

Review of the HE Grant Scheme:
Outcomes and Next Steps

September 2022



Executive Summary

Higher Education is an important contributor to economic prosperity. Governments support Higher Education for several reasons, including the potential enhancements to human capital such as economic and social returns, the potential to facilitate social mobility for students who would not have taken up higher education without subsidy.

In this context, Higher Education contributes towards the educational and broader economic and social outcomes that the Government wants to achieve for Jersey and its explicit commitment to encourage sustainable wellbeing.

The Education (Grants and Allowances) Order 2018 established a Higher Education Grant Scheme for students studying a first degree and a limited range of other higher education qualifications (P.33/2018). **The Scheme was brought forward with the aims of reversing the decline in the number of Jersey students opting for university study and making HE more affordable by reducing the financial pressure on families.**

An amendment to P.33/2018 required a Review of the Grant Scheme to be undertaken. **The purpose of the Review was to recommend replacing, modifying or making permanent the current grant-funded scheme adopted by the Government.**

The period covered in the Review was 2017 to 2020-21, the years since the Scheme started for which full-year data were available. Assessment of progress against the primary aim of the Scheme – to help reverse the decline in uptake of HE – was a fundamental requirement of the Review.

This Report sets out:

- The approach taken to the Review of the Higher Education Grant Scheme
- Issues identified during the Review which created challenges in terms of modelling Options for changes to the Scheme, and which are now being addressed through a series of improvement actions
- The key recommendations and actions approved by the Council of Ministers sitting in January 2022
- An overview of next steps with a high-level timetable

Executive Summary of Key Conclusions

The **main recommendation** in the Report is to sustain the Higher Education Grant Scheme in its current form, with an enhancement of 2.9% to the Maintenance component of the Grant as a form of contribution to rising cost of living. A **secondary recommendation** in the Review is to continue work on modelling Options for changes to the Scheme from April 2022. The justifications for these recommendations are set out in detail in the Report, and cover topics such as improvements to data collection and analysis; the ongoing need for policy coherence in relation to education, employment, skills and economic development; and the need to continue to monitor the effects of wider socioeconomic factors on Higher Education uptake.

Table of Contents

1.	Background, Context and Drivers	1
	1(a) Higher Education Grant Scheme: General Context	1
	1(b) Higher Education Grant Scheme: Jersey Context and Purpose of the Review	1
	1(c) Higher Education Grant Scheme: Budget Context and Drivers	1
	1(d) Higher Education Grant Scheme: Ministerial Principles	3
	1(e) Fees and Charges Policy: Key Principles and Implications for Higher Education Funding Model	3
	1(f) Higher Education Grant Scheme: Budget Context and Drivers	3
	1(g) HE Grant Scheme Uptake 2017-2020	4
2.	Outcomes from the Review and Options Explored	7
	2(a) Options Explored	8
	2(b) Additional Note on Option B: Implications of a Loan System	9
	2(c) Options Explored: Challenges with Modelling Options for Change During the Review Period	10
3.	Issues Identified and Actions to Address Them	11
	3(a) Four Key Issues Identified and Actions to Address Them	11
4.	Cost of Living Increase: Considerations and Cost Implications	16
5.	Recommendations and Next Steps	17
	5(a) Recommended Pathway for Future Development of the HE Grant Scheme	18

1. Background, Context and Drivers

1(a) Higher Education Grant Scheme: General Context

Higher Education is an important contributor to economic prosperity. It raises human capital by enhancing people's knowledge and skills, creating a high skilled workforce and benefits such as social participation.

Governments support Higher Education for several reasons, including the potential enhancements to human capital such as economic and social returns, the potential to facilitate social mobility for students who would not have taken up higher education without subsidy.

In this context, Higher Education contributes towards the educational and broader economic and social outcomes that the Government wants to achieve for Jersey and its explicit commitment to encourage sustainable wellbeing.

Higher Education funding is also contingent on and contributes to other policy areas such as the ambitions of the Post-16 strategy; migration policy; skills requirements under the long-term economic framework; and the policy response to the COVID-19 pandemic.

1(b) Higher Education Grant Scheme: Jersey Context and Purpose of the Review

The Education (Grants and Allowances) Order 2018 established a Higher Education Grant Scheme for students studying a first degree and a limited range of other higher education qualifications (P.33/2018).

The Scheme was brought forward with the aims of reversing the decline in the number of Jersey students opting for university study and making HE more affordable by reducing the financial pressure on families.

An amendment to P.33/2018 required a Review of the Grant Scheme to be undertaken. **The purpose of the Review was to recommend replacing, modifying or making permanent the current grant-funded scheme adopted by the Government.** Assessment of progress against the primary aim of the Scheme – to help reverse the decline in uptake of HE – was a fundamental requirement of the Review. The period covered in the Review was 2017 to 2020-21, the years since the Scheme started for which full-year data were available.

At the time the Review was carried out, a further steer was provided that any changes to the Grant Scheme would need to be approved by March 2022 for students commencing study in September 2023.

1(c) Higher Education Grant Scheme: Budget Context and Drivers

Another important part of the context for the review of the HE Grant Scheme related to financial and affordability constraints. The review was carried out in the context of the 2021-2024 Government Plan Annex, which identified a £3.6m efficiency saving from the Higher Education bottom line, effectively creating a £1.8 million reduction in funding for the HE Grant Scheme from FY23. This is shown in Table 1 below.

Table 1: 2021–24 Government Plan Annex lines relating to Higher Education

ALLOCATION

Description	2020 Forecast Full Year Spend	Variance 2020 Allocation Full Year Forecast	2020 Allocation	2021 Allocation	2022 Allocation	2023 Allocation	2024 Allocation	Total 2020 - 24 Allocation	Total 2021-24 only
Higher Education P.33/2018 Removal of HCA Expenditure	2,000	1,500	3,500	3,616	3,735	3,858	3,858	18,567	15,067
Higher Education	2,500		2,500	2,583	2,660	2,740	2,740	13,223	10,723
	4,500	1,500	6,000	6,199	6,395	6,598	6,598	31,790	25,790

REDUCTION

Description	2020 Reduction	2021 Reduction	2022 Reduction	2023 Reduction	2024 Reduction	Total Reduction (2020 - 24)	Total Reduction (2020 - 24 Only)
Higher Education P.33/2018 Removal of HCA Expenditure	0	0	0	1,055	1,055	2,110	2,110
Higher Education	0	0	0	740	740	1,480	1,480
	0	0	0	1,795	1,795	3,590	3,590

REVISED

Description	Revised 2020	Revised 2021	Revised 2022	Revised 2023	Revised 2024
Higher Education P.33/2018 Removal of HCA Expenditure	3,500	3,616	3,735	2,803	2,803
Higher Education	2,500	2,583	2,660	2,000	2,000
	6,000	6,199	6,395	4,803	4,803

Source: 2021-24 Government Plan Annex

1(d) Higher Education Grant Scheme: Ministerial Principles

Another set of drivers which helped to inform the approach taken in the Review were a set of Policy Principles agreed with Ministers as part of the Review process.

These Principles helped to shape thinking about priorities and important factors to consider when modelling or working through options in relation to the HE Grant Scheme.

The Policy Principles agreed were as follows:

Key Policy Principles for New Higher Education Funding Scheme:

- Promote equity and fairness in accessing the appropriate provision, broadening social mobility and participation in Higher Education (dovetails with commitment to increasing equality of opportunity and widening participation as articulated in the Post-16 Education strategy)
- Promote a balanced choice between academic and vocational pathways for level 4 qualifications and higher on-island and off-island. (Support parity of esteem between academic and vocational qualifications as per the Post-16 Strategy)
- Enable long-term sustainable public finances
- Enable greater independence for students
- Focus on skills gap areas, including life-long learning, encouraging students back to the island
- Ensure cohesion across government departments, by linking with the migration and population policy and Economic Development Framework

1(e) Fees and Charges Policy: Key Principles and Implications for Higher Education Funding Model

A further set of Policy drivers which informed the approach taken in the Review are those relating to the GoJ Fees and Charges Policy. Principles underpinning the Policy, such as the need to ensure those who benefit from a Government-funded service should contribute to the costs of provision; that subsidies and concessions are strategic and coherent with the Government's overall policy agenda; and the need to ensure that approaches to subsidies and concessions are kept under review, helped inform thinking about options in relation to the HE Grant Scheme.

1(f) Higher Education Grant Scheme: Budget Context and Drivers

Government of Jersey Funding contributions to HE Current provision

At the time the Review was carried out, the Scheme operated within a budget envelope of £16m. The Grant Scheme is administered by GoJ's Student Finance service. Subject to application and means testing under the Scheme's conditions, the service enables access to Grant funding for undergraduate, first-degree courses. Awards are made according to household income threshold steps as set out in Table 2 below.

The Scheme provides a contribution towards:

- **Tuition fees:** up to £9,250 per year where household income is below £110k tapering down by £925 per £10k step, up to families with an income £200k
- **Maintenance costs:** up to max £7,500 per year where household income is up to £50k tapering down by £1500 per £10k step up to families with an income of £90k
- **Distance learning course fees** means tested reimburse of up to £7,400 per year
- **Additional tuition fees:** the UK will now charge all island students UK fees for under/post graduate study at all fee capped universities

Table 2: Tuition Fee and Maintenance Grant Levels by Household Income

Household Income (total/gross)	Tuition fees	Maintenance	Total
£0 to £49,999.99	£9,250	£7,500	£16,750
£50,000 to £59,999.99	£9,250	£6,000	£15,250
£60,000 to £69,999.99	£9,250	£4,500	£13,750
£70,000 to £79,999.99	£9,250	£3,000	£12,250
£80,000 to £89,999.99	£9,250	£1,500	£10,750
£90,000 to £99,999.99	£9,250	£0	£9,250
£100,000 to £109,999.99	£9,250	£0	£9,250
£110,000 to £119,999.99	£8,325	£0	£8,325
£120,000 to £129,999.99	£7,400	£0	£7,400
£130,000 to £139,999.99	£6,475	£0	£6,475
£140,000 to £149,999.99	£5,550	£0	£5,550
£150,000 to £159,999.99	£4,625	£0	£4,625
£160,000 to £169,999.99	£3,700	£0	£3,700
£170,000 to £179,999.99	£2,775	£0	£2,775
£180,000 to £189,999.99	£1,850	£0	£1,850
£190,000 to £199,999.99	£925	£0	£925
£200,000 + or assets over £500,00	£0	£0	£0

1(g) HE Grant Scheme Uptake 2017-2020

Table 3 below shows uptake of the HE Grant Scheme between 2017-2020, split by Household Income Levels.

The Table shows there has been an average 17% increase in take-up of the HE Grant Scheme between 2017-2020.

This compares with a 1.9% increase between 2017 and 2020 in numbers of Secondary School pupils – which may indicate that enhanced average uptake of the HE Grant Scheme is not purely down to increases in numbers in the education system.

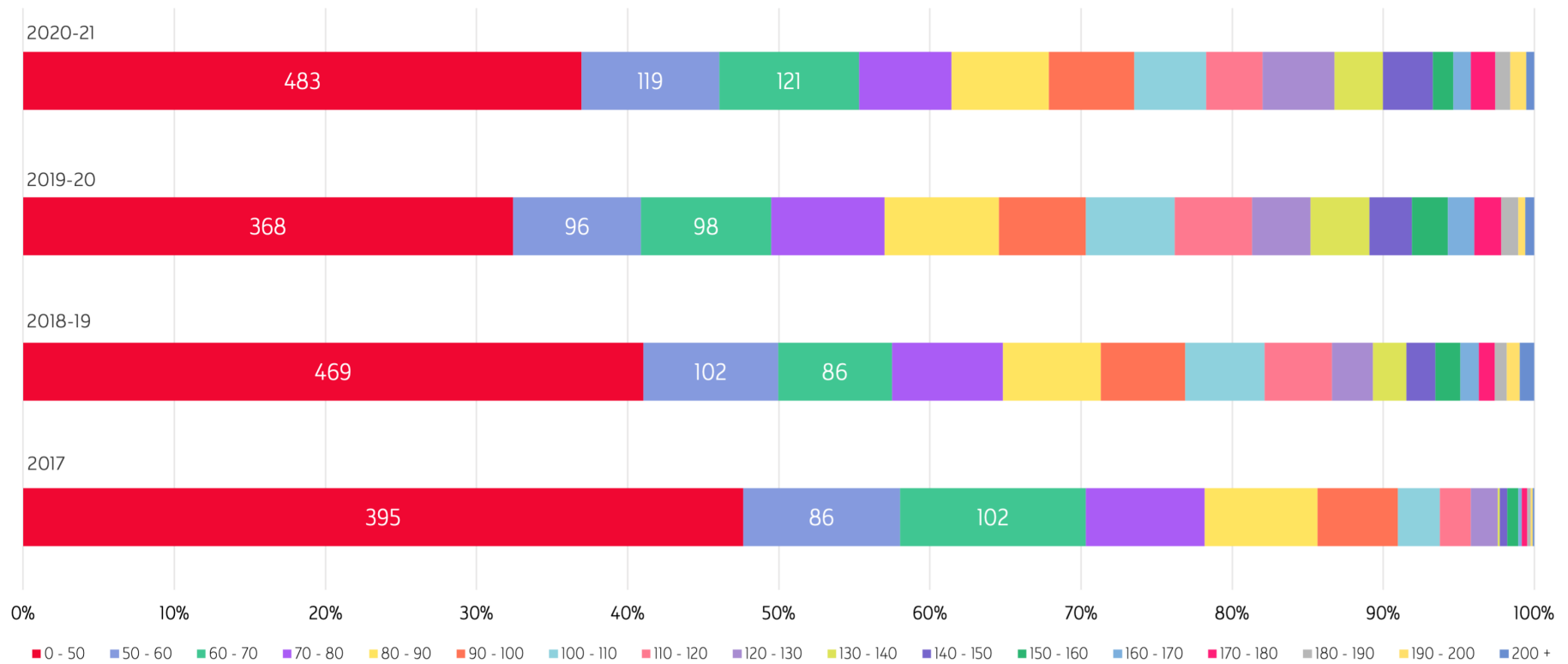
Despite fluctuations over the course of the 4 years in the scope of the review, for 2020 there was a 31% increase in numbers of students in the 0-50k household income bracket, and a 24% increase in numbers of students in the 50-60k household income bracket.

Table 3: Changes in Scheme Uptake by Household Income 2017 and 2020-21

Income Cohorts	2017	2018-2019		2019-2020		2020-2021		Average % Change per annum since 2017
0-50	395	469	19%	368	-21.5%	483	31%	9.5%
50-60	86	102	19%	96	-6%	119	24%	12.2%
60-70	102	86	-16%	98	14%	121	23%	7.2%
70-80	65	84	29%	85	1%	80	-6%	8.2%
80-90	62	74	19%	86	16%	84	-2%	11.1%
90-100	44	64	45%	65	2%	74	14%	20.3%
100-110	23	60	161%	67	12%	62	-7%	55%
110-120	17	51	200%	58	14%	49	-16%	66.1%
120-130	15	31	107%	44	42%	62	41%	63.2%
130-140	1	25	2400%	44	76%	42	-5%	823.8%
140-150	4	22	450%	32	45%	43	34%	176.6%
150-160	6	19	217%	27	42%	18	-33%	75.1%
160-170	2	14	600%	20	43%	15	-25%	206%
170-180	3	12	300%	20	67%	21	5%	123.9%
180-190	2	9	350%	13	44%	13	0%	131.5%
190-200	1	10	900%	5	-50%	14	180%	343.3%
200+	1	11	1000%	7	-36%	7	0%	321.2%
Total Count	829	1143		1135		1307		
Average % Change per annum			38%		-1%		15%	17%

The Distribution Chart below shows that absolute numbers of students in the Scheme have increased between 2017 and 2020 across household income cohorts, while the proportions of students in income categories have remained relatively stable. For example, it is consistently the case that over a third of students fall into the lowest (0-50k) household income bracket, and over 50% of students benefiting from the Scheme fall into the bottom 3 household income categories. **An important insight from the Distribution analysis was the significant increase (over 22%) in uptake from the lowest Household Income Group (from 395 in 2017 to 483 in 2020-21).**

Distribution Chart: HE uptake between 2017 and 2020-21 by Household Income threshold



2. Outcomes from the Review and Options Explored

Further to analysis of changes in take-up of the HE Grant Scheme during the Review period (from 2017 to 2020-21), the Review set out to explore Options for change.

Following steer from stakeholders and the requirements of the Proposition amendment that established the need for the Review, **four options** were outlined in relation to the future direction of the HE Grant Scheme. These were:

1. Option Zero: no change to current Scheme
2. Option Zero Plus: changes to the Scheme (e.g. in order to enable more support for households with lowest income levels) with no additional overall cost
3. Option A: some change (e.g. in order to enable more support for households with lowest income levels, enhancing Maintenance allowances) with additional costs
4. Option B: more radical changes, including shifting from provision of Grants to Loans

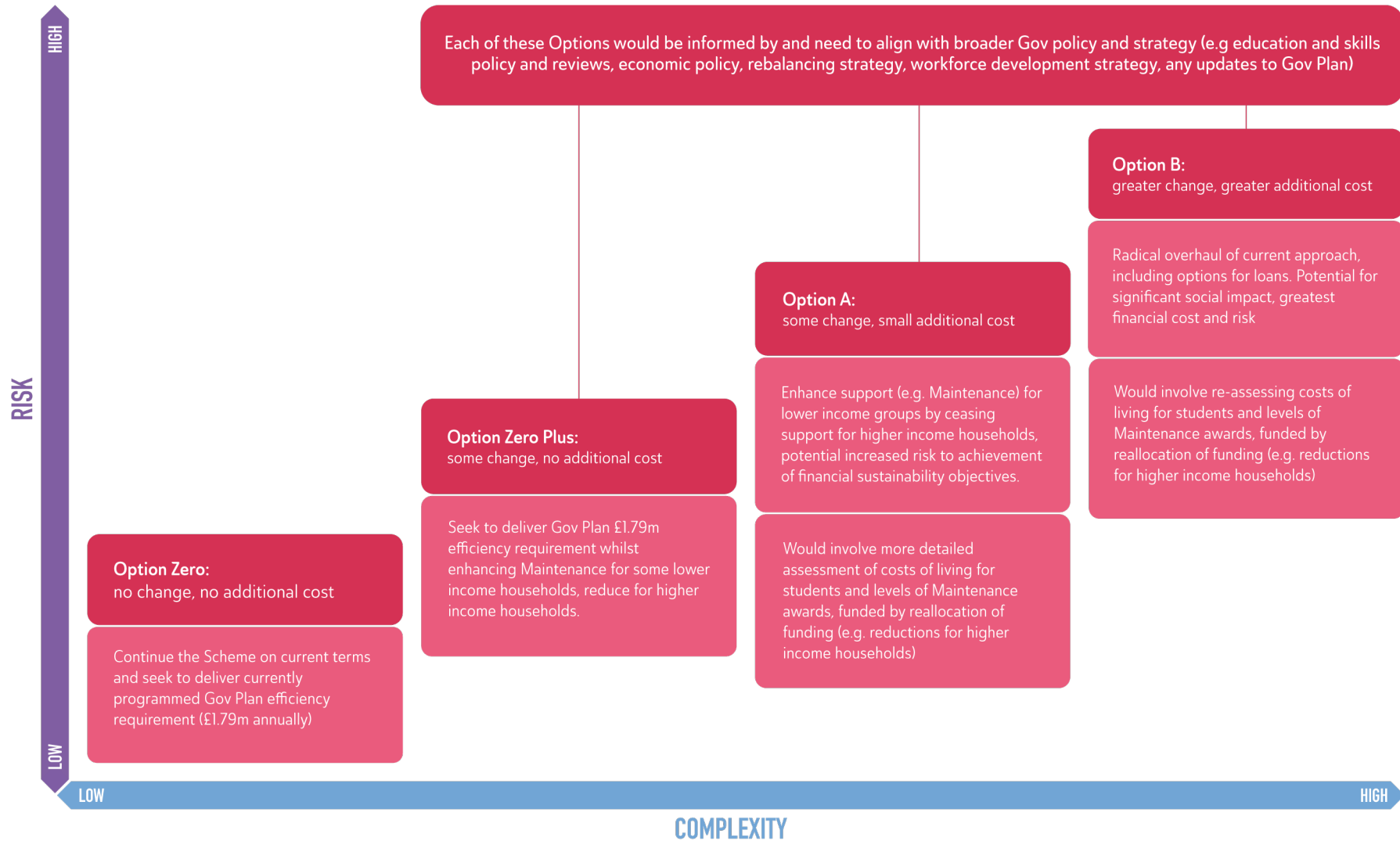
The rest of this Section sets out some of the challenges and conclusions arising from examination of these Options.

Challenges with modelling Options for changes to the Scheme: summary

The diagram on the following page shows that progressing from Option Zero (no change) to Option B (radical change), levels of complexity and risk increase. Complexity increases as change-related options typically require consultation and engagement with stakeholders including current and potential beneficiaries; changes to policy terms, and subsequent changes in approach to administration of the Scheme. The most significant change-related option (Option B) would effectively require a complete overhaul of current policy and administration of HE support – a complex undertaking which would likely require a significant lead-in time and potential resource support to deliver. Risk increases with scale of change, as Options involving the greatest level of change also come with additional cost and affordability challenges, and in the case of the most radical option, some significant risks to recovery of loaned monies and implications for risk of significant increase in Government debt (which would not be in line with the Ministerial Principle relating to sustainable public finances established at the start of the Review).

The diagram also shows that Options other than Option Zero **all require consideration of a broad range of policy drivers and agendas**, including outcomes from education and skills policy reviews; developments with the Government's economic policy; approaches to rebalancing public finances following the COVID-19 pandemic; the island's workforce development and employment strategies; and any changes or updates to the Government Plan. At the time the Review was carried out, several of these policy agendas were only just being worked through, and several reviews of key policies and areas of service delivery were in-progress and yet to complete.

2(a) Options Explored



2(b) Additional Note on Option B: Implications of a Loan System

Important points to note on the implications of introduction of a Loan System:

- Indicative costs of moving to a Loan Scheme were modelled jointly by the Treasury and leads from relevant service areas (figures below)
- Costs of recovery of Loans are NOT included in the figures shown below
- Assumes 10% write-off which may be optimistic in the light of recovery rates elsewhere
- Assumes it is possible to track 100% of learners for repayment: no such mechanism is currently in place within GoJ, some form of “student unique identifier” may need to be established in order to track learners for repayment purposes
- Assumes GoJ can carry a substantial scale of debt pending repayment – over £600m in the case of £20k p.a. loaned with 10-year repayment

	Loan of £20,00 per year - 10 years repayment, 10% write off and 2,000 students		Loan of £5,000 per year - 10 years repayment, 10% write off and 2,000 students	
	2% interest	3% interest	2% interest	3% interest
Individual Student				
Monthly repayment	£552	£579	£138	£145
Total Interest	£6,242	£9,504	£1,561	£2,376
Total repaid	£66,242	£69,504	£16,561	£17,376
Government of Jersey				
Total loan per year	£40,000,000	£40,000,000	£10,000,000	£10,000,000
Repayment from students (less write off)	-£11,923,623	-£12,510,720	-£2,981,016	-£3,127,680
Write-off amount after 5 years - 10% write off	£4,000,000	£4,000,000	£1,000,000	£1,000,000
Outstanding balance after 18 years	£629,941,943	£628,535,447	£157,483,866	£157,133,862

2(c) Options Explored: Challenges with Modelling Options for Change During the Review Period

In the process of attempting to model Options for changes to the HE Grant Scheme, the Review team encountered five key challenges, which can be summarised as follows:

1. Challenges around gathering reliable data relating to historical uptake of the grant scheme made it difficult to accurately model scenarios which involve changes to the scheme

- challenges around aligning and reconciling historic and live take-up data have created challenges for modelling the potential impact of changes to terms around the HE Grant Scheme on take-up and outcomes
- changes to Scheme formulas in previous years have added complexity to data analysis
- historic approach to “single parental income” assessments have added complexity to understanding of true household income levels

2. Unprecedented uncertainty in the context of the COVID-19 pandemic

- full (socioeconomic) impact of COVID-19 still to work through
- socioeconomic impacts on Islanders still to be worked through and incorporated into modelling
- any relevant international/global impacts affecting Jersey households directly or indirectly still to be worked through

3. Forecasting demand relies on a stable and reliable past picture of demand

- last two years of education highly untypical
- difficult to anticipate effects on demand arising from any disruptions to education during the COVID-19 period
- future plans and student intentions may also differ from “typical” years

4. Price-elasticity is difficult to estimate

- challenges around estimating the likely impact of changes to levels of grant support (fees, maintenance) on levels of take-up at different income levels

5. Reviews of related and relevant policy areas are in progress

- at the time the Review was carried out, work around Education reform, reviews of approaches to Education funding and options for strengthening the efficiency and effectiveness of the broader Education and Skills policy agenda was in development. Any significant changes to the HE Grant Scheme should appropriately reflect outcomes from this work.

3. Issues Identified and Actions to Address Them

In the context of the challenges with modelling Options for Change outlined above, four key issues were identified during the course of the Review, along with actions to address these successfully.

These issues reflect the complexity of accurately creating and testing models and Options for change; the Review brought these to light and established Actions to ensure that, moving forward, credible Options for changes to the HE Grant Scheme could be established and tested.

The issues identified during the course of the Review and Actions to address these are set out in the section below.

3(a) Four Key Issues Identified and Actions to Address Them

Four key issues have been identified during the course of the review:

Issue 1: the need to clarify the policy approach to assessments of income (in particular, clarity around parental income assessments)

Issue 2: the need to improve the quality and efficacy of data and management information to enable efficient and effective management of the HE Grant Scheme

Issue 3: the need to strengthen ways of working and team operations

Issue 4: the need to address Efficiency and structural funding challenges, as part of the next phase of review of the Scheme

The following pages set out these issues in greater detail, alongside the actions currently underway to address them.

Issue 1: Clarifying the policy approach to assessments of income (in particular, clarity around parental income assessments)

Details

From initial review, it would appear that although the law requires officers to assess applications on the basis of both parents' incomes – irrespective of whether the parents live together or apart – a discretionary option to assess only one parent's (ie household) income (e.g. in cases where parents are separated, divorced, or widowed) has been universally applied.

Implications

- Numbers of students assessed as eligible for the maximum amount of Grant funding (£7,500 in Maintenance, £9,250 in Fees), on the basis that their parents' income has been assessed as being between 0-£50k per annum, appear to have grown in recent years, bringing an increasing level of cost to the Grant Scheme.
- This cohort of students is highly likely to include a significant number of students whose parents live apart (either separated, divorced or widowed), as there has also been an apparent universal application of the discretionary provision in the law to take only one parent's income into account under these circumstances.
- As a result, it is not immediately obvious how many students qualifying for maximum provision of Grant support are actually from the lowest overall parental income (£0-50k) bracket. Thus, creating cost pressures for the Grant Scheme which may be alleviated if both parent incomes were to be taken into account, and complicates the process of modelling options for changes to the scheme which would genuinely benefit students from the lowest income households.

Actions we are taking in this Workstream

1. Agreed the desired policy position in relation to assessment of Parent Income for the purposes of Grant eligibility.
2. Seeking additional legal opinion and confirmation of any changes that may be required to the law in the light of the agreed policy approach.
3. Engaging with Ministers and/or Assembly as appropriate and in the light of legal opinion and implications, in order to ensure appropriate governance checks and balances are satisfied.
4. Ensuring a robust appeals process is in place to ensure fair and appropriate application of legal requirements to assessments for Grant eligibility.
5. Clarifying guidance for professionals responsible for assessments in the light of confirmed policy and legal opinion.

Issue 2: Quality and efficacy of data and management information to enable efficient and effective management of the HE Grant Scheme

Details

Service level data has proved an unreliable source of data for the purposes of modelling scenarios of likely future demand for the scheme, and/or estimating likely participation in the scheme across household income groups.

Significant discrepancies have been identified between data relating to participation in the Grant Scheme, and data relating to actual costs of the Scheme in any financial year.

Implications

- Data extracted from Access databases seems to relate to students currently in the HE system, traced back to when they first participated in the scheme. These data differ from those required to enable accurate assessment of grant applications made in any given financial year.
- Reconciliation with financial management systems and the GoJ ledger for past financial years has shown a variation between student numbers tracked by the service at any point in time, and the actual draw-down on Grant funding in any financial year. Although data reconciliation work has reduced the overall average difference between historic and current records, it remains a challenge to accurately predict likely future demand based on current service level data, or model the effect of potential changes to the Grant Scheme on demand/uptake.
- Reconciliation between service administration and financial systems appears to be possible only “post hoc” once financial years have closed.

Actions we are taking in this Workstream

1. Thoroughly review the current management information approach, systems and procedures, to identify key issues, gaps and potential fixes
2. Work to strengthen end-to-end budget manager ownership over data
3. Exploring the feasibility of using an alternative system/management information approach in order to enable more accurate real-time tracking of students which better aligns uptake of the scheme with likely draw-down on the Grant.
4. Identifying a more robust way of tracking “exceptional” cases – for example, students whose fees are <£9,250; and “maximum contributors” who may under certain circumstances still qualify for some Grant funding.

More on Issue 2: Reconciling Data on Uptake vs. Budget

The Review found challenges with reconciling data captured by academic year with data captured by financial year. Work undertaken during the Review to address these challenges reduced variation to an average of 1.57% over the 2017 to 2020-21 period.

Income Cohorts	2017				2018				2019			2020		
	Processed #	Unprocessed #	Processed £	Unprocessed £	Processed #	Unprocessed / Max cont #	Processed £	Old System Processed	Processed #	Unprocessed / Max cont #	Processed £	Processed #	Unprocessed / Max cont #	Processed £
0 - 50	407	-12	£4,689,716	-£165,000	469		£7,855,750	£6,150,120	368		£6,164,000	483		£8,090,250
50 - 60	86		£822,608		102		£1,555,500	£970,750	96		£1,464,000	119		£1,814,750
60 - 70	102		£827,758		86		£1,182,500	£650,986	98		£1,347,500	121		£1,663,750
70 - 80	65		£361,230		84		£1,029,000	£448,902	85		£1,041,250	80		£980,000
80 - 90	62		£209,431		74		£795,500	£249,727	86		£924,500	84		£903,000
90 - 100	44		£69,267		64		£592,000	£90,835	65		£601,250	74		£684,500
100 - 110	23		£1,934		60		£555,000	£1,581	67		£619,750	62		£573,500
110 - 120	17		£0		51		£424,575	£0	58		£482,850	49		£407,925
120 - 130	15		£0		31		£229,400	£0	44		£325,600	62		£458,800
130 - 140	1		£0		25		£161,875	£0	44		£284,900	42		£271,950
140 - 150	4		£0		22		£122,100	£0	32		£177,600	43		£238,650
150 - 160	6		£0		19		£87,875	£0	27		£124,875	18		£83,250
160 - 170	2		£0		14		£51,800	£0	20		£74,000	15		£55,500
170 - 180	3		£0		12		£33,300	£0	20		£55,500	21		£58,275
180 - 190	2		£0		9		£16,650	£0	13		£24,050	13		£24,050
190 - 200	1		£0		10		£9,250	£0	5		£4,625	14		£12,950
200+	1		£0		11		£0	£0	7		£0	7		£0
Total	841	-12	£6,981,943	-£165,000	1,143		£14,702,075	£8,562,902	1,135		£13,716,250	1,307		£16,321,100

Budget	£8,022,253	Actual	£7,156,923	Difference to budget	£865,330
Total reprofiled	£6,999,910	Variance #	£157,013	Variance %	2.19%

Budget	£10,193,795	Actual	£9,672,796	Difference to budget	£520,999
Total reprofiled	£9,555,320	Variance #	£117,476	Variance %	1.21%

Budget	£12,042,548	Actual	£12,042,258	Difference to budget	£290
Total reprofiled	£14,373,467	Variance #	(2,331,208)	Variance %	-14.92%

Budget	£16,643,000	Actual	£15,830,523	Difference to budget	£812,477
Total reprofiled	£14,584,533	Variance #	£1,245,990	Variance %	4.5%

Issue 3: Strengthen Ways of Working and Team Operations

Details

Members of staff responsible for assessing the eligibility of Grant applications need to be confident and consistent in their understanding of assessment criteria and how these apply to individual applications.

Any clarification of and/or changes to policy, as well as any changes to systems and processes involved assessments and awards, need to be embedded in the way officers operate and administer the Scheme.

Implications

- Issues around service capacity and resilience have brought to light “single points of failure” in terms of understanding how the current system operates, and how best to reconcile and make sense of the different sets of data and information which relate to assessments and participation in the Scheme.
- Officers responsible for administration of the Scheme are not necessarily empowered or enabled to take an accurate, holistic view of true levels of participation and likely implications for budgets and costs. As a result, they are also hindered from developing alternative policy options for Ministers which presents significant problems in terms of responding to political instructions to advise on the future direction of the Scheme, and generate options for those.

Actions we are taking in this Workstream

1. Developing options around the best possible location within GoJ for management and administration of the Grant Scheme. For example, review whether other areas of the Government (e.g. CLS) may have more appropriate management information systems which are better suited to the complexity of Grant Scheme administration; and areas where experienced managers may be able to better support the team to drive improvements in Grant assessments and administration
2. Developing an appropriate approach to staff training and development based on any changes to policy and/or systems and processes.

4. Cost of Living Increase: Considerations and Cost Implications

Cost of Living has become and increasingly important agenda since the Review concluded. At the time that outcomes from the Review were presented to the Council of Ministers sitting in January 2022, it was reported that the exact cost of an across-the-board Cost of Living enhancement to the current Scheme was difficult to estimate, given the challenges with forecasting future demand.

Prior to presentation to the Council of Ministers in January 2022, the Review team reported as an example that if a one-off Cost of Living enhancement to Maintenance grants only were applied to 2020 levels of take-up, this would amount to an additional cost of approximately £135k-150k.

Cost of Living increases to the HE Grant Scheme were discussed by the Council of Ministers sitting in January 2022, and the following points were covered:

- At the time of reporting the Review conclusions, this level of additional cost could be deemed “affordable” within the envelope of currently allocated resources in FY22.
- From FY23 onwards, in order to sustain the Scheme at current levels and award an annual 2.9% Cost of Living increase to Maintenance, **resources would need to be found to address the current expectations of an ongoing £1.8m Efficiency requirement from FY23, and make additional provision for an annual 2.9% Cost of Living Increase.**

In terms of approving a 2.9% Cost of Living increase from FY23 onwards, Ministers were asked to consider:

- The need to develop a business case through the 2023-26 Government Plan process for the investment required to deliver the Cost of Living increase on a recurring basis from FY23, given the current expected £1.8m reductions in growth in the HE Grant Scheme set out in the 2021-24 Government Plan
- The potential for a more consistent approach to assessment of single/joint parent incomes to deliver some contribution towards the costs of a Cost of Living Increase, although the exact level of contribution is difficult to estimate
- The fact that no Cost of Living enhancement has been since the Scheme started. In the context of Jersey RPI annual inflation, the absolute amounts awarded in Grants have not changed, but inflation over the 2017-2020 has effectively reduced the relative value of the awards. For context, from 2018 to present, the average RPI inflation rate in Jersey has been approximately 2.5% (varying year to year) but currently stands at a higher level
- Trends towards increasing uptake of the Scheme, based on uptake between 2017-2020, which could add resource pressures in future years. However, growth in uptake between 2017 and 2020 started from a low baseline, and a sustained ongoing 17% annual increase in uptake is an unlikely scenario (in the UK for example, HE participation is at approximately 49%)
- The reviews/reform of education and skills functions and policies currently in train, and the need to align policy in relation to HE Grants with outcomes from these reviews in order to deliver the best overall strategy. Consideration should be given to potential for some or all of these reviews to recommend changes to HE funding allocations in order to provide better overall outcomes for Islanders
- Commitments in recently developed Population Policy which relate to enhancing the skills of the local Jersey population, and the critical role that HE can play in helping to achieve that objective

The decision taken by the Council of Ministers sitting in January 2022 was to **approve the Cost of Living Increase of 2.9% to the Maintenance component of the Higher Education Grant Scheme, for the benefit of students in FY22-23.**

5. Recommendations and Next Steps

THE KEY RECOMMENDATION ARISING FROM THE REVIEW WAS TO PROCEED WITH OPTION ZERO: NO CHANGE, but continue with the process of modelling Options for Change from April 2022.

In addition, Ministers sitting in January 2022 also approved a Cost of Living increase to the Maintenance component of the HE Grant Scheme of 2.9% for the benefit of students in FY22-23.

A recommended Pathway for next steps and a high-level timeline for these were also presented to the Council of Ministers sitting in January 2022. This is summarised on the diagram on the following page. The main objective of this part of the Review was to establish a high-level forward plan for future consideration of Options for change and development of the HE Grant Scheme.

Key points to note:

1. "Phase 1" of the Review of the HE Grant Scheme has been completed, and identified a series of challenges which are in the process of being addressed through actions set out in this report, in order to model credible future Options for the Scheme which achieve the stated objectives of the review
2. In the light of all the challenges associated with modelling Options for changes to the Scheme, the recommendation at this point in time is to proceed with Option Zero (no change) but to progress with the work to explore options for change from April '22 as part of Phase 2 of the review of the Scheme
3. This work will be shaped and informed by outcomes of the Review already completed, and be taken forward further to the actions required to improve modelling, forecasting and administration of the Scheme moving forward as set out in this report

5(a) Recommended Pathway for Future Development of the HE Grant Scheme



