

Education and Home Affairs Scrutiny Panel

Student Finance Review

Witness: The Minister for Treasury and Resources

Monday, 5th March 2018

Panel:

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

Deputy S.Y. Mézec of St. Helier (Vice-Chairman)

Deputy T.A. Vallois of St. John

Witnesses:

Senator A.J.H. Maclean, The Minister for Treasury and Resources

Deputy A.E. Pryke of Trinity, Acting Assistant Education Minister

Mr. J. Donovan, Chief Education Officer

Ms. C. Walwyn, Chief Operating Officer, Education

Mr. S. Hayward, Director of Treasury Operations and Investments

[14:32]

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

Welcome, everyone, to the Education and Home Affairs hearing looking at the student finance proposals. Again, just to remind everyone, check your mobile phones, if you can make sure that they are switched off. Again, we do have hearing loops fitted into scrutiny rooms should you need to make use of that service. The media are here, but again, in line with our protocols, they are there to cover the first 5 minutes, then afterwards that falls away. The usual housekeeping rules: the fire exit is the one you have just come through, should that occur. Also we should introduce ourselves for the transcript, so I will begin. I am Chairman of the panel, Deputy Jeremy Maçon of St. Saviour. We have ...

Deputy S.Y. Mézec of St. Helier:

Sam Mézec, Vice-Chair of the panel.

Deputy T.A. Vallois of St. John:

Tracey Vallois, Deputy of St. John, member of the panel.

Scrutiny Officer:

Andy Harris, Scrutiny Officer.

Deputy J.M. Maçon:

If you would like to introduce your team, please.

Director of Treasury Operations and Investments:

Simon Hayward, Director of Treasury Operations and Investments.

The Minister for Treasury and Resources:

Alan Maclean, Minister for Treasury and Resources.

Acting Assistant Education Minister:

Anne Pryke, Assistant Minister for Education.

Chief Education Officer:

Justin Donovan, Chief Education Officer.

Chief Operating Officer, Education:

Christine Walwyn, Chief Operating Officer, Education.

Deputy J.M. Maçon:

Hello, and good afternoon to all of you. I believe that you are all familiar with the health statement that is provided for scrutiny panels, so I think we can carry on. Again just to thank you for coming this afternoon. We had, as you know, intended a hearing last Thursday, but we were beaten by the weather, despite attempts to carry on and brave the storm all the same, so we appreciate some quick re-juggling of meetings so that we can have this hearing today, so I would just like to put that on the record. As this is a Council of Ministers' proposal, who is leading on this at the moment?

The Minister for Treasury and Resources:

I suppose that would be myself.

Deputy J.M. Maçon:

Treasury. Fine, okay. Thank you for that. Then if we can kick off, Minister, if you can tell us what the fundamental changes have been to this proposal as a result of the consultation.

The Minister for Treasury and Resources:

Yes, Chairman, I am pleased you have raised the consultation, because the consultation, I would like to just firstly state we were impressed by the response to it, over 3,300 members of the public on the online side. We did take heed of further responses that came through from that consultation, primarily looking at the level of the grant. We have introduced a cap now at £200,000. We have also changed the arrangements for the cliff edge, which I think was a point as a panel you have mentioned previously - and I know it came up through the consultation process - so from £110,000 of household income, that is now tapered in a much fairer, we believe, way up to £200,000. Below £110,000 of course from the tuition fee basis, that is available to households. We have also made changes to the maintenance side, reducing from £95,000 to £90,000. That in part was in response to a realisation that there were some - a small group - potentially impacted at the bottom end of the income scale and we wanted to focus both the changes to the tuition fees and also that element to ensure that we dealt with that matter. We have also increased the allowance from £6,500 to £7,500, again helping to address that same issue with those in the households with a lower income. Those are the principal changes to the scheme.

Deputy J.M. Maçon:

Okay, thank you. I wonder if you can flesh out that point that you made there, which was it was stated in the previous hearing there was work being done to deal with the small number of people that would be worse off from the original set of proposals as a result of the removal from the higher child allowance. I wonder if you could flesh out a bit more how these new proposals will address that issue.

The Minister for Treasury and Resources:

What it is seeking to do is take some of the money from the top end, take, for example, the original plan, which was open-ended, so the tuition fee was available regardless of the income, there was no cap. So the introduction of the cap at £200,000 has created more revenue that can be redistributed to those in income groups further down, together with the introduction of an increase in the maintenance for that element of £6,500 to £7,500 we believe will help us to target more funding into that area. As an example, you will see from the charts that those in income households of up to £50,000 get just over £16,000, which is quite a considerable improvement above and beyond where we were previously with the current scheme specifically.

Deputy J.M. Maçon:

Okay, thank you. Panel?

Deputy S.Y. Mézec:

With this proposed change that is now going to be debated by the States, which uprates and changes the bands for grants, which will see the higher tax allowance removed, and we also know that the NatWest loan is going to be removed, can you confirm if there are any family circumstances who, under this proposal that the States is being asked to vote on, will be worse off financially than they would be if the current system were to be maintained?

The Minister for Treasury and Resources:

There is certainly a case that there is a group of households with earnings over £200,000. I think that is estimated to be around 193 households who will not have the advantage that they would have had previously, so you could argue that the very higher earning families are going to be worse off to that extent.

Deputy S.Y. Mézec:

Is that worse off in the grand scheme of things, including looking at the tax allowance and removal of the NatWest loan?

The Minister for Treasury and Resources:

In particular the tax allowance, but yes. I think, in reality, the loan itself is probably going to have less impact on that group. I do not know whether you have got any numbers, Simon, on the loan side of it.

Director of Treasury Operations and Investments:

We do not know which household income brackets are taken under the loan, but we do know that 120 loans were taken out in 2017, which meant that there were 782 loans in total, but we can't give you a breakdown as to household income distribution.

The Deputy of St. John:

Minister, how much will be spent providing support to people earning up to £200,000 per year?

The Minister for Treasury and Resources:

The total cost of the scheme are you referring to?

The Deputy of St. John:

Yes. How much would be spent providing support to people earning up to £200,000 per year?

Director of Treasury Operations and Investments:

Our estimation, which is in totality, tuition fees plus maintenance grants and total grants, assuming every single eligible student takes up higher education in 2018 is £15.5 million; 2019 is £16.7 million. Then on average going forward from 2020 onwards is approximately £17.5 million per annum.

The Deputy of St. John:

Okay. Can I ask then, Minister, why the decision was made to introduce a sliding scale for tuition fees for households earning over £110,000? Why was the £110,000 the point at which the sliding scale started?

The Minister for Treasury and Resources:

We looked originally at the proposal that was outlined in the budget that had a much higher household income. We took into consideration the responses from the consultation, but we also did some more work analysing the income distribution survey, household incomes and suchlike. As an example, if you take an average household, both partners working in the finance industry, you come out with an income of just over £100,000. So we started looking at those statistics and they seemed to point towards £110,000 as being a reasonable point at which the taper should start, but those households up to that level, it seemed reasonable that the tuition fee should be available. Of course the maintenance grant we reduced from £95,000 down to £90,000 and of course a larger contribution is going to be required therefore from those accessing support for higher education in that element. We think that is right, that there should be a contribution towards some element and the maintenance is the element in particular.

The Deputy of St. John:

In terms of the scaling, you scaled it from £110,000 to £200,000. Why was the cap decided at £200,000?

The Minister for Treasury and Resources:

We felt that once one gets over that sort of household income level - in particular, I refer back to in the part the consultation process, where it was £150,000 and the cliff edge that was originally involved - there was a strong feeling that that was far too much money. Again, cross-referencing that with income distribution, we felt that £200,000 was a reasonable area in which to finish the taper. It also, importantly, allowed for the extra funds to be redistributed in part to low income groups.

The Deputy of St. John:

Can I ask, is this proposal technically more generous than what you were originally envisaging in the budget speech?

The Minister for Treasury and Resources:

I would describe it as fairer. I say that because in reality, I think in the previous hearing I had with you as a panel, I made the point that we were expecting that approximately £4.5 million would be necessary to be found in order to fund this beyond 2020. That figure has now reduced to £2.5 million, so I think you could draw the conclusion therefore that in some respects it is not providing as much public money or not costing the public as much as it was previously, but more importantly, it is far better targeted and making sure that, importantly, those families and households on lower incomes are not disadvantaged.

The Deputy of St. John:

Can I just test that slightly in terms of “far better targeted”? When you talk about the lower income, do you see the £16,750 for those up to £50,000 being the appropriate amount for the university fees when we have heard it costs approximately £20,000 a year?

The Minister for Treasury and Resources:

I think, as I said a moment ago, it is appropriate that everybody makes some form of contribution towards higher education. Those in the lower income bands are being asked to make far less in recognition of the difficulties that they would face as families in order to be able to afford higher education, but we feel that balance is reasonable.

The Deputy of St. John:

Any questions on that?

Deputy J.M. Maçon:

Yes. I wonder if you could just explain, looking at the new maintenance grant threshold - and it is on a similar vein - how was the decision reached that £7,500 was an appropriate level as to say £8,000 or anything? How was that decision reached?

The Minister for Treasury and Resources:

It is probably worth pointing out to start with that when the higher education support came in, the level of grant was about £5,000 and it did not increase for quite a number of years, taking in consideration spiralling costs and so on and so forth.

[14:45]

It had risen in recent years to £5,500 and then £6,000. I think it was £6,000 in 2017, is that right? With the original proposal, again we were looking at the impact on lower income families and so to increase it to £7,500 we felt - and the point Deputy Vallois was making - that the gap in terms of total cost to a household needs to be reduced. That is where the extra £1,000 came in.

Deputy J.M. Maçon:

What analysis has been done that this new figure, particularly for the lower income households, is going to be effective? By that I mean while it is certainly a more generous scheme than was proposed, it is still going to be enough to meet those needs? Because they are lower income families, perhaps they cannot go back home and say: "Oh, I need that extra £1,000 top-up just to meet the needs of the accommodation I am living in." Where was the analysis behind that?

The Minister for Treasury and Resources:

I think first and foremost, just on that particular point - and I will let Simon talk a bit about the analysis that was undertaken on the numbers themselves - there should be a recognition that anybody wishing to access higher education should be looking to make a contribution themselves and that can be done in lots of different ways, not just generous use ... sorry, you are Chair?

Deputy J.M. Maçon:

No, that is fine.

Deputy S.Y. Mézec:

Vice-Chair.

The Minister for Treasury and Resources:

Deputy Mézec is sitting in the middle there, so I am getting confused. But yes, it is important, I think, that you made the point that you cannot just go back to the family and say: "I need a bit more money" because that money may not be available. There are other means and ways in which people can raise money and that is going out to work and lots of people have numbers of jobs on holidays and all sorts of things like that. There are some options that perhaps exist and I do not think that is specific just to income bands, whether it be lower income, middle income or whatever. I know of quite a number of people that supplement what they require for education purposes by taking some of it within their own control. But Simon, would you like to just give some background on the analysis around that?

Director of Treasury Operations and Investments:

Yes. I do not have too much to add to what the Minister has said. I think we have already highlighted that we have been working on this average cost of £20,000 per annum. I think we have also highlighted that we had some gaps to close from the previous proposal, particularly in the low income families, where there was the risk that they might be worse off through the original proposal. What we have sought to do is to redistribute some of the funds available to make sure that those families were not affected I think over and above that. I concur with the Minister's points around everybody

should be making some contribution to higher education funding and we believe that the way we have tapered this scheme is a much fairer balance of that.

The Deputy of St. John:

I just want to flesh this part out a little bit, because in the actual proposition, it talks about transitional arrangements on page 5. You talk about the higher child allowance being removed under the budget 2019. What happens for those students that go away in 2018? What happens to that first year?

The Minister for Treasury and Resources:

The transitional arrangements need to take into consideration the crossover between ... in fact, it is over a 2-year period. This is subject obviously to changes that will need to be proposed in that budget, both in relation to the higher child allowance and also the A.P.A. (Additional Personal Allowance) as well, but basically where people qualify for their tax allowance, they will not get the grant as well, so there is no doubling up. It will quite simply be an offset, one versus the other, so the net position is the same until transition through to the pure grant system.

The Deputy of St. John:

In real terms of what they would get under the tax system against the grant, is that what is being assessed or is it just the amount that you get taken off your tax relief?

The Minister for Treasury and Resources:

Simon, do you want to come in on that?

Director of Treasury Operations and Investments:

The intention is it will be the amount of tax relief you receive or will potentially receive.

The Deputy of St. John:

It is not what in real terms you would not pay in tax?

Director of Treasury Operations and Investments:

No, the amount of tax relief that you receive ... would you like us to come back and confirm that?

The Deputy of St. John:

No, I would appreciate just confirmation on that, because of course we know that you get a £9,000 relief on marginal relief, but of course that is only ... 26 per cent of that is what you, in real terms ...

Director of Treasury Operations and Investments:

So it is the £2,340, if that is what you are asking.

The Deputy of St. John:

Okay. I just wanted to guarantee ... yes. Just on the A.P.A. side of things, can I just ask you to explain the thinking behind that?

The Minister for Treasury and Resources:

The view was that there were some households likely to be in the lower income category that would have seen a real term loss as a result of that going as part of the higher child allowance. Again, this was part of the remedy for dealing with the identified group that we referred to before in our previous hearing. We have decided as part of the budget 2019, so the budget that will be debated later this year, to include - or exclude, I should say - from the arrangements the A.P.A. to ensure that single parents still can benefit from up to £4,500, which is what the allowance provides.

The Deputy of St. John:

Is that not just furthering an untargeted benefit? Because single parents - because that is basically what the A.P.A. is for, unmarried parents - are able to claim that, no matter where they are on the income scale, they would be able to claim that under the tax system.

The Minister for Treasury and Resources:

Yes. What we are particularly conscious of is the ability to get the new scheme in place, but it means that substantially more people are better off as a result of it and more access to higher education. I can see a position where that would be reviewed as time passes to see if it is indeed appropriate to keep in place, but at the moment we were of the opinion that it was going to disadvantage a group and we felt that was not right at this stage.

Deputy J.M. Maçon:

Just on the issue of the higher child allowance, Simon, I wonder if you could just tell us, do post-graduate families qualify for that at the moment?

Director of Treasury Operations and Investments:

I do not know the answer to that at the moment.

Deputy J.M. Maçon:

It is just because I think that the question has been put to us for those people who have started on a course, they had been expecting to have this tax relief going forward. Now, of course this new scheme only covers undergraduates, so it could then leave those people who have already factored in that allowance without having that. I wonder if any thought has been put towards that, just because it has been raised with us.

The Minister for Treasury and Resources:

Yes. I think we will need to come back to you on that, just to confirm the position.

Deputy J.M. Maçon:

Because I am just interested over the higher child allowance. Presumably that will have to come through the States via regulation or will it be done by order?

Director of Treasury Operations & Investments:

I believe the Minister will be doing it in the budget.

Deputy J.M. Maçon:

In which case then clearly there might need to be some additional transitional arrangements around that for ... it might only be for a few individuals, but it may need to be thought through instead of just a clean removing it.

The Minister for Treasury and Resources:

Yes. I mean, instinctively I would suggest that it probably does currently apply, because it is a tax allowance, which would not differentiate, so one would need to look at that and just consider the alignment.

Deputy J.M. Maçon:

Okay, thank you. I have raised that now. Tracey.

The Deputy of St. John:

Okay, so back to around the grant side of things. What public policy is being promoted by providing a subsidy in this way to the wealthiest people on the Island?

The Minister for Treasury and Resources:

You are referring those in the income bracket of £110,000 to £200,000, yes?

The Deputy of St. John:

Yes.

The Minister for Treasury and Resources:

Yes. I think it goes back to the question that we have - or I have - asked you already, which is that looking at the income distribution survey, the statistics, it is clear that there are families in that category, though some would no doubt say that those income levels for a family are high, they have

been a barrier to have the ability for some to send their children to higher education. As a result, we believe that this policy is the right policy.

Deputy S.Y. Mézec:

That was not really an answer to the question. The question was about the subsidy that is being provided to those people within that bracket that most Islanders would probably consider to be a wealthy proportion of the Island, given what the average salary is. The question that Deputy Vallois was asking is what public policy is being promoted by directing a subsidy at those people, but the question was not about those from more modest means.

The Minister for Treasury and Resources:

Yes, but the point I made is equally relevant to that question that was asked, because quite simply we recognise that in the absence of this proposal, then a lot less students are going to have the ability to access higher education. I think it is the right policy in that respect. I think you have got to put it into context. I accept average salaries dictate that £110,000 and the taper through to £200,000 is a very generous household income. Nevertheless it means that there is a barrier to people, students, going to access higher education. Consequently, I think it is perfectly appropriate.

Deputy J.M. Maçon:

So therefore the underlying philosophy about this policy is not, for example, to address social mobility, it is not looking at about how we can target resource to those most vulnerable families, those types of things, that is not the underlying philosophy?

Acting Assistant Education Minister:

I think there are many policies. You have just mentioned there about making sure that children, students, of a lower family income can access higher education, but also those with parents who have a higher income to be able to ... any child or any student that wants to go away now can go away, because it is important for our future economy of Jersey that we produce students, whether they are here at Highlands or go away to university, and hopefully sometime in the future that they will come back and participate in the Island and the growth of our economy.

Deputy J.M. Maçon:

Yes, because it is just interesting looking at what is happening now and what is proposed. For example, under the figures now, a family of say £50,000 a year gets around £14,000 and this, under the new scheme, goes to just over £15,000. That is an 8 per cent gain. But if you look at a family on say £125,000, they are on £3,700 roughly at the moment. Under the new system, they will get £7,400. That represents a 96 per cent gain. This is why we are questioning you on your philosophy,

because if it is about social mobility, it would seem that this scheme is not looking to address that, because it is certainly giving a greater gain to higher up the income brackets.

The Minister for Treasury and Resources:

We looked at the numbers, not just from a financial point of view, but also in terms of student numbers, those accessing higher education, and that is why the scheme was put together in the way it is proposed.

The Deputy of St. John:

Is there any evidence that financial considerations are preventing young people from high income families from attending university?

The Minister for Treasury and Resources:

We know specifically the numbers around who is accessing higher education, but not broken down in various household income bands and what have you, as far as I am aware. Christine, I do not know if you are able to give any more details from an Education point of view on the breakdowns.

Chief Operating Officer, Education:

No. All we know is the numbers from here of the people who are going from Jersey to it. We do not keep numbers of people who cannot go, because we do not hold those figures.

Deputy J.M. Maçon:

It is a known unknown.

Chief Operating Officer, Education:

Yes.

Chief Education Officer:

I think what we do know is that as it has become more expensive to go, our numbers have fallen quite significantly over the last few years.

Deputy S.Y. Mézec:

Okay, on to the next one. Minister, could you confirm how this policy is to be funded up to the end of this M.T.F.P. (Medium Term Financial Plan)?

The Minister for Treasury and Resources:

Yes. It is going to be funded from underspends principally from the Education Department, which in 2017 the budget was £9.9 million, which was underspent by £2.9 million. Some of that money is

being reallocated for capital projects around Les Quennevais, but the balance is going to be used towards funding this particular project.

Deputy S.Y. Mézec:

Is that the entirety of funding to the end of this M.T.F.P.?

The Minister for Treasury and Resources:

2018 and 2019 will be dealt with from the underspends.

Deputy S.Y. Mézec:

Okay. How is it to be funded post this M.T.F.P.?

The Minister for Treasury and Resources:

As we have discussed on a few occasions in the past, that is a matter for both the next Council of Ministers and in particular the States Assembly to approve the M.T.F.P. for the 2020 to 2023 period. As I have said previously, health and education have been priorities in the past. I expect that to be the case in the future. The shortfall that will need to be found, on current estimates, is £2.5 million additional from 2020 onwards, but beyond the taking away of the tax allowance and suchlike.

Deputy S.Y. Mézec:

So the answer to the question is that you do not know?

The Minister for Treasury and Resources:

The answer is that I do not have an agreed funding policy for 2020 for this or any other public expenditure because it is not approved yet in the M.T.F.P., which the States need to approve, ultimately.

[15:00]

Deputy S.Y. Mézec:

So why bring a policy to the States when you cannot guarantee that it can be funded?

The Minister for Treasury and Resources:

That applies to any other public service.

Deputy S.Y. Mézec:

But then why did you not instead bring an interim solution based on funding for the next few years, which you say you can afford from underspends, and then say to the next Assembly: "You can

decide what is to happen in the next M.T.F.P.” and that can be down to what the next Assembly believes its strategic priorities are? You have just said that you anticipate that education and health may be priorities for the next Assembly. That is prejudging what the outcome of the election is going to be, what the new States Members are going to believe. Would the more responsible thing to have done not been to put forward an interim solution based on what you know you can find, rather than committing to a spend that will last longer, that will overlap between those starting their degrees and to the next M.T.F.P. beginning, when you do not know where the funding is going to come from?

The Minister for Treasury and Resources:

It is much the same, quite frankly, because if somebody is trying to make a decision about sending their children - or the children themselves - and about taking up higher education, they are going to want some form of certainty. But the fact of the matter is whether it is now looking forward or in the past, particularly through the annual budgetary process, there was no guarantee of funding into a following year, let alone years ahead. We have more certainty with the M.T.F.P. than ever was the case in the past. I think the position taken is perfectly fair, on the basis that it is identifying what the funding in the short term is going to be, and it is making it clear what funding is required in the longer term. Modelling has been done quite a considerable way ahead up to ... what was it?

Acting Assistant Education Minister:

2028.

The Minister for Treasury and Resources:

Yes, so modelling has been done all the way through to there and it has been put into the public domain. It is absolutely clear what the challenges are. I think this is absolutely the appropriate way to deal with this matter.

Deputy S.Y. Mézec:

But you cannot guarantee that it can be funded into the M.T.F.P.? You can do your modelling up to 2028, but you cannot say from the end of this M.T.F.P. we can guarantee the funding for it?

The Minister for Treasury and Resources:

No, but I cannot sit here and guarantee the funding for anything from 2020 or beyond, because the States are yet to approve it. It is the system we operate under.

Deputy S.Y. Mézec:

Indeed. So are you prepared then to admit that the policy you are proposing may well be used by the next Assembly to either justify tax rises to pay for it or they will have to find savings in other areas which may or may not be palatable to voters?

The Minister for Treasury and Resources:

No, I am not going to say that at all. Again, you cannot look at this in isolation. You would have to look, as indeed the next Council of Ministers will and the next States Assembly, when considering the proposals in the M.T.F.P. 2020 to 2023, they will consider all the factors and all the priorities and put that into the context of the available income and the trading costs from an expenditure point of view and they will either approve it or they will not.

Deputy S.Y. Mézec:

Are you saying then that the next Assembly will consider all of these issues and may well come to the conclusion that there will have to be cuts to other areas of the education service to fund this? Are you saying that is a possibility?

The Minister for Treasury and Resources:

No, that is what you have just said. I was not saying that.

Deputy S.Y. Mézec:

But do you agree with that then?

The Minister for Treasury and Resources:

No, I do not.

Deputy S.Y. Mézec:

Okay, so you cannot guarantee what the next Assembly can or cannot spend and you do not agree with me suggesting that it is possible that one of the options may be to find savings in other areas. That is contradictory, is it not?

The Minister for Treasury and Resources:

I will again repeat something that I have said in the public domain before. That is that savings - or efficiencies, more to the point - in the public service ...

Deputy S.Y. Mézec:

Or cuts.

The Minister for Treasury and Resources:

You can call them cuts. There could well be cuts if a service is deemed not to be core any longer, that is absolutely appropriate, but efficiencies will continue to be at the very heart of the public finances. I think it is very important that departments will continue to look at efficiencies in the future.

As the F.P.P. (Fiscal Policy Panel) have said, it needs to be embedded into the culture, that driving efficiencies is going to be an important factor. That will continue onwards, in my view.

Deputy S.Y. Mézec:

As the sitting Minister for Treasury, you have said that you anticipate that education will continue to be a priority and therefore funding will be found. As the person who is currently responsible for Jersey's budget, where do you anticipate that the next Minister for Treasury will look to find that £2.5 million?

The Minister for Treasury and Resources:

As I said to you a moment ago, I do not believe we can look in isolation just at education in that regard. I think you need to look across all public expenditure. What I have said to you is that I believe that the additional £2.5 million that we require from 2020 is achievable. I have also said, which I believe, that education, along with health, will remain a priority for the next Council of Ministers and I am sure the next States Assembly. I believe that the quantum of the increase that we are talking about is perfectly manageable.

Deputy S.Y. Mézec:

The initial policy that was proposed before consultation produced a deficit of £4 million a year and this new one now produces one of £2.5 million a year. Is that because the overall predicted spend is going to be less under this model, so in the overall scheme, this is a less generous one than the one that was proposed before?

The Minister for Treasury and Resources:

It is 2 things. One is yes, there is less public money being spent on the proposed scheme now. It is also a scheme, as I was saying to Deputy Vallois a moment ago, that is better targeted, so I think it is more effective in both respects, it is more targeted and it is spending less money. I think that is a good thing. It is a better scheme.

Deputy S.Y. Mézec:

Okay, so better targeted and spending less money, but since in the last hearing you said you were confident that even with the predicted £4 million that that money could be found somewhere, why have you not therefore used that £1.5 million that you are no longer using to make it even more generous for those at the very bottom of the income scale, many of whom may well still struggle to find the financing upfront under this scheme?

The Minister for Treasury and Resources:

I thought you, or certainly your colleagues, were suggesting that it is too generous in some areas, so I think we are ...

Deputy S.Y. Mézec:

We are not suggesting anything.

Deputy J.M. Maçon:

Scrutiny never suggests anything until our report is produced. You know that, Minister.

The Minister for Treasury and Resources:

We shall wait with bated breath for that occasion. I feel the balance is right now at £2.5 million. Why would you spend more money when you do not need to? I think it is striking the balance between giving a scheme that is too generous and not appropriate. What we wanted to do, the objective was quite clear. The objective is to get more of our young people in Jersey to have the opportunity to access higher education. I believe this is a substantially better scheme than the one currently in place. It meets that objective and if we can do it at an additional cost of £2.5 million instead of £4 million, I think that is a positive and I think that is something that should be welcome. I would also say that these figures, this £2.5 million that needs to be found from 2020, that is on the basis of 100 per cent take-up, so the modelling involves 100 per cent take-up of eligible students. I think we have been fairly robust in the way we have looked at the modelling as we go forward, so it does not necessarily mean it is automatically going to be £2.5 million, it is up to £2.5 million on the figures that have been analysed.

The Deputy of St. John:

Can I just ask, you said there was a £2.9 million underspend. Can you explain the reason for the underspend and how it has occurred?

The Minister for Treasury and Resources:

I think ultimately it was as a result of the scheme not being taken up, the existing higher education scheme. I do not know if Justin or Christine want to give the detail.

Chief Operating Officer, Education:

There is an element of 2 things, the delay of a year in the fees going up to £9,000, because it always has a delayed effect on us, because we have one term, a four-ninths and nine-ninths effect on us, so that gives us additional, plus there is less people going and doing a different mix of courses to which you anticipate, because it depends on whether there is more scientists or more humanities, the costs are different. So in any one year, it depends on the number of students and the mix of courses how much is it going to cost.

Deputy J.M. Maçon:

Just on this point, would it be fair to say then the underspends in this particular area are recycling budgets that were already allocated for higher education?

The Minister for Treasury and Resources:

Correct.

Chief Education Officer:

I would not want you to think the Education Department was underspending; we are not. This is the higher education budget which we keep separate. It is ring-fenced and it is for that purpose. We do not underspend the education budget.

The Deputy of St. John:

Can I just ask, in terms of how the education budget works alongside the States normal budget, is there potential issues around that side of things in terms of future underspends, so Ministers or the next Council of Ministers wanting to pinch money from underspends in the education budget going forward? There is a different budget cycle for education compared to other budgets, is there not?

The Minister for Treasury and Resources:

Deputy, Ministers do not pinch money. It is just a correction.

The Deputy of St. John:

I have to disagree with that, Minister.

The Minister for Treasury and Resources:

It was more your terminology, I think, than anything.

Chief Education Officer:

I think I said to you before, compared to other jurisdictions, our education budget is slightly different in that there are 2 elements that do not exist in other ... one is H.E. (higher education) and one is F.E. (further education). About 20 per cent of the overall education budget is on H.E. and F.E., which is unusual. We try to keep them separated out as best we can, so although there is no technical legal, if you like, formal ring-fence through the H.E. budget and our budget, we internally do ring-fence it, because we do not want to be spending into a H.E. budget, then find students want to go to university and the money is not there. We work very ... play with a straight bat, we think, with the Treasury and that money is there to fund H.E. It is underspending because the numbers are going down, but therefore if there is a call on it for H.E. then that is where it should be spent. As

the Minister said, it has been helpful now and again to have that underspend, for example around Les Quennevais, but we only do that after conversation with the Treasury.

The Minister for Treasury and Resources:

Chairman, I was just going to say one other point probably worth making in the context of this is what appears to be developing is some changes in the educational system with, in particular, the vocational side. We are seeing more people going directly from schooling to work. There was an interesting statistic that I picked up the other day in relation to - I think it was - 140 students in 2016 going directly into the finance industry, which is quite interesting. We are seeing an increasing trend. In part it is difficult to assess the declining numbers of those accessing H.E. being in part ... I would not want to say impacting, because I think it is a positive thing, in a sense, when students go directly into work in this way, but certainly an element of it perhaps is captured in that way.

Deputy S.Y. Mézec:

I was going to see if I could ask the Assistant Minister for Education and the Education Chief Officer, who has helpfully pointed out that the proposed funding for this is from the underspends in their H.E. budget and that they are not underspends from the rest of the education budget, so the question is at the end of this M.T.F.P. then, if you were asked to allocate further money to the H.E. budget from the rest of your budget, where would you be looking to find that?

Chief Education Officer:

I would have to go away and look at it. At the moment, the education budget we set aside for H.E. and F.E. is fully committed right up until the ... and we run with virtually no contingency. We take the view that the money we have is going to be spent on the students in front of us. We hold very little back. If we do, my finance colleague does not tell me about it in case I spend it. Basically what I am saying, we have got no contingency to fall back on. The underspends that we are currently making available are specifically from H.E. The rest of our budget is fully committed.

Deputy S.Y. Mézec:

So if you were asked to find savings so that the H.E. budget could be improved, you would struggle to do that?

Chief Education Officer:

We would, yes.

Deputy J.M. Maçon:

Can I just ask again, it is on this round of underspending, just to pick up on my colleague's point there, the first part of this question is in order to fund these proposals from the education department, is it solely based on the underspends from the H.E. budget?

Chief Education Officer:

Yes. We are only using the underspend from the H.E. budget, because we are not underspent anywhere else.

Deputy J.M. Maçon:

Okay, and therefore you will not need to take monies from other parts of the department in order to fund this proposal. Can I just ask then, because obviously we know, for example, we have got issues around underspends being used to fund the changes to nursery education. I appreciate the comment made earlier by the Director, which was education is not awash with underspends, but it does seem to be that there is a lot of gaps being plugged in the Education Department by the use of underspends.

Chief Education Officer:

No. If we have an issue with the N.E.F. (Nursery Education Fund), which we will have, because it is overspending, we will have to reduce funding in other areas. We are looking at that at the moment.

Deputy J.M. Maçon:

Okay, but what you are saying is that this proposal will not have an impact then on any of the other parts of the education budget?

Chief Education Officer:

No, it is separated out.

Deputy J.M. Maçon:

Okay, thank you. So looking at the scheme that is being proposed, it could be considered to be one of the most expensive considered by the Government. Why was this one preferred to 2 options that would have cost the taxpayer less and which would have resolved the problem of affordability of H.E.? Why was this option plumped for?

The Minister for Treasury and Resources:

Chairman, I was interested in your comment that other options would have cost less. I think in that category would have been the status quo, arguably, if we had stayed where we were. As you will be aware, I think 10 options were originally considered before that was whittled down to 4 by the ministerial sub-group. Those were considered by the Council of Ministers and the Council of

Ministers workshop. I think one of the favoured options in the initial stages - among some Ministers, at the very least, and I believe from some members of the public - was a student loan scheme, but I would not suggest that is going to be necessarily cheaper at all. A student loan scheme, if we had gone for that particular option, would have required around about £127 million to be underwritten from a public finances point of view, notwithstanding the impact on students with student debt.

[15:15]

Of course upon further investigation, we saw the experiences of the United Kingdom with regard to their student loan scheme and the level of debt. I think it was announced late last year when they securitised the debt that around about £800 million was having to be effectively written off, written down, more to the point. So there are a lot of downsides to the default rates and the costs, and of course from a public finances point of view as well in the Jersey context, we had to also be mindful of what the impact on areas like our credit rating might have been from having to underwrite a debt of that particular level. So there are all sorts of issues. The other one which I think was also relevant and worth mentioning is the fact to have gone for a student loan scheme, the ability to introduce such a scheme in time for this year, 2018, was going to be almost impossible, so it would have been delaying it for a further year, to 2019, which was deemed to be less preferential. There are also the administrative costs of a student loan scheme, which have been the initial years, estimated at around about £1 million a year to administer. So none of these are necessarily that straightforward, but it is certainly not a cheaper option. I think when analysing the costs and the simplicity, the grant scheme appeared to us to be most straightforward, most effective, most appropriate and the fairest.

Deputy J.M. Maçon:

What would you respond to those Islanders who would have said the benefit of a loan scheme is at least you would have some money coming back into the system, as opposed to an advance scheme where you are giving everything away? How would you respond to those individuals?

The Minister for Treasury and Resources:

At face value, I can fully understand that. I have to say, from my perspective, my favoured choice before I had any of the additional information relating to how student loan schemes operate was that a loan scheme was the way that we should have been focusing on going. Indeed, we spent some time looking at it in that respect. The reality is you get quite a lot of defaults and there is a big debate about the levels, whether it is going to be 10 per cent we are modelling, which many will say is quite a low percentage. Certainly the experience from the U.K. (United Kingdom) seemed to demonstrate that point. So at face value, if you consider just one student, one loan and having to repay that loan and you get all the money back, seems perfectly logical that that is the route one should take. But in reality, the facts are that there are default rates to consider, there are interest rates to consider.

There are all sorts of factors that do not necessarily make it cheaper. In fact, I think ultimately it will end up being quite problematic and costly.

Deputy J.M. Maçon:

Yes, it is interesting that you say that, because obviously we asked for all the documentation surrounding this. Certainly coming back from our adviser was the suggestion or feeling that all the issues around student loans really had not been that robustly considered. For example, why follow the British model? The Germans have a model of mutual insurance in order to cover things around default rates et cetera. How robust was the modelling when looking at loan schemes?

The Minister for Treasury and Resources:

I will pass to the man who is involved in legal matters. Simon, perhaps you could just give ...

Director of Treasury Operations and Investments:

I think it would be fair to say we always look to the U.K. because it is close. We also looked at Australia, Singapore, New Zealand, who all have different types of loan schemes and different types of repayment methods as well. Some are mortgage style; some are income contingent. One of the things we do need to be very mindful of is recovery of debt. A lot of these countries recover the debt from the tax system. Clearly a lot of our students do not initially return to Jersey, which makes debt recovery much more complicated, because it cannot be recovered through our own taxation system. You then get into the world of potentially parents guaranteeing debt, which is not something necessarily that we would want to explore. We did look at a number of loan schemes and we looked at the administration of a scheme on-Island. I think in totality, as the Minister has said, we just felt a grant system was a more simple way.

Chief Education Officer:

It might be worth adding, while we were doing all that work, we had in mind that students through this scheme will not be saddled with a significant debt which they would have to pay back. We thought that was a significant advantage to our young people.

The Deputy of St. John:

There are a couple of questions that come from that. In terms of the policy behind encouraging people when they go to university, to allow them and enable them to go to university, consideration of the maintenance grants side of things. There is an argument from some that we should not be paying maintenance grants, we should only be paying tuition fees. There have been a number of views about how we plug the gap. I think the question I want to ask is in terms of the maintenance side of things, would there not be potential for ensuring if loans are given out for maintenance there will be less of a take-up? Because potentially more people consider staying on-Island, so therefore

will not need the maintenance, therefore the modelling that is done on the loan system may not be as severe as you first think.

The Minister for Treasury and Resources:

I think that in part feeds into the comment I made earlier that we have tried to model this as robustly as we can on the assumption, first of all, of a 100 per cent take-up of eligible students. Part of that is that they go away and consequently students remain on-Island, where we are seeing an increase in provision. I think there are now 20 degree courses on-Island. It has been growing. We have seen the university campus, in particular last year, it was something like 105 students on university campus, plus the provision that goes on with the Jersey International Business School and so on. For those students that choose to stay here there is a greater offering, which is a positive thing. Yes, we may well see that more students decide that improvement in provisions locally mean that they do not go away - there are lots of different reasons - in which case, yes, they would be more cost effective, from a pure funding perspective.

The Deputy of St. John:

Just one last question. On the basis of the students that do go away, the report that was done by the Education Department 2 years ago suggested that approximately 50 per cent come back to the Island. What would the write-off of debt look like if there was a loan scheme for 50 per cent of those students?

Director of Treasury Operations and Investments:

The loan scheme we modelled suggested that the States total debt would be £127 million, so 50 per cent of that, £64 million.

The Deputy of St. John:

Okay, thank you.

Deputy J.M. Maçon:

Can I just ask, because it has been put to us, borrowing for a hospital where there is not a revenue stream, that debt is seen as one case. We know that when we looked at housing of course that was a different approach, because there was a rental issue coming back. Looking at the issue around student loans - I know we have kind of touched on it - is there not an appreciation that student is a different type of debt compared to hospital debt?

The Minister for Treasury and Resources:

Yes, it is, because you have revenue stream. You have to consider, I suppose, as part of that the covenant that represents. By that I am talking about the default rates that you might get and so on

and so forth. How likely are you to be repaid? Clearly they are very different. Hospital funding is a very different debate to this one and indeed housing, where there is an income stream.

Deputy S.Y. Mézec:

On the idea of a loan existing to supplement a grant system, with the end of the NatWest loan, do you think that there will be some young people who would be at a disadvantage in not being able to access a particular amount of money upfront at the beginning of a year, where their initial spend in setting themselves up somewhere else is going to be quite high and their day-to-day spend goes down once they are settled in? Do you think lacking at least some ability to have a loan for that purpose is going to cause hardship for some people?

The Minister for Treasury and Resources:

I would certainly hope not. I would not expect that to be the case. In effect, this new system, this new proposal as a whole is more generous. In particular it deals with areas like ... it takes a few years to come into effect, but the tax allowances that are in place where a certain proportion of the community are taxpayers, they will be prior year taxpayers. Having the allowance is one thing, but the reality is the expenses today you are not going to benefit a year later or however the matrix works, so there are swings and roundabouts. I think this is a lot simpler and it does ensure that money is available now. It surpasses, in many respects, the particular need, I would suspect, of a loan scheme.

Acting Assistant Minister for Education:

As the Minister mentioned, it is a simpler scheme.

Deputy S.Y. Mézec:

That does not get to the point I am making though. When I was a student at university and I received a grant, my maintenance grant was paid once per term, split in 3, which was very helpful. But at the beginning of a year I had spends that I did not have for the next 2 terms. For example, a deposit on a place to rent, as I needed the money upfront to be able to do that, which I got from my loan. Are you going to take that situation into account in how the maintenance is distributed? It may well be a greater amount, which will be helpful, but if it continues to be equal instalments per term there will still be a hardship that is caused by having to pay for those flights or a delivery of your clothes, buying your books and your deposit on your place to live that year, that you need money upfront to be able to do. Without the NatWest loan, that is going to be difficult for some families to get around. Has that been taken into account in how you plan to distribute the maintenance or will that continue to be equal instalments per term, which will not address that?

The Minister for Treasury and Resources:

I am going to pass that one, because it is really a student finance issue. There are no particular changes, as far as I am aware, in terms of that. Can I ask Education to deal with that, please?

Chief Education Officer:

My understanding is that the point you make is a fair point. It was a long time ago now, but I remember thinking back in the 1970s, in my case, about a similar problem where you have to buy books and reading materials. We have not looked at that in the detail, in the sense that that is currently a problem in the existing system, so we have not made any changes in this system to take that into account. It is something we can look at. It is a fair point. Once at university, in your second year, one would hope that you have built up some financial management skills, so you have saved some money from the first year for the second year. I say that naively, I suspect. This scheme does not change that. It is currently an issue and it remains an issue.

Chief Operating Officer, Education:

I think the point Deputy Mézec is making is currently the NatWest loan would have taken it out as an issue, but the removal of the NatWest loan is nothing to do with us. There are other loans that are available with different interest rates. There are also overdraft facilities that banks would offer students as well. It is not the end of the world.

Chief Education Officer:

When we get into the nitty-gritty, Simon, of the payments we could have a look at it. We are not making any commitments today.

Director of Treasury Operations and Investments:

Yes. I do not want to labour it, but it is an interesting point, of course, if you use that loan for a deposit on your flat, you have got a shortfall ...

Deputy S.Y. Mézec:

Which I did and I know a lot of others do as well.

Director of Treasury Operations and Investments:

... in your tuition fees, which you have to fund from somewhere else. So I do not think the problem disappears, it is just the timing is changed ...

Chief Education Officer:

I think those of us in the room talking about this, our education experience was some time in the past. What I am saying is this scheme does not make that problem any worse, but it does not solve it either.

The Deputy of St. John:

I just want to go back to the tax situation you mentioned, Minister, about the income tax and the fact that the child allowance currently works on a previous year. If I am correct, the way that the grants will be determined will be determined on a prior year's parents' income. Will that still be the case?

The Minister for Treasury and Resources:

Yes. There are some taxpayers on the prior year and some on the current year.

The Deputy of St. John:

Approximately 70 per cent of workers are on prior year.

The Minister for Treasury and Resources:

Exactly.

The Deputy of St. John:

So there is potentially an issue there.

The Minister for Treasury and Resources:

It is an issue on 2 counts, I suppose. One is the reasons that Deputy Mézec was pointing to in part, although it is broader, but it is also an issue from a transitional point of view. That is why it needs to be managed in the way that I was describing earlier.

The Deputy of St. John:

Okay. I am trying to move away from the tax system side of things. I think I see the fundamentals of what you are trying to achieve, but in terms of continuing to determine student grants or whatever may be a loan in the future, is it right to do it on a parent's income, considering some of the constraints that can happen around a family's circumstances?

[15:30]

The Minister for Treasury and Resources:

Are you suggesting an alternative?

The Deputy of St. John:

I can do, if you want. You probably will not like it.

The Minister for Treasury and Resources:

It has traditionally been the way to try to manage this. No system is ideal. I would put this one in the same category. There are always ways in which systems can be improved in due course. Certainly this is one we have worked with.

The Deputy of St. John:

Can I just confirm in terms of assessing parents' income, if the parents are self-employed, is it based on their 2 years' prior income? Am I right in saying that?

Chief Operating Officer, Education:

No, it is the prior year.

The Deputy of St. John:

The prior year. Okay, I just wanted to check. In your analysis, how many students have you assumed will need to be supported in 2021?

Director of Treasury Operations and Investments:

We assumed 1,660 eligible students in 2021.

The Deputy of St. John:

Okay, so how did you come to that figure?

Chief Operating Officer, Education:

So there were a couple of different ways we looked at the student numbers. We took the current number of Jersey students taking A Levels, multiplied that by the average course load in the U.K. and that gave us one of the figures. We also looked at the data, the H.E.S.A. (Higher Education Statistics Agency) data, of undergraduates who are studying in the U.K. and multiplied those up. We also looked at the sort of current data that we have, and all 3 figures came to a sort of student population of around 1,600. We then increased it up from 2019 on to 2021 on the basis that our standards are increasing so there would be more election.

The Deputy of St. John:

Can I ask then in terms of assessing the number of pupils potentially accessing the grants going forward, and trying to think long term, I suppose, what account do you take of demographics? We know for a fact, for example, that we have had to increase forms in primary schools for students because there is a cohort coming through larger than what was there before. So how is that taken into account, if at all?

Chief Operating Officer, Education:

The demographics will hit us far later on in the scheme. If the primary school is now, we think it is going to hit the secondary schools in 2020, so it is going to be coming out at the end of that, probably near the end of our scheme. Well, not the end of the scheme, the end of our modelling.

Director of Treasury Operations and Investments:

We also spent quite a lot of time with the Jersey population projections and we took on the net migration numbers and a ratio of students that enter primary education and then do not do H.E., and we used all of that to model through to 2030, and we are still comfortable with net migration plus 1,000 on average until 2030.

The Deputy of St. John:

There will be a requirement for students to have lived here for 5 years before they can access the scheme.

The Minister for Treasury and Resources:

Just for clarity's sake, the plus 1,000 is based on the average of the last 3 years, just as a point. It is not a prediction for the future, by the way.

Deputy J.M. Maçon:

We just like to test that out and try to look at those figures a bit, because we know, for example, in 2006/07 the Education Department tell us that for the 3 years there was 1,375 Jersey students, H.E.S.A. said 2,075. When you look at 2015, Education Department give us around 950, H.E.S.A. give us 1,192. So you are looking at around a 50 per cent decrease with a population that is increasing. Now, of course we know in 2006 they brought in the first tranche to top up fees of £3,000, so you would expect to see a decrease. But the issue is if we are now looking at a better system, when we had either 1,300 or 2,000 students going into 2006, and now that we have a much better system now, why would you not see a reversal in those type of figures? So why would it not go back up to 2002 levels of looking at possibly 2,000 students?

The Minister for Treasury and Resources:

First and foremost, migration figures, or the migration impact is deemed to be no more than about 2 per cent in terms of overall impact. We have looked also closely, as Simon was mentioning, at the births, deaths and suchlike, and we can see from the statistics that birth rates are declining in future years where we would see a greater impact. So all these factors have been put into the model and hence the figures we have come out with, which we are reasonably comfortable with.

Chief Education Officer:

I have to say, some of the figures from H.E.S.A. include post-graduate ...

Deputy J.M. Maçon:

The ones that we have, have had post-grads taken out.

Chief Education Officer:

So the figures we have worked out, how many young people we have in the system, we have taken into account our G.C.S.E. (General Certificate of Secondary Education) results are improving year on year and therefore we have more young people taking A Levels. We have assumed all of those who take A Levels will (a) pass and then (b) go on to university. So we think the figures we have are really on the optimistic side in some ways, but in terms of funding on the pessimistic side, so I think the modelling we have done has been pretty conservative, because not all students unfortunately will get the qualifications they need to go and then not all will go. So the £2.5 million, for example, that has been mentioned earlier is worst-case scenario in terms of finances.

Chief Operating Officer, Education:

There is also the trend of a lot more businesses wanting to take students straight from school, so you have the whole of accountancy firms have lowered their requirement for A Level students to degree-level students now. A lot of the Jersey Finance have got their own education system where they are taking more students from school rather than university, so we are in a different world to where we were before as well.

Deputy J.M. Maçon:

Then can I also ask, since 2006 we have seen a declining set of numbers, we know that the grants have not been upgraded, that was a challenge for many people. Given that we are now proposing a much more generous system, would there not be a backlog of potential students who would then think: "Now I have finally got this opportunity, which I did not have 5 years ago"? Has any thought been given to factor in what that type of number could possibly be?

Chief Education Officer:

We did factor it in, we did think about that. We thought there would be an increase in the early years and then it would taper off, so we have looked at that, yes. Difficult to judge how many.

Deputy J.M. Maçon:

Exactly, because a lot of this system, the proposals come down to kind of the amount of students you want to factor in, whether we can deem whether it is affordable or not affordable, so it is challenging to really understand how it stands.

Chief Education Officer:

When we were doing the modelling, we continually looked at worst-case scenario every time to make sure that we would not have to come back and put the figures up.

The Minister for Treasury and Resources:

So in 2018 and 2019 there was an additional 50 for each of those years, taking into consideration there may well be what you described as a backlog.

Chief Education Officer:

In a way we hope there will be. That will be good news.

The Deputy of St. John:

On the proposition, where it refers to the eligibility criteria, it suggests that: “have appropriate qualifications, A Levels or equivalent.” Can you explain the “equivalent”?

Chief Education Officer:

Yes. I think what we are going to have to do is produce a table and it needs to be a Jersey table, not a U.K. table, so that, for example, at the moment, if you take our 16 to 18 year-olds, the numbers who are currently studying Level 3 qualifications, which are A Level equivalent, technical or vocational, it is relatively low compared to the U.K. One of our targets is to significantly increase that, so it is an issue. It is partly because although we have many strengths, one of our areas for development is vocational technical pathway at key stage 4. So our students are not coming through that technical route and so when that does come through, so B Techs for example, the classic example where they are really equivalent to an A Level course, there are some universities that will insist on certain qualifications and others that are more flexible. But we will have to produce a table so everybody will understand the equivalence.

The Deputy of St. John:

There have been a few concerns raised with us that it is great that there is going to be an improvement in the funding system in the way that it is going to work, but the real fundamentals of how it is going to work and currently the way that it works is still going to be applied in terms of the policy side of things, the criteria and what it means, or whether there are going to be changes and what those changes are, so that parents and students know well in advance of their children going in September if this is passed.

Chief Education Officer:

We have produced a draft guide for parents and students - it is version 5 or 6, I think, it is work in process - and it is academic qualifications and requirements and at the moment it simply says they will have to have 2 A Level passes or the equivalent in Level 3, such as a B Tech. Then it goes on

to national diplomas. We will have a checklist there and we will do that quite quickly. To be frank, from an Education Department point of view, we want to make this as accessible as possible; we want as many young people to do this as we can. What we do not want to do is encourage people to go off to H.E. knowing that they do not have skills and qualification to thrive there.

The Deputy of St. John:

What about people who, for example, may want to change tack in their roles, they want to move into a completely different industry and require a degree, they have never had a degree before, they meet all the criteria on here, would that be considered as an appropriate ...

Chief Education Officer:

Yes, but we are not looking at a standard route through school and on to university. There are a number of routes to get to university and this will apply to all people, not just school leavers.

Deputy J.M. Maçon:

Yes, it is looking at that particular question and the way that it is framed in the proposition, which is have appropriate qualifications, A Levels or equivalent, but the issue is when we think about mature students, for example, some universities will accept life experience or professional qualifications as an alternative, so why was it not worded as, for example, reaching the university or establishment's requirements?

Chief Education Officer:

Yes, we can look at the wording. We will get this into the guidance. As I say, our intention was to make this as accessible as possible to everybody. We would not want a restriction that universities themselves would not place.

Deputy J.M. Maçon:

That is the point, it would be confusing for a university to say: "Yes, we would be quite happy to have you", having an institution, which Jersey recognises as one, but because it does not fit the criteria in this proposition then not to get the funding.

Chief Education Officer:

We will make this as explicit as we can, but it is work in progress.

The Deputy of St. John:

Just one further question I know that was raised with us, in terms of a family who have 2 students going to university at the same time, will they be assessed separately on the same parents' income or will they be combined, so how will it work under this system?

Acting Assistant Minister for Education:

Each student will be applying in their own right. So if you have 2 or 3 ...

The Deputy of St. John:

Then the parents' income will be assessed, that parents' income for that student, even though they are under the same household?

Director of Treasury Operations and Investments:

So the income will be for the household, so I will give you a numerical example, it is probably easiest. If the household income is below £50,000, both students will have the maximum grant.

Acting Assistant Minister for Education:

A very important question.

Deputy J.M. Maçon:

Just as we are talking about the proposition itself, it has been raised with us that it says that the scheme will be reviewed every 5 years when considering how to uplift the scheme. Can I ask why it was not phrased: "Before every M.T.F.P." because of course those timescales will be different?

The Minister for Treasury and Resources:

That was the timeframe that was chosen, but that is a fair point. We were looking for an interval period and I suppose to align it with an M.T.F.P. does make reasonable sense, so I think we could look at that, to be fair.

Director of Treasury Operations and Investments:

That aligns it with the end of the next M.T.F.P.

Chief Education Officer:

What we want to do is, in the review, we would not want it to impact on students who are already there, so they need to go and know they are going to get through their course. We looked at 5 years and 3 years, but I am not sure we looked at 4 years, yes, but it would make sense, would it not?

Chief Operating Officer, Education:

I think we said at least every 5 years and the first one will be to the end of the next M.T.F.P. and then when the M.T.F.P. is 4 years we can work it in with that.

The Minister for Treasury and Resources:

Just to be clear, this is reviewing in particular bands, household incomes and so on and so forth. Just to also clarify that we have included in the modelling from 2020, as far as the Education budget is concerned for this area, a 3 per cent increase and that is taking into consideration the current forecasts, which are in place for the inflationary impact on the forward years.

[15:45]

Deputy J.M. Maçon:

I think certainly from where I have been, an appreciative fiscal drag, it has been worked into these figures. It is certainly beneficial. So we have covered that point. Sam?

Deputy S.Y. Mézec:

What work have you done looking at the relative enrolment rates in other countries and what factors affect that and compare it to Jersey?

Chief Education Officer:

We looked at that at the same time we were modelling in terms of while we were looking at the loan schemes to see if there was a link between enrolment rates and schemes. There was not a particularly strong pattern between the 2. So that is the point we looked at the enrolment rates.

Deputy S.Y. Mézec:

So in terms of the non-financial considerations that young people in Jersey have to make about what their educational future is to be, what consideration have you given to changes that may or may not be on the horizon in Jersey in terms of on-Island opportunities, people who choose not to do a degree or to do vocational training or what have you, how is that factored in to the thinking here?

Chief Education Officer:

One of my concerns around this is that conversation, if you are not careful about H.E., relies solely on young people going to a university in England, but there is an awful lot of work alongside this. For example, 2 or 3 of us are going to later - I think it is the week after next - sign an agreement with Caen (University) in terms of making courses available much more easily in France. We have literally one or 2 students taking up places in Dutch universities, all of whose courses are taught in English and I think cost over €6,000. We are working very hard with Highlands to develop the on-Island campus. So this is one strategy really of increasing the number of courses on-Island, encouraging young people to think of European or wider universities. At the moment the great majority of our students go to England, and I suspect that will always remain the case, but we are trying to widen the choice. This debate about this funding, while terribly important, is only one element of that piece of work.

Deputy S.Y. Mézec:

Has any consideration been given to the prospect of a more accessible financing option for university, meaning that some of the other options like on-Island training, vocational or whatever, do not get the numbers going to that that they otherwise would and that it might make university a default option for people who would be good at other things instead?

Chief Education Officer:

Sorry, I do not quite understand that.

Deputy S.Y. Mézec:

Sorry if I have not phrased that well. Is there a chance that with improving financing for degrees at university, that may have unintended consequences in terms of the numbers of students who would go for other educational options instead, like vocational training or what have you, and has there been any work done on what you anticipate the effects may well be on those other elements of training?

Chief Education Officer:

No. I say 2 things: firstly, what this does I think is widen the choices, so there are young people ... I think it is probably the other way around. I think there are young people at the moment who would like to go to university, but choose other options because they cannot afford to. I think in terms of taking an H.E. strategy forward for Jersey over the next 2 to 3 years, one of the things we need to do is expand that part of H.E., so higher-level apprenticeships, for example, more foundation degrees, more links with industry, and that is all built into our skills strategy, which, as you know, we launched some months ago. So I do not think so. I think what this does is address the balance the other way around. I think there are students who would like to go to university, but cannot.

Deputy J.M. Maçon:

Just looking at the scheme ... before I do that, just to confirm, on the proposition, looking at the eligibility criteria, presumably it is the same threshold in that when you reach the age of 25 you will be judged on your own income and not your family's, same as it is now?

Chief Operating Officer, Education:

Yes.

Deputy J.M. Maçon:

Thank you for confirming that. Now, looking at the scheme overall, we know when we approach the end of this M.T.F.P. there is a question around the funding, whatever the new Assembly decide, and

that is looking to be around £2.5 million, which the States will have to find. But that is based on this figure of 1,650 students. If, for example, we do incredibly well with our A Levels and the teaching of our Islanders gets even better and those figures do rise say to 2,000, how will the Treasury and the Education Department respond to that?

The Minister for Treasury and Resources:

First and foremost, I think the modelling has been done based on the figures that we have currently and the historic data, which looks at the number of students that are taking up H.E. I think it is fairly robust anyway. It has quite a reasonable amount of slack in the system to ensure that the budget can accommodate some variations. Other trends taken into consideration also suggest that the likelihood of the number that you have just referred to is probably less likely, but then again, if numbers did grow and it was beneficial then it would be a requirement to try to find any additional money that might be needed. We do not anticipate that being the case though.

Chief Education Officer:

I suppose that reinforces the point to have the reviews built into the M.T.F.P. cycles, it reinforces that.

Deputy J.M. Maçon:

Tracey, you might be able to form this question better, whether this funding covers those courses that might be 4 years that include a post-graduate element within that course.

The Deputy of St. John:

A teaching qualification, so you have done an undergraduate and there is a P.G.C.E. (Postgraduate Certificate in Education) or an extra qualification that is added on to the end of it that requires you to go into a certain profession, is this included?

Chief Operating Officer, Education:

Yes, currently those people who require it for their work, so the P.G.C.E.s and the L.P.C.s (Legal Practice Course), they will be treated like as they come under this scheme.

Deputy J.M. Maçon:

Any other questions, panel? No, okay. We are just checking through our notes; it is an important subject for us, of course.

The Minister for Treasury and Resources:

And for us.

Deputy J.M. Maçon:

Indeed, indeed.

Acting Assistant Minister for Education:

Hot off the press, leave some there, and the draft copy of the guide for parents and students.

Deputy J.M. Maçon:

Just for record, that is the Assistant Minister for Education offering various documents explaining the Skills Jersey and H.E. funding proposals, which I am sure we can put up on the Scrutiny website at a later date. In that case I would like to bring this hearing to an end, but before I do, again, as always, just to give you an opportunity to respond, perhaps you feel we have misunderstood something or got the wrong end of the stick somewhere, something you would like to flesh out a bit more, just to extend that opportunity to you now.

The Minister for Treasury and Resources:

Chairman, I am sure when we read your no doubt excellent report, it will demonstrate that you fully understood all the points that we made and so we look forward to receiving that. What I would like to ask though is the anticipated timescale of the publication of your report and indeed any other hearings or suchlike you are planning to do, not necessarily with us, but just generally, just for a clearer understanding of your process between now and publication.

Deputy J.M. Maçon:

Sure. What I can say is that as far as we are concerned, our evidence-gathering period has now come to an end so that will conclude hearings et cetera. Of course if there are any last-minute things which people want to fire into us, of course they are more than welcome to do so. I believe we are looking ...

Scrutiny Officer:

It would be the week before the Easter weekend.

Deputy J.M. Maçon:

So we will be delving into the realms of report writing imminently, so it should be well in advance of the debate, if that can give you any comfort. In which case then I would like to bring this hearing of the Education and Home Affairs Scrutiny Panel to a close and thank witnesses for giving their evidence, and in line with our protocols, ask the public and media to clear the room. Thank you.

[15:54]