.W. Mezbourian:

That was a concise answer; just what I asked for earlier, thank you. I would just like to say, Minister, that one of the questions that Deputy Gallichan asked you was what guarantees are there that the roll at Highlands College will remain constant and you said: "Nothing ever remains constant."

Senator M.E. Vibert:

Correct.

Deputy D.W. Mezbourian:

We have based that question on one of the statements made in this booklet from the Treasury Minister - I am not quite sure what we call it - which says that the savings in demographics are based on assumptions of pupil numbers, in particular, that the roll at Highlands College would be constant.

Senator M.E. Vibert:

Perhaps it is a use of words. Highlands will continue to exist and offer and be the main area of further education in the Island but that is not my view of "constant". It is going to change and I hope it will change to reflect an Island's needs and so on. It has not remained constant so far so I

do not see why it should remain constant. But it will always be there if that is what they are referring to.

Mr. M. Lundy:

In that context I think it refers to the numbers at Highlands, assuming that the numbers at Highlands remains constant. One of the things that has to be taken into account here, particularly when you are looking at demographics - efficiencies and other types of savings - is that Highland's numbers can be affected quite dramatically by the state of the economy. So, a few years ago we looked at a downturn in the economy and young people leaving school did not have the same easy access to a job. There was a significant increase in numbers at Highlands College. That, in turn, has significant impact on Education, Sport and Culture budget because obviously more funding would go in but you would need to take the view politically as to whether you would prefer to have those youngsters in training or unemployed.

Deputy D.W. Mezbourian:

Thank you. We will move on to higher education funding. We are running a little bit late. It is 12.50 p.m. but I am sure you will not mind staying to answer the questions that we have.

Senator M.E. Vibert:

We are at your disposal.

Deputy D.W. Mezbourian:

Thank you. Deputy Pitman is leading on this topic.

Deputy S. Pitman:

I have quite a few questions so I will try and be quick. The draft proposal reports that recent discussions between Minister and senior U.K. officials indicates that this may not now occur before 2011. On what basis can the Island be certain that top-up fees will not be increased before --

Senator M.E. Vibert:

We cannot be certain, as I said, but we went across comparatively recently, in the last few months, to visit the Department of Higher Education in the U.K., except it has got another name now which I cannot remember. They keep changing their name. But we spoke to people there and through our contacts and our discussions it would appear that the review that the U.K. Government were undertaking is not as far advanced as they believed. So, the thoughts that came out, and it is only -- the U.K. Government obviously can do what they want, but they may not be ready in 2009. They might not have their reviews completed as to increase or to make a

decision on possible increases in top-up fees by then and so it looks like it might be put back, but that is our best information that we have.

Deputy S. Pitman:

When negotiating with the U.K. Government and Universities U.K., what do you bring to the table?

Senator M.E. Vibert:

What we bring to the table are very good students and that is what we bargain with and they are very valuable students to U.K. universities because of the quality they bring and also because they are on top of the U.K. student numbers. What we try to do is negotiate the best deal possible with Universities U.K. and there was a ministerial exchange of notes some time ago from the U.K. when it was still committees - not ministerial on our end - but the position is that the Island students, the cost for them, should be no more and no less but the same cost as it would cost for the U.K. Government to educate a U.K. student at university. That is the basis on which the negotiation starts and then the negotiation is about how that is worked out and achieved.

Mr. M. Lundy:

The real benefit for the universities in having a Channel Island student is that it does not count towards their quota system. The quota system has incentives and penalties; mostly penalties. If a university offers more places than its quota then it gets -- there is a financial penalty from the U.K. Government. If it offers less places than its quota, then there, again, is a financial penalty and, of course, in offering places the university does not know the exam grades of the students so it has a band that it has to hit in order to get its maximum funding. Channel Island students do not count in that system so they can offer places to Channel Island students and know that they have got guaranteed income so that is an incentive in a negotiation.

Deputy S. Pitman:

At the meeting between the panel and the Minister in January 2008 the panel was advised that the department was negotiating with universities popular among Island students and that if negotiations with Universities U.K. were to fall down, it was thought that a group of these popular universities could fall an Island-friendly club. What progress has been made in negotiations with these universities?

Senator M.E. Vibert:

They continue. It has not come to a point yet because the U.K. Government has not made a decision on top-up fees or whether they will do away with top-up fees, which was one option, and allow each university to set their own fees. So, we continue to talk with this group of universities and it is ongoing negotiations which would, if you like, speed up and be trying to draw to a

conclusion if and when the circumstances demand. It is almost an insurance policy that we are operating.

Deputy S. Pitman:

If this group of universities -- how promising is that that they would offer a lower fee?

Senator M.E. Vibert:

I do not know. "Lower" is a comparative word. I think we are hopeful, and I would say reasonably confident, that if the situation dictated it that we wished to go down that way, that we would be able to negotiate common fees with a group of universities.

Mr. M. Lundy:

The impact, of course, would be that you would be restricting your students to a set of universities in the U.K. and it would depend on which universities they were obviously, and you need to take a view about whether that would be in the best interests of the individual.

Deputy S. Pitman:

Could you explain how the Council of Ministers which proposed to cut your department's cash by £689,000 and yet identified higher education funding as a potential contingency pressure?

Senator M.E. Vibert:

Yes, I think it is fairly self-explanatory.

Mr. M. Lundy:

It is not so much a cut. This is money that would come in for student grants and obviously predictions are a bit more fluid when it comes to university students because it depends on the numbers who apply for university in any one year. Some students may choose to have a gap year. It depends on the courses. For example, medicine: very expensive. Class-based is, of course, much less expensive. It depends on the university and it depends on parental income as to how much is spent on student grants. Based on predicted numbers, it is anticipated that there might be an under-spend in student grants in those years of £689,000 if the top-up fees did not increase, and of course, the expectation was that the top-up fees would increase. So, if they did not increase you might find that you had that under-spend. The point that was being made here is that £1 million was diverted from skills and vocational education in order to provide for university grants so I think the argument is if it is not needed for university grants, should it go back into skills vocational agenda for that period of time or should it go into some sort of contingency fund to take account of when top-up fees would increase? Of course it is important to bear in mind that for every £1,000 that the top-up increases, the partnership of States, student and parents would

need to find another £1.4 million. So, if top-up fees increase by £3,000 per student that is an additional £4.2 million that they would have to find. So, that money is -- if the predicted numbers materialised and if there was no increase in top-up fees, you might expect an under-spend in the student grants budget.

Deputy D.W. Mezbourian:

I am glad I do not have to calculate all of this.

Deputy S. Pitman:

The department's draft entry for 2009 and the Business Plan states that for higher education a reserve established within Treasury and Resources as part of the 2006 year-end process was available to meet any further over-spent in 2007. This was a sum of £50,000. What, if any, of this reserve was used to fund higher education students in the U.K.?

Mr. M. Lundy:

I have not got the detail of that with me.

Senator M.E. Vibert:

No, I have not.

Mr. M. Lundy:

From 2006 to 2007?

Deputy S. Pitman:

Yes.

Mr. M. Lundy:

We would need to provide the detail for that.

Deputy S. Pitman:

Okay.

Senator M.E. Vibert:

What transpired was that we were given a certain amount of money and Treasury kept a contingency. I cannot remember how much, if any, was drawn upon but it is all in the figures; drawing it out.

Deputy S. Pitman:

On page 20 of the draft proposals it was noted that the original predictions were formulated in August 2006. The actual outturn for 2007 will be available in February 2008 at which point they can be updated. What impacts, if any, has the 2007 outturn had on your calculations?

Mr. M. Lundy:

The 2008 figures have been -- I mean, the impact really is that there -- we have had an increase in top-up fees, is that there is likely to be an under-spend in the student finance budget.

Deputy S. Pitman:

What information is used to monitor the number and make-up of students?

Senator M.E. Vibert:

What information? We know exactly how many students are in university. We -- through careers and advice department we know from -- and this is how we make up the figures. We know from schools how many young people are thinking of applying to university and then we know how many have applied. Of course, they are given offers and it is only when their results come through and whether they take up those offers, is when we know the actual figures. But generally it is around 45 per cent of the cohort to attend university go off to a higher education each year. It varies by 1 or 2 per cent but the percentage has kept constant for the past few years.

Mr. M. Lundy:

We have a student finance and career managed database which has all the information, numbers of students, universities that they are studying at, courses that they are studying, year of study, progress on study, grants that have been made available to them, so there is a complete database of that.

Deputy S. Pitman:

Do you also monitor the level of debt of Jersey students and their ability to manage that level of debt?

Senator M.E. Vibert:

Personal debt we have not monitored as such because we are just in the first year of student loans, and a very low student loan at that. So, we have anecdotal evidence and students generally, if they have any problems, will come to see us but we do not have -- because we have not been operating student loans for any length of time and it is very short. We offer a grant system which, of course, is based on parental income so that we do not have a database of personal debt and that depends on a student's lifestyle.

Mr. M. Lundy:

I think the only way to monitor that type of information is through a survey where people voluntarily contributed data to it, but obviously we have no access to the students' bank account so we do not have much --

Deputy S. Pitman:

Is this something that you will consider?

Senator M.E. Vibert:

It may be something that we will do after the student loan scheme has been running for a couple of years to see if that is the case, and we will be able to know from the banks overall figures on student loan debt, which is what I believe the U.K. figures relate to. Because, as I said before, what a student spends depends very much on their lifestyle: whether they do any part-time work, whether they go to the student bar every night, et cetera, and what sort of accommodation they live in. The same as anybody else is with debt. But if you are talking about loans which is what the U.K. figures are based on, yes, we will probably work very closely because we have been offered through a few banks and we will keep a very close eye on the level of student loan debt.

Deputy S. Pitman:

Of course, there is debt relating to student fees as well; it would not just be their lifestyle.

Senator M.E. Vibert:

Student fees are met on a grant system which is based on parental income. The only top-up is the £1,500 a year in the term of loan. If a student and the parental income is such that it cannot contribute to the scale of the fees, the fees are paid in full by our grant system.

Mr. M. Lundy:

We would be aware of this because the contributors in this - if you just say the student loan it is in the first year of operation - are the parents and the Island. The Island makes a contribution through the student grant scheme to the university fees or tuition fees, and the parents may be required to make a contribution. If the parents were unable to make that contribution it is likely that the university would withdraw the place so we would be aware of it in those circumstances. To my knowledge, I am not aware of any cases in the current time where that has had to happen.

Senator M.E. Vibert:

We would expect to see, if that was the case, perhaps more people opting not to go to university and that has not been envisaged in our figures at all.

Mr. M. Lundy:

Student debt does largely relate to accommodation, living expenses and lifestyle and I do expect if we were to ask students if they felt they had sufficient funds to manage all these things they might respond, as my own 2 children students have responded in saying ...

Deputy S. Pitman:

Just going back to what you said about places being withdrawn if the student cannot pay, or the parents, will you put something in place where you can monitor that or you do not sound like you have something --

Senator M.E. Vibert:

We will be informed.

Mr. M. Lundy:

The thing to bear in mind is that the parents' contribution will have been calculated on the basis of their income so in accordance with the scheme a fair calculation will have been made as to how much the parents can realistically afford to contribute. If there are other circumstances that come into play, for example, having made the calculation and the student at university, should the parent lose their income, then they could come back to the department and discuss their new circumstances. But if the circumstances have not changed, then the expectation would be that the parent makes the contribution as calculated.

Deputy S. Pitman:

Okay. In March 2007 the panel made a statement to the States Assembly on the work it had undertaken on higher education funding. In that statement it was indicated that discussions with the Minister had revealed that the following areas were still under consideration by the department and these are local business bursary schemes, tax incentives and defining the family in relation to parental contributions. Could you update us on the work you have undertaken in these areas?

Senator M.E. Vibert:

Local businesses: there has been considerable work undertaken. Jersey Finance Limited have done some work on this area. They have appointed someone with responsibility for looking at that. More and more firms are offering bursaries to undergraduates to work during the holidays in local firms. The Economic Development Department has started an internship screen which is, in fact, an undergraduate bursary scheme which a number of students took up last year so there has been quite a development in, if you like, the local bursaries linked both to offers of employment

and also to actual bursaries over a younger student's time at university. The other 2 you mentioned was the ...?

Deputy S. Pitman:

Tax incentives.

Senator M.E. Vibert:

The tax incentives has been somewhat put on hold because as you may realise there has been quite a lot of development in the tax area and considerable effort and time has been put in, particularly in the income tax department and Treasury to the department of G.S.T. (Goods and Services Tax), 20 Means 2% and so on, so this has not been taken forward as much as I would have hoped but it is something that I will be pursuing when the current tax changes have settled in. We must always be aware, as an Island, we have got a limited civil service and officers able to deal with this and so we have to take -- make sure we do it at the opportune time. The last one?

Deputy S. Pitman:

Defining a family in relation to parents.

Senator M.E. Vibert:

Yes, well, there is currently, as I am sure you are aware, a green paper out for discussion and for consultation with the public on this issue at the moment. We have had a number of replies. We have discussed and had advice from the Crown officers, the law officers, on this and once that consultation period is finished, I will obviously be taking note of what the public and what replies I have had in. So, that is currently out to consultation.

Mr. M. Lundy:

On the tax issue, you will be aware that there is an allowance - an increase in additional allowance - for students who are in higher education and, of course, the magnitude of that allowance is really what we provide the additional support for the family who have got a child --

Senator M.E. Vibert:

Thank you, I forgot to take credit for that. I managed to persuade the Treasury Minister to double the higher education allowance for young people to partly counteract the increase in charges. But I was thinking of - and I am looking to discuss - possible other incentives, and particularly incentives for young people, graduates, to return to the Island within a certain period of time. That is what has not been able to be pursued as far as I would wish but I am pleased to say that we did get support from the Treasury for proposed doubling of the child allowance for children in higher education.

Deputy S. Pitman:

May I ask -- you have talked about your consultation; you have had responses. Have you had responses from parents and, if so, what kind of things did they --

Senator M.E. Vibert:

They have not been collated yet. Some have been -- I have seen some because they have been sent direct to me and they have been from parents and the responses have been collated. We will wait until the date for submission has passed and then I will get the full -- and we will not only get a digest and a breakdown of the responses. I will get and read all the responses as they come in.

Deputy S. Pitman:

Thank you. That is me finished.

Deputy D.W. Mezbourian:

I have just got one more question finally on the higher education. Is it compulsory for students who do not finish a course to repay any of the outstanding grant that they have received?

Senator M.E. Vibert:

If a student drops out of a course, unless we can be convinced there were medical reasons or other pressing reasons -- if a student starts a course and then drops out of a course they will be asked to repay either all or part of any grant that they have received.

Deputy D.W. Mezbourian:

What is the payback rate? If they choose to not do that, does the department take any action against them?

Senator M.E. Vibert:

We would hope that -- and as far as I know the vast majority, if not all, come to an amicable arrangement. I suppose it could be a debt called in eventually but I would hope it would never come to that, and as far as I am aware, it has never arisen in that way. We happen to have a very good arrangement with our young people and understanding with our young people and we try to be as understanding as possible to their circumstances. On the other hand if young people are given taxpayers' money, States money, public money, to undertake a course and they do not do it, then I think it is reasonable to say unless there is a very good reason why you have decided not to do it, that the public would please like that money repaid.

Deputy D.W. Mezbourian:

So, do you write money off in that respect?

Senator M.E. Vibert:

We have written some money -- sometimes there is very good reasons why -- it might be medical reasons that someone cannot continue the course and in that case of course we would not seek repayment.

Deputy D.W. Mezbourian:

So, is it any medical reasons?

Senator M.E. Vibert:

There can be a number of reasons and we would treat -- I am very pleased to say there are very, very few instances of this and we treat every case individually. There could be reasons which might be regarded as medical but are on the edge. For example, there could be family problems, et cetera, that could make us consider this favourably.

Deputy D.W. Mezbourian:

So, do you write off debts that you think should be repaid?

Senator M.E. Vibert:

We do not write off debts that we think should be repaid. What we will do is write off debts where we think there are very good reasons for them not being repaid.

Deputy D.W. Mezbourian:

So, all debts that you think should be repaid you receive the money back for?

Mr. M. Lundy:

There are processes in place to pursue all debts. I am not aware of any that might fall into the category which you raise.

Deputy D.W. Mezbourian:

Could you provide us with information on that for the last few years, please, so that we can see exactly what you are talking about?

Mr. M. Lundy:

Yes.

Deputy D.W. Mezbourian:

When I say the last few years, I think possibly from 2005.

Senator M.E. Vibert:

Can I ask that we have a written request?

Deputy D.W. Mezbourian:

I have arranged for the officers to do that but that is -- you know, the oral question is by way of forward notice.

Senator M.E. Vibert:

Yes. That said, we have a very low drop-out rate which I think pays tribute not just to our students but also to our advice and guidance service who give good advice so that we -- most of our students, the vast majority who start a course, complete it successfully.

Deputy D.W. Mezbourian:

Okay then, I think that has brought us to the end of the questions that we have for you this morning. As you know, we intend to -- initially the intention was to respond to the Council of Ministers by 8th May. Because, Minister, you were out of the Island, we are a little later with this hearing. I am not sure if we will be able to meet that deadline but certainly a response will be sent to the Council for their consideration. So, unless you have anything else to add, I thank you for coming to speak to us, particularly Mr. de la Haye who I have not met before.

Senator M.E. Vibert:

No, thank you for receiving us; welcoming our interest obviously.

Deputy D.W. Mezbourian:

Thank you.