

**STATEMENT TO BE MADE BY THE MINISTER FOR EDUCATION, SPORT
AND CULTURE ON TUESDAY 6TH NOVEMBER 2012**

STATEMENT ON A MATTER OF OFFICIAL RESPONSIBILITY

The Bailiff:

We come next then to Statements on Matters of Official Responsibility and the Minister for Education, Sport and Culture will make a statement regarding changes to the way in which student grants are assessed.

5. Statement by the Minister for Education, Sport and Culture regarding changes to the way in which student grants are assessed

5.1 Deputy P.J.D. Ryan of St. John (The Minister for Education, Sport and Culture):

I would like to advise Members that I have decided to change the basis for the assessment of income when calculating means-tested grants for university students. As Members will be aware, the Education (Jersey) Law authorises me as Minister for Education, Sport and Culture to provide financial assistance towards the cost of tuition fees and maintenance for university students. For dependent students, young people under the age of 25, that is, the level of grant is determined by an assessment of parental income in the calendar year preceding the year in which the course commences. If a couple divorce it is often the case that only one partner's income is taken into account: the partner with care and control of the student. This is a source of significant concern in Jersey where 38 per cent of parents sending their children to university notified the department that they are single parents for the purposes of student finance. As a result, they tend to obtain higher levels of State support than married couples who have 2 incomes. Many people who responded to the 2006 review of student financial support, a Green Paper consultation in 2008, and also the recent consultation on education, expressed the view that the current arrangements were not equitable and worked against families who stayed together. Other jurisdictions, such as Guernsey and the Isle of Man, use a system based on household income to calculate the amount of student grant. Having considered the issues and the outcomes of the consultations, I have decided to introduce fairer arrangements similar to those now in place in Guernsey and the Isle of Man. For the purposes of determining the level of grant award in future, the following will be the case. Where the student principally resides with his or her parent or parents, the assessment will be based on the gross income of the parents. Where the student's parents have separated or divorced and the parent whose income will be assessed now lives with a new partner, the assessment will be based on the gross household income of both partners. In making this assessment, account will be taken of any maintenance received or paid out. In certain circumstances, and at the discretion of the Department for Education, Sport and Culture, the assessment may be based on the income of an absent parent's household. As a result of this decision I will be asking the law draftsman to amend the Education Discretionary Grants Order to permit this change to come into effect in September 2013, i.e. for the academic year beginning in September 2013. These new arrangements will only apply to students making a first application for a grant in September 2013 and the years thereafter. Those students who have already commenced their courses prior to September 2013 will continue to have their grants assessed under the current arrangements until the conclusion of their courses. It is anticipated that this change will lead to savings of approximately £60,000 in 2013 and that will increase to an annual saving of approximately £500,000 after 3 years. There will be additional costs for some

households that would come within the scope of the order, as the income of both the parent and his or her new partner will be taken into account in the assessment of the award.

The Bailiff:

Does any Member wish to ask a question? Yes, Deputy Vallois.

5.1.1 Deputy T.A. Vallois:

I was wondering if the Minister could explain why it will be based on gross income and not net income.

The Deputy of St. John:

I think all such grants are generally based on gross income as I am aware of it; I would need to carry out research. I do not have the specific answer but I am led to believe that this is the normal way to assess: is on gross income.

5.1.2 Deputy T.A. Vallois:

Could the Minister confirm whether he will set up an “unnatural” way and look at possibly doing it based on a net income rather than a gross income?

The Deputy of St. John:

I think if one is looking at net income, there may be a lot of things that are discretionary for parents in terms of what ends up being their net income rather than their gross income. I do not believe that it would be a normal or wise thing to do to look at net incomes.

5.1.3 Deputy M.R. Higgins:

Can the Minister explain the last paragraph on the first page: “In certain circumstances, at the discretion of the Department for Education, Sport and Culture, the assessment may be based on the income of an absent parent’s household”? Can he explain further, how do you enforce these payments when separated couples may have difficulty in getting maintenance payments from an absent spouse?

The Deputy of St. John:

My understanding that that would be at the request of the parents in all parents concerned, that an alternative would be to base an assessment on the income of an absent parent’s household. Obviously this would need to be at the discretion of the department because the department would not want to be out of pocket as a result of assessing that way.

5.1.4 Deputy M.R. Higgins:

I believe this system is used in the Isle of Man but it is not working there. Can you explain how it would work here?

The Deputy of St. John:

I do not have the information specifically about the Isle of Man that the Deputy is asking. However, my information is that it is working in both the Isle of Man and Guernsey in a reasonably successful manner.

5.1.5 Deputy T.M. Pitman:

It follows on about absent parents. I will give an example: suppose I want to make my close relationship with Deputy Martin even closer and I move in with her. **[Laughter]** I may want to

enjoy Deputy Martin but I might not want to support her children. How can that be fair making me pay for that when perhaps there is an absent partner? It makes no sense.

The Deputy of St. John:

I have made the decision that one needs to have fairness with regard to those parents that do stay together over those that do not and it is on that basis that the decision was made.

[12:00]

5.1.6 Deputy J.A. Martin:

Sorry, I have just had terrible visions [Laughter] but I will try and compose myself. I get the sentiment of the Deputy and I certainly would not want him putting my children through any university course. It comes back to this: we are following Guernsey and the Isle of Man. Are we not always so proud of how much better we do than Guernsey and the Isle of Man? The Minister would agree, would he not, that he is taking the very easy option? He has given them a year to start heading for the hills, because I am not going to be supporting anyone's kids who are not mine to go to university when their father or their mother is sitting up the road earning a very nice living, thank you. We have gone for the easy option because in law we cannot touch them. We need to change the law and we should make the parents pay, the parents of the children, not the co-habitee. This will not work. You will not make savings; these people will disappear.

The Deputy of St. John:

I believe it is true to say that - I am not sure whether it was Guernsey or the Isle of Man, I stand to be corrected - one of our sister Crown Dependencies attempted to do what the Deputy is suggesting and try to enforce absent parents. What they found was that it was so difficult in law to achieve that after 6 months they dropped it and went to household income in exactly the same way as we are proposing. There are a great number of practical difficulties in enforcing absent parents to make contributions to their child's further education. One of the most difficult areas is the question that there are often divorce settlements that specifically exclude that.

5.1.7 Deputy J.A. Martin:

If the Minister is going to go down this route, what enforcement agency will he be using to sit outside these people's houses? Is he going to tap into the Minister for Social Security's... because this is their problem. The biggest problem they have is co-habitation and not declaring that but this Minister thinks the people are going to say: "Oh, I earn X amount and you can take some of that because my partner wants to put their child through university." Will the Minister not agree that he really needs to look at this in the practical light of day? People will not do it.

The Deputy of St. John:

I have looked long and hard in the very glaring light of day and I can assure the Deputy that I have not taken this decision lightly without looking at all of the different angles and aspects to it. In the end I have made the decision that we need to address a basic inequity between married couples and not married couples. That is the decision I have made.

5.1.8 Senator A. Breckon:

The Minister said in the first sentence of his statement that he is talking about changing the basis for the assessment of income when calculating means-tested grants for university students. Could he say whether he has taken into consideration increasing the threshold levels by either the earnings index or the retail price index? Some correspondence I had the other day said this has not been done since the year 2000.

The Deputy of St. John:

I thank the Senator for that question and that is an extremely interesting point. What came out in the media by my colleague sitting over the other side of the Assembly, Deputy Maçon, was that in fact it was confirmed that the department had made growth bids into the current Medium-Term Financial Plan for increasing the thresholds for means testing and to revert them back to their true value from 2001. Unfortunately, it was not felt to be a top priority at this point in time for the Council of Ministers but that may change in the future, I hope.

5.1.9 Deputy M. Tadier:

Given that household gross income is not the same as disposable income, and given that even parents who can afford to send their children to university may not wish to, and also given the fact that with a wealthy separated parent, there is nothing to stop that parent giving money directly to the student and thereby getting round these provisions which is causing a lot, I think, of outcry from the public; does the Minister not agree that the only fair system of funding is one which is completely independent of parents' income and that arrangements should be made directly with students either for loans or for grants to take the unfairness out of the system?

The Deputy of St. John:

No, I do not. I think that will result in lots of students having a very, very high level of debt when they eventually leave university. So, no, I do not agree with the Deputy but what I do think is that we live in an imperfect world. Any system of means testing is, by nature, not perfect and, I am afraid, that is the world we live in. We try to do our best to be as equitable as we can but no system is perfect.

5.1.10 Deputy M. Tadier:

I think the guidelines for the department are that no student who is apt for going to university should be denied going to university for whatever reason. If parents do not wish to give money to their children, or they are unable even though they may be high earners but do not have the disposable income, is that not an absolute shocking state of affairs which the department should be looking to? Should they be considering a loan system which is available to everybody at a base rate which can be paid back over time linked to earnings so that nobody is left behind?

The Deputy of St. John:

No, I am afraid I do not agree with that.

5.1.11 The Deputy of St. Martin:

The statement reads: "... 38 per cent of parents sending their children to university notify the department that they are 'single parents' for the purposes of student finance." I am sure that does not mean they are single parents only for the purposes of student finance. Could the Minister confirm that all divorces are legally approved; they are all legal divorces where we have single parents applying for this?

The Deputy of St. John:

Not necessarily. You may find that a couple cease to co-habit and one partner might have absconded even from Jersey in certain circumstances.