

# STATES OF JERSEY

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## HIGHER EDUCATION 'TOP-UP' FEES: PAYMENT BY THE STATES

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Lodged au Greffe on 21st March 2006  
by Senator B.E. Shenton

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STATES GREFFE

## **PROPOSITION**

**THE STATES are asked to decide whether they are of opinion –**

to request the Minister for Education, Sport and Culture to take the necessary steps, in consultation with other Ministers as appropriate, to re-allocate existing resources to ensure that the additional costs associated with the introduction of ‘top-up’ fees by higher education establishments in the United Kingdom are met by the States in 2006 and do not become the liability of Jersey students or their parents until a workable and comprehensive higher education strategy has been developed and agreed by the States.

SENATOR B.E. SHENTON

## REPORT

The Education, Sport and Culture Department has an expenditure budget in excess of £100 million, which is a substantial amount of money. Despite this, the burden for university education is increasingly being put on the parents of students without assistance or enough warning to make realistic financial planning.

The way that the Jersey educational budget is spent needs to be examined as it appears to be concentrated on new buildings and non-core services rather than teaching and the funding of further education. There are no real policies regarding university education or nursery funding, just vague intentions. In respect of early years funding I am pleased to note that under 2.6.1 of the draft Strategic Plan, proposals will be taken to the States for an Early Years Strategy – an admission that no policy currently exists. Let's hope that this can be funded primarily by the user rather than the taxpayer (where appropriate) and that private nurseries have a full and equal role to play in its implementation. Furthermore, after recent pressure the Department has conceded that more consultation with the private sector is required and this is being addressed.

In respect of University Funding the Department has failed both the students and the parents of the students. The prospect of top-up fees has loomed on the horizon for a long time, yet only half-hearted action appears to have been taken. Ministerial trips to Australia seem to take higher importance. There is no Student Loans Scheme in place, and students starting this September have been given very little time to raise the extra finance.

Furthermore, the initial proposals put forward by the Minister for Education, Sport and Culture are inflexible, unimaginative and flawed. Throughout my election campaign I stated that there is a big difference between managing the economy and balancing the books. The Minister for Treasury and Resources is an accountant by profession and more familiar with the latter. It is pleasing to note that a stabilization fund is being set up so that the economy can be managed going forward. However, in addition to the setting up of this fund, the Minister must also look at all forms of influences on the economy, including the payment of university fees.

As it stands, the Minister for Education, Sport and Culture can implement a policy that could be highly detrimental to the long-term prosperity of the Island. We need a much more joined-up approach and we must look after the middle-income earners rather than tax them into submission. The middle-income earners are vitally important as their ambition and entrepreneurial activities provide jobs, growth and income. Their salaries may appear high, but costly labour prices, high mortgages, and increasing taxation often leaves disposal income at modest levels. With "20 means 20" looking to squeeze them dry it is difficult to see how they will find the £15,000 per annum that may be required to put their sons and daughters through university. I have trouble understanding the morality of a Government that taxes education, residential care and nursing in order to fatten its own public sector.

In order to prosper we need an educated workforce and there is a cost to this. However, as a Government we have a duty to ensure that the correct policies are in place before changes are implemented. My original idea was for the funding of the 2006 top-up fees to be taken from the 'rainy-day' fund as top-up fees are an unexpected storm and we do not yet have an 'umbrella' in place. The transfer of £600,000 represents less than two weeks' interest. However, withdrawals from the strategic reserve can only be requested at the time of the Annual Business Plan and must be sanctioned by the Minister for Treasury and Resources. We therefore have a fund that achieves low instant-access returns that cannot be accessed at short notice.

Going forward we need to ensure that –

- The Minister for Treasury and Resources has full involvement in the formulation of the educational grants policy. Educational fees paid by parents/students effectively takes money out of the local economy and its impact must be monitored.
- The Income Support Scheme should be examined to see whether it could be used as a 'one-stop shop'. Thus the administration of student grants can be taken away from the Education, Sport and Culture Department, leading to economies of scale, savings, and a reduction in the public sector workforce.

- A Student Loan System should be set up. This can be self-financing through the 'spread' and operated via the Private Sector, the Community Bank, or on a 'back-to-back' basis against the strategic reserve. This would lead to no reduction in the Strategic Reserve. (I never understood why we used a commercial bank for the Opera House loan when we are sitting on a mountain of cash.)
- A university grants scheme that is fair and equitable. It must take into account disposable income rather than gross income. It must be clear and cost-effective to administer. It must allow for changing circumstances. The current funding of the private schools works very well and a similar process could be used.
- We must not move towards a system whereby it is easier for the children of lower income families to go to university than the children of middle-income earners.
- No-one should be prevented from a university education because of their financial circumstances.
- The Department must be strong in its negotiations with the U.K. and ensure that Jersey receives the best possible deal.

Whilst the Council of Ministers, and the Minister for Education, Sport and Culture in particular, are likely to refute some of the above points, I hope that they will act in a responsible manner and support the proposition. This will remove the top-up fee burden from parents/students until structured long-term policies are in place. It is a socially responsible course of action.

There are no additional financial or manpower implications for the States as the proposition asks the Minister to reallocate existing resources.