



FALKLAND ISLANDS GOVERNMENT

GREEN PAPER

**OPTIONS FOR THE FUNDING OF HIGHER
AND
FURTHER EDUCATION**

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Forward

Before the 1982 conflict opportunities for Further (16 – 18/19 year olds) and Higher Education (18 – 21/22 year olds) were largely through the British Council as part of the ‘grant in aid’ system. This meant that possibly one or two scholarships a year were available. Farm managers and other ‘prominent’ members of the community had education for their children written into their employment contracts. Some richer people could afford to send their children to boarding school but this meant they would see little of them throughout their childhood and adolescence.

For most Falkland Islanders this was not an option and many left the Islands for the sake of their children’s education and future prospects.

After 1982 when the Islands began to prosper there was a greater investment in education. It was thought that all young people should have the opportunity to be formally educated. Equally important was the idea that young people had the opportunity to experience life outside the Islands. At first the criteria for support from the Falkland Islands Government (FIG) was set quite low so that most young people could benefit. Now achievement and attainment of qualifications are the driving force behind Government sponsorship.

During that time the cost of education has increased. Falkland Island students have been classed as overseas students in the UK. Therefore FIG was charged overseas student rates for tuition and accommodation. Without the support of FIG this would have put Further and Higher Education beyond the means of most Falkland Islands families.

Over time FIG has made considerable effort to ensure that the opportunity for Further and Higher education was available to all young people. Arrangements with UK partner colleges (Chichester and Peter Symonds) mean that further education students are not charged tuition fees. In 2007, with considerable lobbying from FIG, the regulations for students from Overseas Territories in Higher Education changed. Falkland Island students are now classed as ‘home students’ which means that for Higher Education tuition fees are the same as those paid by UK students which is currently £3,145 a year.

1. Introduction

1.1 The Falkland Islands has much to be proud of. It is a small independently-minded and self-sufficient community, an advanced democracy whose citizens enjoy a relatively high quality of life. It has located itself at the higher, more successful end of world economies. The community provides a wonderful environment for children; it has a low crime rate and it benefits from excellent health care and high standards of education.

Further and Higher Education nurtures and develops the skills, the creativity and the technical knowledge which the Islands require to achieve its vision and targets. Despite the success of the educational achievements, in recent years a significant challenge has emerged.

The challenge facing the Islands today is against a background of rising costs, increasing demand and a flat economy. It is how can FIG continue to provide access to further and higher education for those who wish it?

2.0 How do Falkland Island students secure FIG funding?

2.1 Further Education students are free to study whichever course they choose. The only limits on free choice are that from September 2009 students must achieve in GCSE (or equivalent) examinations:

- 42 points for 'A' level studies with at least 2 'B' grades; or
- 35 points for vocationally based studies with at least 1 'B' grade; and
- The student should have resided and been at school in the Islands (boarding schools overseas included) for at least the previous 3 years and should have a parent or legal guardian living in the Islands; or
- Further education of children is part of the terms and conditions of a contract of employment within Government.

2.2 Further Education students are also free to choose where they will study. The FIG has built up strong partnership links with Peter Symonds 6th Form College and Chichester College of Further Education. If students choose a different college then the funding provided will only be the same as is paid to the partner colleges. Any differences in fees will need to be made up by the parent/carers.

2.3 Higher Education students are also free to study whichever course they choose. They are also free to choose at which University they will study and in which country. Again there are limiting factors. These are:

- Students studying 3 'A' levels or their equivalent must achieve at least 2 'A' levels at Grade C and 1 at Grade D; and
- Students studying 2 'A' levels or their equivalent must achieve at least 1 'A' level at Grade B and 1 at Grade C.

- Higher Education students must also be, or about to be, on the FIG Electoral Roll and have been at school and/or living and working in the Islands for at least the three years before starting on Higher Education and normally be a resident in the Islands.

2.4 If students choose a University or a country where ‘home status’ doesn’t apply then the sponsorship provided will only be the same as is paid for a UK University and the student will have to make up any differences in fees.

2.5 Parents are not expected to make any payments towards further and higher education costs, with the exception of their children choosing different colleges or universities. No notice is taken of individual family circumstances. In 2007/8 the family incomes concerned ranged from approximately £8000 a year to £108,000 a year with the average being £39,880¹.

2.6 FIG does not require students to return to the Islands after their studies to use their skills to contribute to the economic prosperity of the community as a whole.

3.0 How much does FIG spend on Further Education?

3.1 In September 2008 FIG has 34 students in Further Education.

3.2 If students qualify for Further Education Sponsorship from FIG they receive:

- A maintenance grant of £2180. (approximately £50 per week pocket money);
- Two return flights a year (£1550);
- Their full board and accommodation fees (£8200); and
- Internal travel (£185).

N.B. Children of contract workers are not entitled to maintenance grants

The cost of further education students in 2008/9 is £399,331².

3.3 Where the course has a requirement for field trips FIG will fund 50% of the costs. Where specialist clothing and equipment is required FIG will fund 100% of the cost.

4.0 How much does FIG spend on Higher Education Students?

4.1 In September 2008 the FIG have 32 students in Higher Education.

4.2 If students qualify for Higher Education sponsorship from FIG they receive:

- A grant for accommodation, food and services; internal travel and spending money of £6900.
- One return flight per year (currently £775)
- Their university fees in full. (Since the recognition as home status has been given this has been reduced to a maximum of £3145, a significant reduction except for courses such as medicine and dentistry where the costs can be higher).

4.3 The cost of higher education students in 2008/9 is £346,240

¹These figures are from the Tax Office but do not allow for more than one child in overseas education. The range of household income is accurate but the average is an approximate figure.

² As there are slight differences for children of contract workers and accommodation adjustments for individual students this figure does not equate with a simple multiplier of 34.

4.4 Where the course has a requirement for field trips FIG will fund 50% of the costs. Where specialist clothing and equipment is required FIG will fund 100% of the cost.

5.0 How much does FIG pay for Further and Higher Education combined?

5.1 In 2008/9 the total estimated costs of Further and Higher Education to the Government will be approximately £750,000 (this allows for future claims for essential trips and equipment and the recruitment of new staff whose children may remain in boarding provision in the UK).

6.0 How do other countries pay for Further and Higher Education?

6.1 The education provided for Further Education (16 – 18/19 year olds) is usually free.

6.2 Payment for Higher Education varies in different countries. For example:

- In the United States of America students can apply for grants. All grants are means tested. The most a student can receive is £2,000. Students can also apply for loans. The maximum loan available is £2,000 and this must be repaid with 5% or higher interest.
- In Australia all students have to pay their tuition fees. A means tested grant (based on parent's income) is also available. The most the student can receive is £3,600 per year. It is usually only the very low paid who qualify for this support.
- In New Zealand there is a student loan system which must be repaid, plus interest, at the end of the student's studies. The loan is to cover course fees and living expenses. Means tested grants are also available usually where the total family income is very low.
- In England all students have to pay for Higher Education. A student loan scheme is available as well as a means tested maintenance grant. The loan and grant are to cover the cost of tuition and living expenses. Any loan must be repaid once the course is completed and the student gains full time employment at a salary at or above of £15,000 a year.

7.0 Options for Funding Education Overseas

7.1 Higher Education

Higher Education students are for the most part 18 years old and are therefore classed as adults. This means they can take out a loan in their own right. So, it is possible to introduce a loan system to cover the costs of tuition and living expenses.

i.e.	Tuition Fees	£ 3,145 per year
	<u>Maintenance Grant</u>	<u>£ 6,900 per year</u>
	Total per year	£10,045 per year
	Total loan	£30,135 per three year course

The loan would be repaid once the student has gained full time employment and is earning at least £15,000 per year.

- 7.2 The maintenance grant could be means tested based on parental income.
- 7.3 FIG would continue to cover the cost of one return flight per year.
- 7.4 Additional support in the form of an education maintenance allowance could be made available to those from very low earning backgrounds. The level available in England is £30 per week or £1,170 a year.
- 7.5 Therefore if the student chooses to take advantage of the loan, and there would be no compulsion to do so:
- for a three year higher education course, without an allowance, a student could complete their course with a debt of £30,135 (plus interest) to be repaid; or
 - if the student was eligible for a maintenance allowance this would be reduced to a debt of £28,965 (+ interest).

8.0 Implications

(a) For Students

- Students from less well-off backgrounds may be put off continuing their studies.
- Students would start their working life with a considerable debt.
- Students may feel they need to get a job during study time which has been shown to lower achievement.
- The influence of FIG on student behaviour overseas would disappear.
- FIG would no longer control student entry to Higher Education by financial means and entry qualifications.
- All students would have equal access to the loan facility.

(b) FIG

- Higher Education costs would be reduced to £775 per student per year for flights averaging a total cost of £24,800 (based on 2008/9 budget).
- FIG saving based on 2008/9 budget would be £321,440 (excluding any possible maintenance allowance).
- Contract with loan administrator to be negotiated.
- FIG will have no control over courses of study.
- Loan recovery will be a long term commitment.
- High risk if loans not repaid.
- Potential cost of a loan recovery system.
- Risk of FIG not being seen to support the development of future generations of Islanders.
- Would the potential savings offer opportunities to support those with 'specific and special needs' that do not qualify for higher education?

8.1 Given that the new approach could only apply to new students, not existing students, the estimated savings might be:

Type	Recommendations	Year 1	Year 2	Year 3	Year 4
HE	Student loans	92,400	184,800	281,260	281,260
		<u>92,400</u>	<u>184,800</u>	<u>281,260</u>	<u>281,260</u>

8.2 There are three main ways in which a loan system might be operated. These are:

- (a) FIG- Treasury
- (b) Standard Chartered Bank
- (c) Student Loan Company (UK)

8.3 There are certain questions which need to be addressed with each option.

FIG Treasury

- (a) Would the FIG Treasury have sufficient funds to underwrite the loans?
- (b) Does FIG have the staff and resources to track individual students over a long period of time to ensure repayment of the loan or would this be an added burden on government finances? and
- (c) Could this be managed through the Tax Collection Department?

Standard Chartered Bank

- (d) The bank have indicated they would need FIG guarantees;
- (e) The bank would want control over what students studied; and
- (f) The bank would wish to generate a profit.

Student Loan Company (UK)

- (g) The company has shown interest in supporting this approach;
- (h) They have expertise in this field;
- (i) Co-operation from the Tax Office, Immigration Department and the Attorney General would be needed to monitor borrowers;
- (j) There may be a need for legislation changes; and
- (k) There will be added administration costs which have not yet been detailed.

9.0 Further Education

This is a more complex area in that:

- Firstly in most developed countries education between the ages of 16 – 19 is free;
- Most developed countries have local provision for the education of 16 – 19 year olds and do not have to consider boarding costs for all of their students; and
- At this age it is the parents who still have responsibility for the student.

9.1 In the UK where students may be put off continuing their studies because of low family incomes a support system of education maintenance grants is available. The educational grant available is £1,170 which is approximately £30 per week.

9.2 An option to reduce the costs of further education would be to apply a similar means tested system to the maintenance grant available to Falkland Island students. An example of how this could be based on family income is:

Family income	Maintenance Grant
up to £20,271	£ 1680*
£20271 – 24850	£ 1120
£24851 – 30000	£ 560
Over £30,000	Nil

N.B. This is still higher than the UK but recognises the high communication costs with the Islands

9.3 For most countries there would be no more costs involved as students would attend local colleges. The exceptions are in isolated communities and the Falkland Islands falls into this category.

9.4 It costs £8200 a year for full board and accommodation for a student in Further Education overseas, in the UK.

9.5

9.6 If parents were asked to contribute to the full board accommodation costs of further education students at £50 per week (estimated as what might reasonably be the cost of the young person living at home) then this would result in a contribution of £1,950 a year for the 39 weeks of schooling which is required annually.

9.7 Taking both the maintenance grant and accommodation savings into account the total estimated savings could be:

Estimated potential savings based on the body of students in the system 2007 - 2008

Area of saving		2009/10	2010/11	2011/12	2012/13
FE	Education Maintenance Allowance	81,910	81,910	81,910	81,910
FE	Full Board Accommodation ³ Savings	24,200	48,400	72,600	72,600
		<u>106,110</u>	<u>130,310</u>	<u>154,510</u>	<u>154,510</u>

N.B. Savings would be greater if households with a higher income were asked to pay a greater proportion of the accommodation and food.

10.0 The Implications

(a) For the student

- Less money for personal use but similar to that which other teenagers in the UK have.
- Parent/carers may not be willing to subsidise further education studies.
- Parent/carers may not be able to subsidise further education studies due to mortgage repayments and other dependents etc.

³ Based on estimated family income data available

(b) For parents

- Parent/carers may be unable to pay for further education.
- Parent/carers may be unwilling to pay for further education.
- It could pose significant hardship if more than one child from a family is attending education.

(c) For FIG

- Reduce overall the costs of further education. This will change depending on which students are eligible to go.
- Consider a change in the terms and conditions of employment for contract officers with children of further education age;
- Consider the impact in a change of terms and conditions of contract officers might have on recruitment of skilled people to specific jobs in the Islands;
- The risk that the public sense a lack of commitment to supporting the education ambitions of future generations of Islanders.
- The risk that the public sense a lack of vision when other developed countries are seeking to enhance the skills of future generations to support economic development.
- Consider how to provide 16 – 19 education locally to overcome the need for overseas schooling for this age group.

Questionnaire

Are you a parent, a student or other? Please tick as appropriate.

Parent Student Other

Should FIG continue to fully fund Further Education?

Yes No

Should FIG continue to fully fund Higher Education?

Yes No

Should FIG consider that parental contributions should be made to fund Further Education?

Yes No

Should FIG consider that parental contributions should be made to fund Higher Education?

Yes No

Should FIG support only students whose courses of study will contribute to the economic future of the Falkland Islands in Further Education?

Yes No

Should FIG support only students whose courses of study will contribute to the economic future of the Falkland Islands in Higher Education?

Yes No

Should students whose courses of study will contribute to the economic future of the Falkland Islands receive better funding?

Yes No

Should FIG require students who receive funding to make a commitment to return to the Islands and share their skills, knowledge and expertise for the future development of the economy?

Yes No

Should FIG guarantee those students who may have received enhanced funding, employment on their return to the Islands?

Yes No

Further Education

Is **Further Education (16 – 18/19year olds)**, [Peter Symonds, Chichester College or equivalent] the responsibility of:

Parent/Carers FIG Both

Is, in your opinion, the maintenance grant of £50 a week for Falkland Islands students in Further Education (16 – 19) for personal spending?

Too Low About right Too High

Should the maintenance grant for 16 – 19 year old students in Further Education be in line with students in other countries such as the UK?

Yes No

Should parents who can afford it contribute to the maintenance grant of their children studying overseas?

Yes No

Should parents who can afford it contribute to the accommodation costs of children studying overseas?
Yes No

Should FIG pay for the flights of students studying overseas?
Yes No

Should FIG consider providing further education locally?
Yes No

Higher Education

Should Higher Education be paid for by:

Student Parent FIG Student/Parent shared Student/FIG shared Student/Parent/FIG shared

Should FIG consider a loan system for **Higher Education (18 – 21/22 year old)** students?
Yes No

Should the maintenance grant of Higher Education students be means tested based on parental income?
Yes No

Is the amount of maintenance grant (£6,900 per year for all expenses including accommodation) available to Higher Education students:

Too Low About right Too High

Should FIG pay for the flights of Higher Education students studying overseas?

Yes No

General

If you are a parent and had to make a contribution to costs would you be discouraged from sending your child away for further education if a means tested contribution was expected?

Yes No

The Falkland Islands Government would welcome any other comment that you wish to make on this issue. Please make your comments on the space below and continue on a separate sheet if required.

The public consultation period in relation to this Green Paper will close on 13th January. Please submit your views on these and related issues before that time: either at a public meeting, other meetings called to discuss the Green Paper or by e-mail councillors@sec.gov.fk or in writing to Legislative Councillors.