

STATES OF JERSEY

Education and Home Affairs Scrutiny Panel Student Finance Review

THURSDAY, 12th JANUARY 2017

Panel:

Deputy J.M. Maçon of St. Saviour (Chairman)

Deputy T.A. Vallois of St. John

Deputy S.Y. Mézec of St. Helier

Mr. B. Bekradnia - Panel Adviser

Witnesses:

Ms. H. Sykes - Jersey Student Loan Support Group

Ms. N. Heath - Jersey Student Loan Support Group

Ms. F. Sharman - Jersey Student Loan Support Group

[16:00]

Deputy J.M. Maçon of St. Saviour:

Just a reminder for the media, it is the first 5 minutes of the hearing that can be filmed, then after that it changes. Thank you very much for coming to speak to us today. Again, just for the tape I will ask everyone to introduce themselves, go through a few procedures and then go on to the hearing. Is that okay? So for the tape, I am Deputy Jeremy Maçon, Chairman of the review into student finance, of St. Saviour.

Deputy S.Y. Mézec of St. Helier:

Deputy Sam Mézec from St. Helier No. 2.

Deputy T.A. Vallois of St. John:

Deputy Tracey Vallois of St. John.

Panel Adviser:

Bahram Bekradnia, I am adviser to the panel.

Scrutiny Officer:

I am Mick Robbins, the Scrutiny Officer.

Deputy J.M. Maçon:

If you could each introduce yourselves.

Ms. H. Sykes:

I am Helen Sykes. I am part of the Student Loan Support Group. As you all know me, I am a public servant so the views I represent today are my own and not those of the service.

Ms. N. Heath:

Nicola Heath.

Ms. F. Sharman:

Fleur Sharman.

Deputy J.M. Maçon:

Can you just confirm that you have read and understood the health warning before you?

Ms. H. Sykes:

Yes.

Deputy J.M. Maçon:

Brilliant. So thank you very much for coming to talk to the panel today. It is the second hearing of the new year, so Happy New Year. We have got a list of questions which I think you provided to us, so we will work through them and the panel will chip in now and again if they have got specific questions; is that okay? The first one is: why did you create the Jersey Student Loans Support Group?

Ms. F. Sharman:

I think I am going to answer that one. Back in January 2015 I went along to the first change.je meeting and raised a question regarding university funding for local students as a concerned mother. The media instantly picked up on this topic, which provoked a few people to contact me supporting

my concerns. I quickly realised that this was a much bigger issue and it was affecting many ordinary people, hard-working local families. I decided to set up a group on Facebook. I named it the Student Loan Support Group Jersey C.I. (Channel Islands) which to date has around 1,000 concerned students and parents alike following it. Very early on a few of us became a focus group, meeting regularly to discuss and address our concerns while feeding back any relevant information to the Facebook page. We also went on to develop a website and a Twitter feed to reach out to as many people as we possibly could. It is very much our view that the current system discriminates not only those students whose parents are above the income threshold but principally against those from average working families. It is of particular concern to us that all Island schools are encouraging academic excellence from the students all the way through, through to 6th form level, in order to attain places at leading universities. However little thought, it appears, has been given to the financial difficulties this places their parents in. If they do not qualify for any support from the local education authority or for the students themselves to have access to any adequate funding mechanism, unlike their peers in the U.K. (United Kingdom) who have access to a student loan scheme, Jersey is wasting the talents, in our view, of its people by perpetuating the inequalities in the current system. Students need to be well-educated to create opportunity and to reduce population pressure, which in turn decreases pressure on built environment and further requirements of skilled workers in finance, health and education. Spending money on primary and secondary education is important but that could be seen to be wasted if some are not able to use that to gain access to higher education. Currently the States of Jersey do not provide access to a student loan system for either tuition or maintenance fees. Students are therefore dependent on the ability and the will of their parents and their parents' household income to fund higher education. So as a group we seek to address the current inequalities in the system through the establishment of a loan scheme that offers fair and equal access to higher education.

Deputy J.M. Maçon:

Thank you. Anyone like to pitch in on that? No.

Deputy S.Y. Mézec:

Can I just quickly ask? The name of the group is the Student Loan Support Group; is it fair to say that members of this group are unanimous in their view that a student loan is the most viable option to improve the situation or do you find you have members of the group who are not necessarily fully supportive of that as an alternative but are in agreement with the problem that there currently is? Is there much internal debate about purely a loan or other options as well?

Ms. F. Sharman:

Generally as a group it seems the most realistic option, sadly. Obviously other people have views whereby the Government should be paying for education, and it comes up a few times, but on the whole it is very much the view of the group.

Ms. N. Heath:

Certainly the survey showed that the loan was the option that the majority were interested in.

Ms. H. Sykes:

The majority of people consider ... you refer to it as a "viable option". I think the group are divided about whether it is a viable option but it is probably the only option that would ensure equality across the board for each and every student.

Deputy J.M. Maçon:

Which is interesting, it takes us to your next question, which is quite useful. What do you perceive as the current inequalities? Presumably of the current scheme.

Ms. N. Heath:

There is no accessible loan system to enable what are essentially adult students to take responsibility for their own education. Students who qualify for a grant subsidy do so according to the income of their parents, something which is out of their control. They cannot change what their parents earn and so the amount of grant they receive is based on that, unless of course they are an independent student which means they have to have left home for at least 3 years before they apply, which would take an 18 year-old to 21 before they are even considering it and with the cost of housing, the lack of housing in the Island, it is going to be very difficult for an 18 year-old to find a job, live in a home and support themselves for 3 years and then be able to get what is considered a full grant, which still does not cover the full cost anyway. In that sense, that is an inequality. Certainly if you look at the U.K. system they have all got access to a loan regardless of whether their parents agree with their decision and choice as to where they go. Whereas here, if a parent does not agree with the choice of a student they can say: "I am not paying for it." That student has no other option. Nothing. That is inequality. Middle income families are penalised in many ways because if you start looking at the tax system, the higher up threshold you go the bigger percentage that a parent is having to pay. So if you have got at the top end they are paying on, say, marginal relief of 26 per cent, 2 parents, one child; that is about 16 percent, 17 per cent that they are paying on their entire income. Plus effectively £20,000 per year towards higher education, you are looking at a tax rate of about 37 per cent before you include the cost of social security and the care charge that we have these days. It is a substantial amount. The further you go down the less it affects people because you have got a bigger grant proportion but then you have an issue with the low income families who perhaps if they are receiving income support are in the position where the income support is included

in the gross calculation and when the student goes off to university, if they manage to find the shortfall because the full grant does not cover it, they then take away the housing component of the income support that the family receives. So the family are effectively having to cover the cost of something that they are being ...

Deputy J.M. Maçon:

Holding an extra bedroom for the family.

Ms. N. Heath:

If you look at it like that and you think: "How bizarre is that?" That is just ridiculous. That is just a couple of things. The other problem that you have got is when you ... the system takes no account of the composition of the family. So if you have got a family of 2 people working with one child on the same income and they have got the cost of higher education to fund, you can have enough family which has maybe got 2 or 3 going one after the other, and that is an issue because they are having to find a much bigger sum of money over the same period of time. Then you have got perhaps somebody with twins who get an allowance for the whole period because they have got 2 together on exactly the same income. Then you can have a family that is looking after gran at home. There is no accounting for the cost of looking after anybody else in the family home. I am not sure that the system that we have got at the moment works for everybody. So that is that inequality. What else did we have down? Evidence from our survey was suggesting that people were downsizing homes, if they could. Some were selling homes, if they could. Some are considering leaving the Island. We have got those figures in our survey. We get people telling us that. We get personal messages. We had one last night. They are really distressing and that is just what we will see. I know some of them have contacted the Scrutiny Panel and told you what they are and the problems that they are facing. But even when people are considering remortgaging there is a cost to that as well. Sometimes even that option is not feasible, depending on how big their mortgage is, how long they have had it, whether it is on a fixed rate, how many children they have got in the home, and even the composition of males and females in the home will make a difference whether they can downsize to a 2-bedroom property from a 3-bedroom property. Then you have got the actual cost, if you are selling the home, of fees, et cetera. So those are all the factors that they are having to look at as well. There again, a family with one child is not necessarily going to have the same problems that someone perhaps who has got 3 children who might be considering that option. Is it fair that anybody should be considering having to do that anyway for what effectively are adults? At what point do we, as parents, not become responsible for our children. They go to university, they sign contracts, they sign housing contracts, et cetera, and as parents we have got absolutely no control over that but we have to fund it.

The Deputy of St. John:

May I ask in terms of the ... you were stating about being parents, where does it stop in terms of the student and the parent. Under the tax system that we currently have there are tax allowances. Have you had any feedback or do you have any views about whether that assists at all and whether it is worthwhile having it in an indirect way in that fashion or whether there are better ways of using that money?

Ms. N. Heath:

I do not think how it is necessarily a problem. Whether or not it assists basically you have got families ... I had a lady the other day who had never heard of the group, does not do Facebook or Twitter, and said: "Oh, my daughter was supposed to be going to university but when we got our grant letter we discovered that it was a lot less than we thought it would be. We are about £4,000 short, we just cannot afford it. So she is going to have to say here and work for another year before she can go off. That is if she can get a job." When you think about the £2,000 I think tax relief ... I think that is what it is worth, about £2,300?

The Deputy of St. John:

It is about £2,400. It is a marginal relief.

Deputy J.M. Maçon:

It is a bit misleading because they call it like a £9,000 disregard but when it is in pocket it takes ...

The Deputy of St. John:

It is just a £9,000 allowance.

Deputy J.M. Maçon:

... out about £2,000 in real terms.

Ms. H. Sykes:

And it does not catch up until the following year.

Deputy J.M. Maçon:

It is a year later.

The Deputy of St. John:

Depending on whether you are on previous year basis or current year basis.

Ms. H. Sykes:

Most people are on previous year basis.

The Deputy of St. John:

Seventy-five per cent of the working population are on previous years.

Ms. H. Sykes:

Particularly with teenage children you would be.

Ms. N. Heath:

To qualify for a grant or whatever you would need to have been here anyway long enough to be able to access it. I think any small amounts of money added up together can make the difference for those that are very marginal. You think sort of why would £4,000 necessarily stop someone but if they are already stretched to the extreme and thinking: "Well, we have had the winter coat for 10 years, it will last another 3." £2,000 is a lot of money.

The Deputy of St. John:

No, I understand that. We had Deputy Lewis in before yourselves.

[16:15]

He was talking about a student loan scheme, and he touched on the tax credits. We talked about how much it would be if we were to remove those tax credits, roughly £3.5 million, would be able to be put into the system or whether it was a loan scheme or into the current grant scheme, whatever it may be. How do you feel, as the Student Loans Group, or have you had any feedback from your group about how they feel that would affect them in terms of losing that allowance?

Ms. H. Sykes:

I think it would affect them negatively because you would still have a significant proportion who would not be entitled to the grant. So at least at the moment the higher you earn you are at least getting something, and for the majority of parents who do not get any access to the grant system at all, that tax relief is the only thing that they have, which ameliorates the cost of sending their children away.

The Deputy of St. John:

So the only way to remove it would be to have something that would completely cover ...

Ms. H. Sykes:

Yes, a loan system that was open to everybody so everybody had equal access.

Panel Adviser

And could that £3.5 million usefully reduce the cost to the Government of the loan system? I mean if we had a loan system but that £3.5 million was not available.

Ms. H. Sykes:

Providing every taxpayer's child had access to a loan system and at the moment not every taxpayer's child has access to the grant system so I think from our perspective, as a group, we are looking for equality across the board.

Deputy J.M. Maçon:

Just for the record, you mention middle income families and of course that is always the question in Jersey, who do you see in that bracket; who is the middle income Jersey?

Ms. N. Heath:

Well, I don't know, it is difficult really, is it not?

Ms. H. Sykes:

I mean I think from our perspective you would be looking at the majority with 2 parents and full-time employment. But specifically a teacher and a nurse and I know you have had submissions. The majority of the submissions that we have had through Student Loan are generally both parents working full-time, not earning a massive amount of money but just about managing maybe to put their children through school and pay school fees, but what happens then when you look at higher education, that is where the tipping point comes. Particularly if you have more than one child, and we have some very distressing evidence that people are choosing which child to send to higher education because the family can only afford to send one child to higher education. Because if you have 3 children at university all at the same time you are looking at £60,000. The grant system does not take into consideration what your outgoings might be and that is another inequality. We have not even touched on the postgraduate funding. Postgraduate funding is very difficult indeed. Again, your children are then even older adults, if you like, they are 21 or plus.

Deputy J.M. Maçon:

Anything else so far? No. Your question 3: have you identified any strategic issues?

Ms. N. Heath:

Well, we find the system is discriminatory and we do not consider that it is probably human rights compliant with regard to the right to education and that seems to be something that is missed, not addressed, not discussed, and there have been enough cases about that now that there is a right to higher education and so our Human Rights ... we have a Human Rights Law and we have a

system that is based on parents and the right belongs to the student. It does not belong to the parents so you have got a funding mechanism based on parents and you have got a right that students should have that they do not have ... the funding is not based on their requirements at all. You have got things like age discrimination. I was looking at the exceptional circumstances yesterday on the careers finance website and I was quite surprised when I read "exceptional circumstances" do not include retirement. So if somebody retires and their income level drops significantly you are still going to have your grant based on what the gross income was the previous year, not on what it is now, which is what they will be wanting. I just thought that was quite amazing really. It also does not cover the decision to give up paid employment, which is understandable, and I can see a reason for that but I could not see a reason why it did not cover retirement. Does that mean if somebody is about to retire that they could carry off proper working until the end of the student's degree before their income would be reassessed? There is also a link between higher education and economic success and Jersey's a graduate hungry Island. We have got relatively few graduates in our population and that figure is going to carry on dropping. We have got fewer going on to higher education now. There is the population issue and skills issue. The whole thing does not seem to be all brought together and discussed. The other issue is that we have parents, if they are funding higher education, it is coming out of their incomes and out of their spending power. So they are not in our local economy spending money because that money is going directly to where those people are studying. It is not being spent here. Money makes money when it goes through various businesses so we also lose out on that. Parents who have sold property, use savings, pension funds to meet student costs over many years are going to likely require more support in old age. If they downsize into a property below the threshold level for old-age care relief then they are going to be going to the States to say: "Excuse me, you are going to be paying for my long-term care now because my property is worth this figure." So that is also an issue that is not taken care of. Obviously parents using pension funds as well. When they get older they are not going to have access to that money to help them. So where is that going to take us within a supposed ageing demographic? It is going to be likely if the situation carries on as it is with more pensioners requiring more help for longer. Would it be better if we funded higher education and mitigate some of that? Then you are not increasing the population by bringing the skills in that the business say they need. The Chief Minister was talking about stopping the population growth with new measures, et cetera. Well, where are you going to find the people locally with the skills for the businesses if you have got a declining number of graduates? It is all very well and good but it seems to us that you have got a population issue, you have got a funding issue, you have got a Minister for Treasury and Resources who says the Minister for Education has not come to him and said: "Where is the money? We need to do this. This is our plan." That has not happened. We have not got a Minister for Treasury and Resources saying: "Oh, your higher education thing has been in the news a lot. Is there anything we can do to help?" That is not happening. We had Ian Gorst promising States Members, promising

you, in the States that there would be a solution by the end of quarter one last year, and what did you get? You did not get a solution, you got a report.

Deputy J.M. Maçon:

And I lost my debate and amendment by 3 votes because of it.

Ms. N. Heath:

You did, yes. That was the promise made at the time. All we got was a report. That report was a very good reflection of the workshops that were held at the time but gave no solutions at all. One of the grandiose offerings was: "Go to the E.U. (European Union)" and we just had Brexit. It is ridiculous, quite frankly.

Panel Adviser:

I have got a different sort of strategic issue so do you want to deal with these?

The Deputy of St. John:

Can I ask then from that point of view, we hear a lot from the Minister saying various different things that they think is happening or want to happen? Can I take from what you are saying then that Jersey has been let down with not doing anything? It is just report after report, talk and talk, and nothing happening. There must be a significant number of families from 2004 to now that have been severely let down because that report back then was not acted upon and that was suggesting things like loan schemes, et cetera.

Ms. F. Sharman:

I would say there has been. A huge amount of families let down. The Island has been let down. It just does not seem to be coming on to their radar that something needs to be happening, bizarrely.

Ms. N. Heath:

Perhaps that is because higher education is not a statutory requirement. There is no statutory requirement to fund higher education, so therefore they just sideline it, and they can do. I notice the Chamber of Commerce had the Chief of Education giving a talk yesterday.

Deputy J.M. Maçon:

We did attend that. Last minute we attended.

Ms. N. Heath:

Going on about getting a world-class education system in Jersey. That is great until they get to 80, then what do they do? We do not have a world-class funding system for our students to go ... we

have got a postgrad system which funds up to 12 students at a time when you are looking at postgrad qualifications as being almost necessary for a lot of roles now. The U.K. have got a post-grad loan. The U.K. are looking at tutorial loans. That is an issue with our students having access as well as funding in the U.K. because maybe not being able to become ordinary residents for 3 years was the problem. But now you have got a postgrad for an extra year; doctoral. So you could have somebody going into a higher education in the U.K. for perhaps 9 years and as far as the U.K. is concerned they are already resident in Jersey, which is ...

Ms. F. Sharman:

Expensive.

Ms. N. Heath:

It is expensive but those students are probably going to be working. The U.K. is going to be benefiting and nobody has questioned why Education considers our students not to become ordinary resident in the U.K. That is part of the issue with this student loan thing. The U.K. consider wherever you have come from as being your place of ordinary resident. But that does not seem to count with the case law of Shah, H.M.R.C. (Her Majesty's Revenue and Customs) do not do it and the Health Department in the U.K. do not do it. It impacts things like N.H.S. (National Health Service) bursaries. We do not have access to that. There are lots of other careers as well which are based on ordinary resident and some of the wording is things like been here for a considerable time or a short period of time. I could go and ask these people: "How long is that?" and you do not get anything back. You get a whole load of photocopies of their websites which say exactly the same thing. Brexit and negotiations about that is an ideal time and apparently the Minister for Education discussed with the U.K. about access to U.K. student loans and they said: "Oh, but we have got problems with law drafting. It will take a while." They are going to have to redraft all of those anyway with Brexit. So why was that point not made?

Deputy J.M. Maçon:

Okay, thank you.

Deputy S.Y. Mézec:

I hesitate to ask this question but you did reference the higher education funding report and the consultation that was done previously. Has there been anything in the approach taken by the Government that you think has been important and necessary and positive and, more broadly speaking, in terms of what you see as the Government's strategy to getting this solved? Do you have hope in what they are doing? I know you are optimistic about their approach will lead to an appropriate decision.

Ms. H. Sykes:

I think to be fair, taking the positives. We said right at the beginning ... this issue came up at a couple of the change.je meetings and the position that we took as a small group is we are here to help you with this. We fully understand that the States of Jersey ... this is not a problem for Education to solve. I think perhaps it is not so much an Education issue as a funding issue. I think that is clear. We are talking about finance and loan systems. That is not Education's area of expertise, is it?

[16:30]

You would not expect that. So I think to be fair, at the beginning they certainly listened to us and they did hold the workshops. I think we were disappointed with the workshops because we felt we were presented with a bit of a *fait accompli*. It is like there is X amount of money, what do you suggest we spend this money on to make the system a bit fairer?" which was not really what we were after. We also said that we are here to help and that if ... I mean you will know from the papers that we have submitted to you, there has been a considerable amount of research done into different systems and jurisdictions, including loan calculations. We have got people with significant expertise in our group in terms of banking, investment and the like. The survey that we put together and we did ask whether we could see a draft of the report, if not just for comment or accuracy, and then the report was published. So I think the positive is that, yes, Education did do what they said they were going to do and they did get people together but certainly the report has not produced any solution. It has produced some suggestions and certainly we are now getting to the stage where our children are getting to postgraduate stage. Nothing has changed for us. Nothing has changed at all. We are not getting any more money. We are not getting any more funding. I think that is the frustration that lots of people are coming forward and saying: "We desperately need something to happen in order to provide the best for our children" but nothing is happening.

Ms. N. Heath:

There is £2 million that has been said that in the M.T.F.P. (Medium Term Financial Plan) that the grant is going to be increased by. That is going to cover 3 years but what was not mentioned was the £500,000 cut to the on-Island student grant. So that is £1.5 million investment. But last year they had almost that figure that was an underspend and that just covered one year. So one year's underspend is covering 3 years' growth. The previous year it had been £2 million, the previous year it had been £2 million and the previous year it had been £2 million underspend. We think the reason that is the system has not kept pace therefore fewer and fewer people are being able to access the funding.

Deputy J.M. Maçon:

It is working on the same formula but not appreciating the cost.

Ms. N. Heath:

It has not gone up with R.P.I. (retail price index) for such a long period of time and, okay, they have raised the threshold to £34,500 from 2017 but it should be closer to £42,000 if they had kept pace with inflation. The maintenance grant should be around £8,650, not £6,000. So I think there would have been a lot more happier people for a lot longer period of time had that been the case. That is not even covering fee increases in 2012, which I think is where the real damage is caused.

Deputy J.M. Maçon:

That was going to be my next question in your figures, because you said it comes to £42,000 and even then that takes you to what ... if the average wage in Jersey is around £32,000 that is possibly what ... one full-time worker and part-time worker, and then if you factor the extra £9,000 fees that means even ... and you are getting to 2 professional people, both working £32,000, perhaps you factor in female discrimination, so that will go down a little bit. You are looking at around £60,000, £55,000 and that is for your middle people.

Ms. H. Sykes:

And that is for one student.

Deputy J.M. Maçon:

That is for one student. In which case how does the thresholds for the current system ... would you like to comment? Or it might be obvious.

Ms. N. Heath:

When you said about the middle income and does it factor, it is what is left after tax and after you have paid what you have to pay after the grant, whenever it is that you receive, and what is left of disposable income because there are minimums that people need to live on. There are basic housing costs of homes and you get to the point with some families where they cannot cover the cost of their housing and food and to pay the costs. So they have to make that decision and that is where I think you get the downsizing. Then obviously people who are renting do not have that option at all. I think they are further disadvantaged, the people that are renting, because they have got nothing else to sell.

Panel Adviser:

I have a completely different but strategic question. It is about where the responsibility for financing and our education should lie. I mean you put it very firmly on students. You do not think it should be the parents. What about the States?

Ms. N. Heath:

Students, States, I mean you could go for a full grant, could you not?

Panel Adviser:

Is that what you would do?

Ms. N. Heath:

Sorry?

Panel Adviser:

Would you do that? Would you prefer to do that? If I may just follow that up. There are arguments that beneficiaries should all contribute to the cost and the beneficiaries surely would include students, would they not?

Ms. N. Heath:

It would also include business. What are the discussions that we had, and it comes up from time to time is the 3-way split where business pays a portion, the parents pay a portion, and the student pays a portion.

Panel Adviser:

But not the States?

Ms. N. Heath:

If you still have the grant in place then you would have ... you could split it with the student and the business.

Panel Adviser:

You said with the beneficiary ...

Ms. N. Heath:

The beneficiaries are the student and their employer and the world that they are living in at the time and whether those skills that they gain are used ultimately. We see lots of comments like: "Well, why should we fund students that do not come back to the Island?" but that is not the purpose of Education. The purpose of Education is to benefit the individual and to benefit the world around them. It is not about benefiting necessarily the people that are here. Those people that have been educated elsewhere that come to our Island to work they are benefiting our society by bringing the skills here, just as when we have got students going off elsewhere, because otherwise you will end up in a situation where you say: "Well, we are only going to fund students that are going to benefit

this particular place” and that is just as discriminatory and leads to further inequality by saying: “Well, you want to study physics, there is no use for it here” or whatever, so they are not going to cover you. Unless you want to be a physics teacher of course, in which case: “We will pay you a bit extra because we quite like those and the only other place we can get them is Newcastle.”

Panel Adviser:

In England the biggest employer of physics graduates is the City of London. So just moving on from that though, what responsibility do you think, if any, parents should have? For example, if we have a loan scheme the question will be: “Well, where does it come from? Where does the money come from?” The question is often put it would need a guarantee from somebody. Would parents, your support group, for example, be ...

Ms. H. Sykes:

Yes.

Panel Adviser:

So the parents are not right out of it?

Ms. N. Heath:

They were very happy to do that online survey.

Ms. H. Sykes:

When we asked the survey, moving on to some of the stuff that we would propose would be a system of loan repayment that permits the parents to start paying from the date of commencement rather than at the moment the way the U.K. student loan is you have to be in work for X amount of time. You do not start paying until your degree is finished. You then have to be earning a set amount and then you start repaying. Certainly the proposals that ... I think without exception probably people have agreed with would be that parents would start contributing and then that debt would transfer to the student in the fullness of time.

Panel Adviser:

That is permitted though. You would not require that from parents? Your system would not require parents to start paying for the student ...

Ms. H. Sykes:

I think it would be an option, and from a very personal perspective, having had 3 children at university last year, and 2 this year, in the absence of getting nothing from the States to be able to take out a loan and start paying a reasonable amount of money now would have been very beneficial. There

are very many other people like that here. We are not asking for a handout. We absolutely are not asking for handout but we just need some assistance.

The Deputy of St. John:

It is a type of cash flow management, is it not? Because you do not know what is going to happen at a certain time within your household.

Ms. H. Sykes:

No. It is quite interesting because Nicky was talking about the remortgaging before. As soon as you go to the bank to remortgage the first question they ask you is how many children you have got in higher education because they know that is costing you £20,000 a year and that can skew things as well, depending on where you are going to get the money.

Panel Adviser:

So that would be permitted? I mean you would allow parents but not require them to guarantee. But what about the system that required a guarantee from parents?

Ms. F. Sharman:

From the survey results they were very strongly in favour of guaranteeing a loan scheme.

Ms. N. Heath:

The other option we gave them was an insurance to cover because the big issue that seems to have been asked against a loan scheme was there was a ridiculous figure in the H.E. (high education) report of £700 million, was that there would be this massive default without any backup to it, based on the U.K. student loan, which those details were, I think ... they were taken down a peg or 2, were they not, from their Accounts Committee about how they had been looking after their ...

Panel Adviser:

In England?

Ms. N. Heath:

Yes.

Panel Adviser:

Yes, and the default in England is not a default, it is a non-repayment which the Government has written into the scheme.

Ms. N. Heath:

But it is also designed to be written off in the U.K. as well.

Panel Adviser:

That is the point. It is part of the ...

Ms. H. Sykes:

You simply just cannot compare.

Panel Adviser:

I agree with that.

Deputy J.M. Maçon:

Can I just ask: the argument that is put by Education and Treasury is if a parent, for example, guarantees a loan there is a default, for whatever reason, it then puts the state in a very awkward situation of having to boot someone out of their home because they have not been able to repay and I wonder how you would respond to that?

Ms. F. Sharman:

They are happy to let people sell their homes now in order to pay for them but they would not be happy to boot them out because they could not pay for it retrospectively. So I do not see it is ...

Ms. N. Heath:

There are lots of instances where people owe the state money. If somebody did not pay their tax bill they would take them to court and if their only asset was their home they would take that. It is a poor argument really because I am sure the States of Jersey do not go: "Ooh, we cannot possibly take you to court because we would have to take your home." I do not think somehow the Comptroller would take that sort of view if he wanted to get his tax bill paid if somebody had not paid their tax bill, or anything else for that matter. I mean we used to have States loans for housing.

The Deputy of St. John:

We do now, as well.

Ms. H. Sykes:

They still do. People are still paying them off.

The Deputy of St. John:

Housing Development Fund under the social housing ...

Ms. H. Sykes:

Yes, of course.

Ms. N. Heath:

If they did not pay those back then there would be consequences so I think that was a bit of a strange

...

Deputy J.M. Maçon:

We have looked ... sorry ...

Ms. F. Sharman:

No, it is fine.

Deputy J.M. Maçon:

We have looked at other jurisdictions and I just wonder if you could give us your opinion on this. I think it is New Zealand for their student loan scheme, have made a criminal penalty for the student if they do not pay back the loan ...

Ms. H. Sykes:

For the student or the person who has borrowed the money?

Panel Adviser:

The student.

Deputy J.M. Maçon:

For the student, and I wonder if you have a position on that.

Ms. F. Sharman:

I think anybody would ... well ...

Ms. N. Heath:

It seems a bit extreme to make it a criminal offence particularly if there are other ways that you can

...

Ms. F. Sharman:

But if you took a loan out and did a runner does that not make you a criminal?

Ms. N. Heath:

No, not normally. It depends why you ...

Ms. F. Sharman:

I am obviously too honest.

Ms. N. Heath:

It depends I suppose if it is fraud. If they have taken it for a wrong purpose. There could be a reason why somebody is not able to pay back a loan. It could be that they were employed in something, they have lost their job and so they cannot pay it back. That is why I do not think making somebody criminally responsible is necessary.

Deputy J.M. Maçon:

Okay, thank you. I appreciate that was a bit of a blinder. Question 4, I just want to make sure we cover all that you are going to say. So question 4 which is: what do you see is the benefits of a more equitable system of funding, which we may have touched on?

Ms. F. Sharman:

So, yes, the benefits would be to promote greater social inclusion in education, assist families in making financial arrangements in the first place, demonstrates commitment to investment in skills in the workforce, improve educational outcomes, help achieve sustainable population levels, less money is taken out of the local economy and place greater responsibility on the student to consider the value of their chosen course of study.

[16:45]

Deputy J.M. Maçon:

Thank you. Again, just for the record, your question 5, just so we have got it for the record. What are the Student Loan Group proposing?

Ms. H. Sykes:

I think one of the things that we are proposing to ensure equality is that all the tuition fees should be loaned, not granted, to ensure equality so everybody has equality of access, including postgraduates, but that the maintenance part should be means tested because then that picks up the lower income. We talked about discretionary bursaries to address particular hardship and I am thinking about maybe children who do not have parents or looked after children, for example. There has been talk about an education tax in the same way as the long-term care is levied at 1 per cent ... well, I do not know, it was a suggestion, levied at 1 per cent would be the thing and provide either a system for funding or granting. Another controversial one would be raising a J-Cat fee so that if

people come ... it is not called a J-Cat anymore, is it, it is entitled, but if companies want to employ graduates then they have to use that entitled to work but there is a fee of one year's university fees or all of it which ...

Deputy J.M. Maçon:

Of course the State would end up being the one paying the most.

Ms. F. Sharman:

Yes, because they are bringing the most in, yes.

Ms. H. Sykes:

But we have also talked about bursaries for local skill shortage areas as well, in medical careers, social work, education and the like because we do not have a formal system of bursaries at the moment for those sorts of things and again, as we talked about, flexible loan systems whereby it might be the parents act as guarantor and then transferring, so I think those were kind of the key proposals. But it is a loan support group and that is all about access, equality of access, so that you start school at the age of 4 and there are 3 of you sitting in a line. When you come out at 18 all 3 of you have been educated together through the school system and have equal opportunity to access higher education. It is not about what your parents earn as to whether you can go or not.

The Deputy of St. John:

Can I ask what your view is about increasing taxation across the board to pay for higher education? You know, social responsibility and all those types of things.

Ms. N. Heath:

It is another option.

The Deputy of St. John:

Okay.

Ms. F. Sharman:

The Island will benefit from the skills that those students are going to be bringing back and therefore there does need to be an element of responsibility from the Island.

The Deputy of St. John:

We talk about the Government funding, it is public's money, but if you look at the arguments that you have made about how much it costs an individual depending on whether they have got one, 2, 3 children there the actual composition of the family on a household to raise the tax by 1 or 2 per

cent across the board would be a lot less pressure for that family when it comes but it is also, like you say, producing a better economy in the future, long term.

Ms. H. Sykes:

It is not related to tax but one of the things that we ask ... I have lost my train of thought. It will come back to me. It is all right, senior moment.

Deputy J.M. Maçon:

I think you have touched on it but just to ask you, were the results of your survey a reflection of the view of your group?

Ms. N. Heath:

It seemed to be and there were ... you have seen a copy of it or you will pretty much have a copy of it.

Deputy J.M. Maçon:

Yes.

Ms. N. Heath:

There were very few extremes. Most of them seem to all agree in the majority of areas. There were lots of comments ... well, I do not know if you have read the comments with it as well which were quite interesting and also were quite disturbing to read. Because I think when we sort of got together and did all of this at the beginning we did not think it was that many. Then we keep getting these messages at 10.00 p.m., 11.00 p.m. at night when somebody is having a bit of a panic they suddenly send one of us a message. It is quite disturbing.

The Deputy of St. John:

Do you usually find you get a message after they have been in contact with the department or before?

Ms. H. Sykes:

When they realise.

The Deputy of St. John:

I am just trying answer the communication issue; whether there is a communication issue here and whether it is actually the funding issue. Is it both?

Ms. H. Sykes:

I think it is both.

The Deputy of St. John:

Right, okay. Could you explain the communication issues that maybe some of your group members have identified?

Ms. H. Sykes:

I think the problem is that they do not find out until August before they are supposed to be going in September how much grant they are going to get and then it comes as a terrible shock when they find that they will not be getting £7,500, they might only be getting £3,000.

Ms. N. Heath:

Or they think a full grant is the full grant.

Ms. H. Sykes:

It is the full grant. They think the full grant is the full £9,000 and of course ...

Panel Adviser:

Can I ask, is that their fault because they have not read the rules? Are the rules transparent? Could they work out for themselves if they were to follow the rules carefully?

Ms. N. Heath:

Possibly. It depends because if you look at the website now they have got figures for 2016 to 2017 on there which does not mention the new threshold, does not mention the new maintenance grant amount. It does not mention that fees for some of the universities are going up to £9,250. So people are doing their ... you have occasions and stuff now, looking at information based on last year. If they are marginal they might be going: "Oh, that is not going to be a full ... we really cannot stretch that far" and saying no. Just as much as they may ... that calculation 20.25 per cent of your gross income and then they do not realise income support is included because it does not mention it.

Ms. F. Sharman:

Could I just mention something as well, and I do not want to be stereotypical at all? Please do not take it this way but possibly also families that are on a low income may not be overly educated themselves and to calculate something would be a challenge for them anyway.

Female Speaker:

And speakers of other languages.

Ms. F. Sharman:

Yes, the language barrier also and, therefore, it would be a big shock to them, even they think they are getting a full grant. They could have lived for a few years and taken in ... the State could have been giving them benefits over a big period of time and that is now their cultural kind of way of living. That is what they do. Things are paid for them and then all of a sudden if they are being told: "Yes, you get a full grant but it is £7,000 short" they are perhaps not able to work it out.

Ms. N. Heath:

We have had quite a few comments on the Facebook page: "I do not understand it. I do not know how much I get. I cannot work it out."

Ms. H. Sykes:

Well, we developed our own calculators in the end.

Ms. N. Heath:

Yes, we created a calculator and that helped, did it not?

Ms. H. Sykes:

We created a calculator and it on our Facebook page so people could work it out themselves.

The Deputy of St. John:

But whose responsibility should it be?

Ms. N. Heath:

That should be Student Finance. Years ago I said: "Why do you not have a calculator on there?" and they said they could not do it. In fact a long time ago there were more rough guides on there. A bit like the tax allowance bit so it gives you a rough idea. They used to have that on the States website. If you go back, use a way back machine, you can go back and have a look at the variations they used to put up there. So at least you had a rough idea of what you were looking at.

The Deputy of St. John:

But they have a calculator for income support and that is much more complicated in terms of the amount of components that are involved. They have a calculator for that so they are saying that they cannot do a calculator?

Ms. N. Heath:

They seem to not be able to do it.

The Deputy of St. John:

Okay. That is interesting.

Deputy J.M. Maçon:

Is that from the Education Department that you have heard that?

Ms. N. Heath:

Yes, it was a while ago. That was a long time ago. I had a letter the other day that said to me: "As a maximum contributor person last year", and I did not tell them how much we learnt, I might like to know that the maintenance and threshold levels have changed and so I might like to fill in a form. But they did not tell me what the new threshold was or what the maintenance grant was and so I went and had a look at the website and it had 2016 figures on there which are not now. I know because we have read the calculator and we have updated it.

The Deputy of St. John:

You coped with that yourself.

Ms. N. Heath:

I know that it is not but I thought: "Well, if I was somebody else that is what I would do" and the answer is not there. So I did email them back. But it is the basic information that needs to be there.

The Deputy of St. John:

Basic flow of communication and information ...

Ms. N. Heath:

Like Helen was saying, people are getting their A-level results, accepting places at university, which is a contract, and then 2 weeks later they get a letter saying what their grant is. There have been a few, have there not, that have just said: "I cannot do it" and it is too late then to put anything in place?

Ms. F. Sharman:

I think also - it is something you have not really touched on yet - but the impact that this struggle is having on the welfare and mentality of the student and the families that are involved and the knock-on effect that that could have, the guilt that the students ... I think you have maybe heard this at the student meeting last week. The guilt that they feel and they feel terrible about it and they wish they had more control over the choices they were making. Certainly from a personal point of view that my son is working extremely hard and he would want to, one day, reimburse us if he can, if he gets himself a good career, but the guilt he is feeling at the moment is massive.

Deputy J.M. Maçon:

Of course that is the issue of, what, just a 3-year course?

Ms. F. Sharman:

Yes, and then also ...

Deputy J.M. Maçon:

It has the implications for a number of courses.

Ms. F. Sharman:

... the implications that the relationship he now has with his brother, who cannot go, at the moment is choosing not to go, but if his brother wants to go we will have to make massive drastic changes. So the relationship between my 2 sons therefore has an implication and it is not fair. It is not fair. That is what we are striving for.

Deputy J.M. Maçon:

Thank you. Did you want to have ...

Ms. H. Sykes:

Yes, it has just come back to me what I was going to say when you were talking about survey. One of the recommendations in the Education report was a savings scheme. What came out quite strongly from the survey was that life is expensive enough for middle earners when you have got the cost of childcare thrown in and the cost of after school and generally that to consider that parents would start being able to have a lump sum to save at a very early age in order to fund their children's education is just simply not feasible. I think we worked it out, did we not, that you might ...

The Deputy of St. John:

There is also the funding of the dental as well once they are into secondary school and the doctors and the ...

Ms. H. Sykes:

The other things that in the U.K. you would be provided as a universal service, free universal service, so I just wanted to make the point that the saving scheme was not an option that people felt that would be viable.

Deputy J.M. Maçon:

Just looking at question 7, I think you have touched on it, but, again, just for the record did you expect a funding solution to be found by now?

Ms. F. Sharman:

Yes, we did obviously because the States Members had been promised by the Chief Minister in October 2015 during the M.T.F.P. debate that there would be a solution found.

The Deputy of St. John:

Do you believe the £2 million is their solution? It is a fair question, is it not? We have had 2 debates on the M.T.F.P. now.

Ms. N. Heath:

No. Even they said ... they did not say it was a solution, did they? They said it goes some way ... I think the words were something like: "It goes some way towards the fact that it was behind."

The Deputy of St. John:

We have heard arguments ...

Deputy J.M. Maçon:

Some people are saying they are going to look at the amendment again.

The Deputy of St. John:

... arguments from the Education Director, I think in quarterly hearings and those types of things, that there will not be the type of take-up from people in the Island in terms of going through the grant scheme even with this increase in threshold with the £2 million added in. There are many comments that have been made in quarterly hearings and quite clearly from what you are saying today the demand is huge and the kinds of pressures that it is adding on to not only families but Island life in general. What would you say to the Education Director or the Minister for Education if they were sitting where we are now in terms of this particular situation? Say it as truthfully, honestly and open as you can because it is important.

Ms. H. Sykes:

I think we gave at the beginning this is not an Education issue.

Deputy J.M. Maçon:

I was going to say it is not ... you say: "I do not want to talk to the Minister for Education, I just want to talk to the Minister for Treasury and Resources."

The Deputy of St. John:

Okay, say we are the Minister for Treasury and Resources then.

Ms. H. Sykes:

The view would be we live in an extremely affluent Island. I will let you say what the problems are.

Ms. N. Heath:

Well, it is a wealthy island. I would say to the Minister for Education: "Get planning and sit down and speak with the Minister for Treasury and Resources and work out between you what he can afford to give you and tell him what you want." The Council of Ministers have to decide as well what they want. Do they want to bring people in with skills or do they want to fund it?

[17:00]

It just seems like they do not sit round and have a discussion about it at all and I find that really surprising considering this issue has been raised fairly consistently, almost weekly.

Ms. F. Sharman:

It is almost as if the Education Department are protecting what they have here in the Island and, to a degree, obviously they need to protect and develop what is here in the Island for some of the students that are here but they cannot lose sight that there are so many other students that need to get off of the Island and go and study for the benefit of themselves and the world and the island around them. So, yes, they need to be very mindful of what is here and promote what is here, that goes to a certain level, but they cannot think that that is the solution. There is still a bulk of people that are being massively affected.

Deputy J.M. Maçon:

I am just conscious of time so I will try to ... have you got another 10 minutes? Yes, okay, thank you. Just again, we know there are people with other points of view towards the whole situation. We have seen them on the news, on Facebook posts, exactly. So I wonder if I can just put a couple of the attitudes towards yourselves and see how you will respond, if that is okay. So one of them we have had as a simple solution which is; well, if you want access to the U.K. scheme why do you not go and live in England for the correct amount of time and then be able to access it, problem solved, and the Jersey taxpayer does not have to contribute a penny.

Ms. H. Sykes:

Some people are.

Ms. N. Heath:

Yes, people are doing it.

Ms. H. Sykes:

Some people are selling their houses and moving ... we have got one family who was in touch with us that is calculating that they need to go in the next 6 months because if their daughter wants to study medicine they need to get out now. So people are making those decisions. I am always quite amused when they say the cost to the Jersey taxpayer because doctors are graduates, teachers are graduates, nurses are graduates and the next time you want to go to the doctor did you seriously expect that person to have self-funded their career? I just find it a very, perhaps, short-sighted argument.

Ms. F. Sharman:

The teachers that are probably teaching their children in the primary schools have been brought in from the U.K. in order to be able to teach them but they are happy for that to happen.

Deputy J.M. Maçon:

Okay, thank you. Then another one which we have seen as well is the position of: why do the students not just work and build up the amount in order then to be able to go and study, which is obviously a perspective which we have from the public as well. I wonder what your response to that is.

Ms. N. Heath:

I think the ... that when we said ... for that kid to be able to do that they are going to probably be living at home to be able to save up sufficient money because their parents are still paying the cost of looking after them. So how long it is going to take them to save the £60,000 to be able to go and fund themselves.

Ms. F. Sharman:

I think also the short-sightedness of that argument is the time you would take but the job that these students would need to go and find in order to be raising that kind of money they need to be ...

Ms. H. Sykes:

Graduate jobs.

Ms. F. Sharman:

... a professional person in the first place. I have got a son that is working at the airport saving money very hard to be able to go travelling and it is taking him a long time, he is in a low paid job, trying to save up and it is taking him a long time to reach his goal and the reality of it is very different. All of our children have worked. My son at university worked from 13 in a shop earning a bit of

money to get himself by and he saves and saves and every time he has got a ... but he is working at university. He works in the bar at university and they do have this work ethic which people do not seem to think they do have but I genuinely know that they do. They are really trying to raise money but they cannot raise substantial amounts of money that people think they can.

Ms. N. Heath:

Even parents cannot manage it so I do not see how you could expect an 18 year-old to do it.

Deputy J.M. Maçon:

By the time they do, if they are 25, they will qualify for a full grant anyway.

Ms. N. Heath:

Only if they have left home.

Deputy J.M. Maçon:

Really? I thought once they are 25 ...

Ms. N. Heath:

To be independent. Yes, they are 25. Yes, maybe. That is a long time.

Deputy J.M. Maçon:

Twenty-five or judged by your own thing, yes.

Ms. N. Heath:

We would be quite elderly at that point as parents.

Ms. F. Sharman:

Put a tent in the garden.

Ms. N. Heath:

It is true.

Deputy J.M. Maçon:

Okay. Just wondering, panel members, is there anything else you would like to ask? No. Just to ask you if you have any other points which we have not covered which you would like to have covered or mention to the panel?

Ms. N. Heath:

The loans in the U.K., the difference.

Ms. F. Sharman:

The argument against a student loan system based on the premise that it is wrong to saddle students with debt is flawed. We believe this because the argument is far outweighed by the inequalities created by the lack of access to funding mechanisms. Without adequate funding the choice for some now is no higher education choice. If asked: "Would you prefer access to education or no access to education?" the answer becomes quite clear. Did that make sense?

Deputy J.M. Maçon:

Yes. Thank you.

Ms. N. Heath:

We have covered multiple students.

Ms. H. Sykes:

There was, just very briefly, and that was the social security contribution. Social Security will only give you relief for 3 years.

Deputy J.M. Maçon:

Your credits, yes.

Ms. H. Sykes:

Yes. Students on longer course do not have their contributions covered so if you are going on to do architecture or medicine and you are studying for 9 years you come back and work and you need the doctor, you are not covered.

The Deputy of St. John:

But you have a 10-year cover if you are looking after a child.

Ms. H. Sykes:

Only if you have got a child.

The Deputy of St. John:

Yes, I know, but I am just saying consistency-wise in terms of equality.

Ms. H. Sykes:

We were quite surprised by that and we just kind of made the assumption that as long as you were in higher education in the U.K. they would just continue to credit your contribution ...

The Deputy of St. John:

You are covered but it is only 3 years.

Ms. H. Sykes:

Only 3 years they will continue to credit you. Again, we have had some contact with the groups that have gone off ... had to take a week off work and not been very well and I have ended up with £13, and how does that work because it was going on the contribution that had been made for a portion of the quarter before. Because the course was 4 years not 3 years.

Ms. N. Heath:

There is also, if students are unmarried and they have a child ...

Deputy J.M. Maçon:

Yes, the childcare component.

Ms. N. Heath:

No. They are not classed as an independent student. They are still classed as a dependent student. If they are unmarried and they have a child they are still a dependent student.

Ms. H. Sykes:

On their parents. On their own parents.

Deputy J.M. Maçon:

It depends where they are living, does it not?

Ms. N. Heath:

No.

Deputy J.M. Maçon:

No? Okay. Interesting. Thank you.

Ms. N. Heath:

If they been living away for 3 years and become independent but, yes, they could be unmarried, have a child and they are still classed ...

Ms. H. Sykes:

Yes. So if you were 19 and you had a child you would be classed as a dependent student so your parents then ...

Deputy J.M. Maçon:

Regardless of where you were living. Right, okay. Thank you.

Ms. F. Sharman:

Just one final thing, and it is something that dawned on me quite recently, was the fact that when you are means tested for higher education funding you get means tested at the beginning of your son or daughter wanting to apply to go to university. More often than not most families have not been granted very much or anything at all so they will need to pay out £20,000 that year for their son or daughter to go to university. The following year they are not then ... they have not had that £20,000 taken off their income and means tested again so even though you have been means tested once it is ...

Ms. N. Heath:

No accounts ... there is no allowance made for the amount paid.

Ms. F. Sharman:

There is no allowance that has come out of your income purely for that one.

Ms. H. Sykes:

That you are paying out, yes, if you are a maximum contributor.

Ms. N. Heath:

There is no disregard for it.

Deputy J.M. Maçon:

Thank you.

Ms. N. Heath:

So that is the ... depending on how much you are having to pay that is ...

Ms. F. Sharman:

That is for one student.

Deputy J.M. Maçon:

Okay. Well, thank you very much for talking to the panel. What I would also like to say is we know that you have been in regular contact and have been promoting this issue for quite some time and the panel do appreciate that and so we would just like to thank you for your continued efforts in these matters. We thank you very much and I will bring the hearing to a close.

[17:09]