

# STATES OF JERSEY



## **MEDIUM TERM FINANCIAL PLAN 2016 – 2019 (P.72/2015): THIRTEENTH AMENDMENT**

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**Lodged au Greffe on 22nd September 2015  
by Deputy J.M. Maçon of St. Saviour**

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**STATES GREFFE**

MEDIUM TERM FINANCIAL PLAN 2016 – 2019 (P.72/2015):  
THIRTEENTH AMENDMENT

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**PAGE 2, PARAGRAPH (b) –**

After the words “Summary Table C” in sub-paragraph (i) insert the words –

“except that the net revenue expenditure of the Education, Sport and Culture Department shall be increased by £1,400,000 for 2016 to increase funding for the costs of higher education”;

and after the words “Summary Table D” in sub-paragraph (ii) insert the words –

“except that the allocation to Contingency for 2016 in relation to ‘Economic and Productivity Growth’ shall be reduced by £1,400,000 to offset the increase in the net revenue expenditure of the Education, Sport and Culture Department”.

DEPUTY J.M. MAÇON OF ST. SAVIOUR

## REPORT

Fiscal drag and additional over inflation costs have made university funding increasingly unaffordable, especially for lower-middle income families who are just over the thresholds to qualify for the support that they need. This amendment seeks to simply catch up to the 2001 levels of funding provided to families by the States. The Council of Ministers' Strategic Plan seeks to "invest" in education (see amendment from the Education and Home Affairs Scrutiny Panel ([P.72/2015 Amd.\(11\)](#)) to see why this is dubious).

We need to invest in our people, and innovation comes from education, which fits within the remit from the fund.

### **Additional information**

#### **Student finance threshold and maintenance allowance**

##### Background

Growth bids of £1.2 million and £750,000 for increasing the threshold and maintenance levels of student grants by inflation since their introduction in 2001 were submitted and declined in the MTFP 2013 – 2015. As a result, the levels of these have not kept pace with inflation, and therefore students are effectively in a worse position than they were in 2001. To increase the threshold in line with the average earnings index over the period from 2001 to June 2015 would cost £1.4 million (see below). To increase the maintenance in line with U.K. C.P.I. would cost c. £1.0 million. Therefore the total cost to put a student in a similar position in real terms to that of 2001 is £2.4 million.

##### Increase in threshold levels

From the Index of Average Earning report June 2015, the Average Earnings Index was 187.4 in 2001 and 289.7 in 2015. This is an increase of 54.6%. The exact additional cost to the States will depend on the mix and household income of the students and the figure below is based upon the cohort for 2014/5.

<b>2015 rates</b>	<b>£</b>	<b>Additional cost to States of Jersey</b>
2001 threshold	26,750	
uprating factor	<u>54.6%</u>	
	<b>£41,350</b>	<b>£1,400,000</b>

##### Increase in maintenance levels

The current level of £5,500 for 2015/16 no longer represents the actual cost, which is estimated to be in the region of £9,000.

If the 2001 level had been increased by either U.K. R.P.I., U.K. C.P.I. or set at current cost, the increased cost to the States is set out below.

<b>2015 rates</b>	<b>U.K. R.P.I. £</b>	<b>U.K. C.P.I. £</b>	<b>Cost £</b>
2001/2 maintenance grant	4,864	4,864	
uprating factor	47.2%	35.0%	
	<b>£7,160</b>	<b>£6,570</b>	<b>£9,000</b>
Additional cost to States of Jersey	<b>£1,450,000</b>	<b>£900,000</b>	<b>£3,000,000</b>

*Note:* the £4,864 rate used was the average 2001 maintenance figures excluding travel.

#### Other options

An alternative would be to link the threshold levels to the current tax allowances, which is what the threshold was originally based on. This would reduce both the allowance and the additional cost to the States as follows:

<b>2015 rates</b>	<b>£</b>	<b>Additional cost to States of Jersey</b>
Marginal Rate Threshold – Married couple under 63	22,800	
Wife’s Earned Income Allowance	4,500	
Child Allowance – Higher Education Rate	<u>9,000</u>	
35.7% increase	<b>£36,300</b>	<b>£970,000</b>

#### **Financial and manpower implications**

There are no additional financial or manpower implications arising from this amendment, as it transfers £1,400,000 for 2016 from Contingencies and allocates this funding to Education, Sport and Culture instead.