



VII
2014

BILLET D'ÉTAT

WEDNESDAY 26th MARCH 2014

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BILLET D'ÉTAT

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I hereby give notice pursuant to Rule (1)(4) of the Rules of Procedure of the States of Deliberation that the items contained in this Billet d'État which have been submitted for debate will be considered at the Meeting of the States of Deliberation already convened for **WEDNESDAY, the 26th MARCH, 2014.**

R. J. McMAHON
Deputy Bailiff and Deputy Presiding Officer

The Royal Court House
Guernsey
7th March 2014

SCRUTINY COMMITTEE**CHAIRMAN**

The States are asked:-

I.- To elect a sitting Member of the States as Chairman of the Scrutiny Committee to complete the unexpired portion of the term of office of the late Alderney Representative E. P. Arditti, namely to serve until May 2016, in accordance with Rule 7 of the Rules relating to the Constitution and Operation of States Departments and Committees.

SOCIAL SECURITY DEPARTMENT**MEMBER**

The States are asked:-

II.- To elect a sitting Member of the States as a Member of the Social Security Department to complete the unexpired portion of the term of office of Deputy C. J. Green, who has resigned as a member of that Department, namely to serve until May 2016, in accordance with Rule 7 of the Rules relating to the Constitution and Operation of States Departments and Committees.

PUBLIC ACCOUNTS COMMITTEE**MEMBER**

The States are asked:-

III.- To elect a sitting Member of the States as a Member of the Public Accounts Committee to complete the unexpired portion of the term of office of the late Alderney Representative E. P. Arditti, namely to serve until May 2016, in accordance with Rule 7 of the Rules relating to the Constitution and Operation of States Departments and Committees.

EDUCATION DEPARTMENT**THE FUTURE OF HIGHER EDUCATION: AN EDUCATION DEPARTMENT
PERSPECTIVE**

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port

28th January 2014

Dear Sir

Executive Summary

1. The purpose of this Report is principally to fulfil a States Resolution arising from the report entitled “The Future Affordability of Higher Education” submitted by the Education Department and appearing in Billet d’État V of March 2012. The resolutions to the report noted the intention of the Education Department to return to the States in 2013 with proposals on higher education funding from 2014 onwards and, in particular, to report on the level of budget required thereafter.
2. This Report explores ways in which the current financial model might need to be amended to support more flexible approaches to higher education and in particular to recognise less traditional routes to learning, such as blended learning. Also, in its vision document, the Department highlights its belief that high quality higher education is central to the future of Guernsey, both economically and socially, and is essential for the wellbeing of our community.
3. Importantly, this Report seeks to address over the medium term the concern that in the next five or so years parents of school children approaching university age will continue to have confidence that their children should enjoy opportunities to study subjects of their choice at the institutions of their choice. As the Department has been largely successful in keeping tuition fees low, the current funding model does not need radical amendment to do this. The Department will, however, seek to instil even greater flexibility in the funding support it gives students in the future.
4. The Education Department is aware that in the current financial climate the overall higher education budget is unlikely to see any increase in real terms. The Report does not seek any increase in funding but, given that the cash limit has remained the same since 2005, asks that the Treasury and Resources Department takes into account the potential increases in expenditure if student numbers and/or tuition fees increase beyond current budgeted levels when recommending the 2015-18 Cash Limit for Education - Higher and Advanced Education.

Background

5. The Assembly last considered a report on the future affordability of higher education* in Billet d'État V, dated March 2012. The Assembly was asked, inter alia, to note that the Education Department was not seeking additional funding for higher education in 2012 but that it intended to return to the States in 2013 with proposals on higher education funding from 2014 onwards and in particular to report on the level of budget required thereafter.
6. The Minister for the Education Department subsequently made a Statement to the Assembly on these matters in December 2012. The Assembly was advised that the Department, along with Jersey and the Isle of Man, had reached agreement with Universities UK, the representative organisation for UK universities, that island students should be treated as home students and charged the same fees as UK students.
7. The majority of UK Universities agreed to this arrangement with only three dissenting: Cambridge, Cardiff and Warwick Universities. It was explained that the Department was continuing its efforts to persuade these universities to treat our students as home students for fee purposes. It was equally possible that some universities currently charging home rates would change their position, given severe economic pressures. The situation was therefore very fluid and outcomes uncertain. However, with some adjustments to current levels of support, the Minister reported that the Department was able to continue with its current grant system and allocation. The Minister therefore asked for the Assembly's agreement to delay the States Report to the early part of 2014, when the picture should be clearer.
8. The current Report is submitted in accordance with the revised timescale..
9. Since then, the Department has been successful in persuading Warwick and Cardiff Universities to change their stance; however, Cambridge University is still insisting that it will charge Channel Island and Isle of Man students' overseas rates.

****For the purposes of this Report higher education is defined as:***

'Education that comes after secondary and further education, leading to a qualification or credit awarded by a degree-awarding body: typically it involves working towards a degree, but some programmes may lead to a diploma, certificate or other award or qualification within the national frameworks for higher education qualifications'.

10. There have been two significant recent developments affecting the future affordability of higher education for Island students:
 - from September 2012 universities in England were able to increase fees for home students from £3,375 to a maximum level of £9,000 per annum. Universities in Scotland, Wales and Northern Ireland were also able to raise their fees but without passing on these costs to their home students.
 - from September 2012 the status of universities changed, allowing them greater freedom in setting tuition fee rates. The Islands (Guernsey, Alderney, Jersey, Isle of Man) had, since 1991, paid course fees equivalent to the cost of the course provision; in more recent times, the fee charged to the islands has reflected the combined student rate and UK grant subsidy. Universities are allowed to set their own fees for Islands' students.
11. The concern from the Islands following these recent changes was not so much the increase in home fee rate for students in England, but rather the emergence of a much more open market in terms of the fees which might be levied for Guernsey, Alderney, Jersey and Isle of Man students going forward.
12. Despite these changes the Department has, as part of its negotiations with UK Universities, been largely successful in agreeing fee rates which replicate, as far as possible, previous agreements. Fees have reflected the actual cost of providing the course and not the much higher international fee, which it was feared might become the norm. As a result, the affordability of higher education to the States and students has remained relatively stable compared to its potential for volatility as described above in paragraphs 6 to 9. A concern remains that Island students will, in future, increasingly be charged overseas rates. This could affect take up of courses if the States is not able to support students sufficiently in future and if parents are equally unable to provide financial assistance. The Department would be extremely concerned if this were the case, given the importance it places on lifelong learning and the value of higher education and off-island experiences.

Vision for Education 2020

13. In July 2012, the Department published Today's Learners, Tomorrow's World, its vision for Education for the next two decades of the 21st Century. The message from the Education Department was clear: "we want a world-class education system for Guernsey." In that same message it was observed that the education environment was constantly changing and education provision must always endeavour to keep pace. It was no longer satisfactory to compare ourselves with our nearest neighbours but a global economy meant that we had to be competitive on a world-wide basis and have people with the right skills and education to fulfil roles and jobs that might not even exist yet.
14. At the core of the Department's education values is the desire to create an education system for the Bailiwick of Guernsey which will meet the challenges and demands of the 21st Century and provide our greatest asset, our people, with the knowledge, skills and tools to face a complex and challenging future with enthusiasm and confidence. The Lord Browne Review of Higher Education in the

UK recognised that other countries and jurisdictions are increasing investment in their higher education institutions and attempting to educate more people to higher standards. Lord Browne observed that a degree or similar higher level qualification is of benefit both to the recipient, through higher levels of social contribution and higher lifetime earnings, and the nation, through higher economic growth rates and improved health of society.

15. Guernsey must do all that it can to preserve its place in this changing environment. Lord Browne's comments are not new or unexpected. It is generally accepted that graduates go on to higher paid jobs and add to the Island's strength in the global knowledge-based economy.
16. In its vision document, the Department highlights its belief that high quality education is central to the future of Guernsey, both economically and socially, and is essential for the wellbeing of our community.
17. The Department has, therefore, stated its intention to develop educational centres of excellence across all our institutions based on high standards of teaching and learning and high expectations for all, where:
 - learners enjoy learning;
 - teachers enjoy teaching;
 - parents and carers are embraced as partners;
 - the wider community is welcomed and encouraged to contribute;
 - an inclusive system is fostered that puts learners of all ages at the centre, establishes equality of opportunity for all to realise their potential and ensures that each learner develops the knowledge, understanding and skills they need to pursue a happy and fulfilling life;
 - learners are encouraged to become creative, innovative and critical thinkers; to establish strong work-ethics and to equip themselves morally, socially, physically and academically to participate in their local community and the evolving global society in the areas best-suited to their interests, talents and aspirations;
 - participation is encouraged in a wide range of experiences such as sport, music, arts, activity and volunteer programmes, where mutual respect and collaboration are fostered, both in and out of school.

The Value to the Island of Higher Education

18. The penultimate bullet point above is particularly relevant to higher and further education. For tertiary and higher education the Department plans to bring together and rationalise the range of Post 16 educational opportunities available within the Bailiwick. At this stage the Department is exploring opportunities to increase collaboration by bringing all further and higher education in various States Departments within the Education Department. Should this rationalisation occur, we would be able to offer a portfolio of flexible and wide ranging courses suitable to meet individual and community needs within a tertiary institution. This

would also allow for a collaborative approach to higher education provision across public training providers. An outcome would be increased on-island higher education provision. At the same time we must review our funding and delivery of higher education opportunities to ensure potential students have access to the institutions and programmes of study which are best able to meet their individual needs and aspirations.

19. The added value of higher education goes far beyond the more obvious benefits of a student having a degree. This is not to deny that a degree-level qualification is still regarded as a basic requirement for most professional jobs and that in an increasing number of professions qualifications beyond undergraduate are becoming the norm.
20. Businesses and the Community in Guernsey rely on graduates in many areas. In the public sector such as in teaching and medicine and in the private sector, such as in finance, IT, and law, as well as many other areas within the public and private sectors. It is therefore essential that access to higher education opportunity is protected. Higher education is of course expensive and the challenge for the States will be maintaining access to opportunities at a cost affordable to the Island. There can be little doubt of the value to the economy and community as a whole. This is illustrated by reference to Appendix 1 attached to this Report which shows Guernsey graduates' destinations 2012, courses studied and employment areas.
21. In particular the Education Department is keen to widen participation to ensure that all sectors of the community can access higher education. For some individuals higher education can be a life-changing experience. It can instil a thirst for learning and provide increased opportunities for career advancement. This is more likely to be the case as the labour market shifts to requiring increasing high-level qualifications at the expense of jobs requiring fewer qualifications and skills.

The Guernsey Higher Education System

22. Two core principles underpin higher education policy in Guernsey:
 - any student wishing to benefit from a university place for a first degree should not be denied States support if the university/institution accepts them and they qualify for support under the Department's policy, i.e. student preference should be preserved;
 - a student's choice of course and university should not be unduly influenced by the personal cost to them.
23. The first principle reflects a commitment to allow students to study at a range of universities and courses depending upon their personal interest and ability. The Education Department does not believe that it would be fair, practicable or effective to restrict the subject areas and institutions attended by Guernsey students. Currently, our 800+ students in full-time Higher Education attend 170+ institutions which are selected according to the needs and interests of the student. A breakdown of participation rates and numbers of young people undertaking off-Island higher education is given in Appendix 2.

24. The second principle has largely been achieved by placing a maximum cap on the amount of contribution a student/parent makes towards their fees. This has helped to ensure that a student would not be deterred from choosing a particularly expensive course, such as medicine, and opting instead for a lower cost course such as law or accountancy, based solely on the grounds of cost to them.
25. The Education Department has always felt it important that university-level education remains accessible to anyone who has the talent and will to succeed, regardless of personal financial circumstances. Of course there is a balance- public finances are not limitless.
26. In Guernsey, the cost of higher education is shared between parents and the States. Parents and Independent Students and their spouses are subject to an income assessment. Families with low earnings may have all their costs met, whereas middle and higher income families may fail to qualify for maintenance grants and any Departmental contribution to fees may also be comparatively small based on the financial assessment.
27. As part of changes introduced at the time of the Minister's statement to the Assembly in 2013, the maximum parental contribution to tuition fees was increased. The maximum parental contribution to fees was increased to £7,983 in 2013/14 and £8,983 for 2014/15. As standard fees for most courses and universities have remained at £9,000, contrary to earlier expectations, the Department has reviewed its earlier decision and capped the maximum contribution to tuition fees from parents at £8,900. These proposed increases and other measures reduce States expenditure by £912,000 at maturity in 2017 and contribute towards the Department's Financial Transformation Programme requirements.

Changes in Higher Education and the Emergence of Alternatives

28. In England, the government meets the upfront cost of higher education tuition through student loans and graduates repay the costs over their lifetime from earnings. This system will not work in Guernsey and in May 2008 the States rejected the notion of student loans as the core of a higher education system for the island. The Department, therefore, has no plans to resurrect earlier proposals, even with modifications.
29. Higher education is changing rapidly. The future of higher education opportunity for Guernsey students in the next few decades will be impacted by the development of innovative teaching methods such as Massive On-Line Open Courses (a more detailed assessment is included in appendix 3), blended learning opportunities involving work and study, mixtures of on-line and classroom-based learning, and the development of on-island providers giving access to greater ranges of higher education opportunities.

30. Guernsey can therefore look forward to the expansion of on-island higher education opportunities to increase choice for potential students in collaboration with a range of institutions; development of a new campus for a Tertiary College which will enhance further and higher education opportunities on island; the creation of a new funding model to ensure that potential students have access to the university and course which best meets their needs.
31. Further restrictions and cuts to public funding of UK universities seem inevitable: government grants are declining; limits are being set on undergraduate numbers; visa restrictions on foreign students have been introduced; tuition fees have increased and research funding cut. These are all features of the current UK Higher Education scene. This is leading to a greater focus from universities on fee-paying students, which may help the Islands. Equally, students, it seems, are becoming more discerning and perceptive about the value of particular degrees and the status of institutions. The high cost of graduating and diminishing job prospects is giving students pause for thought about the true value of a degree, albeit that the demand for places remains high.
32. The emergence of alternative opportunities is, therefore, welcomed.
33. The Education Department, at the time of preparing this paper, has already had talks with a private sector group wishing to establish a 'University of the Channel Islands'.
34. This will take time to establish if approved but significant progress could be made in the next few years. The University would offer undergraduate and postgraduate degree courses, initially in three schools – humanities, sciences and education.
35. As well as providing exciting opportunities for home students, the proposals, if successful, present clear benefits for the Guernsey economy. However, these matters are at a very early stage of discussion and development and for the purposes of this Report, it is the prospect for students to have even greater opportunities to study on the Island and at a lower cost than a UK off-Island institution, which is significant.
36. It is very likely that more learning opportunities will be available from on-line providers. However, these changes are likely to fuel a blurring between work and learning and this could challenge our current model of funding where the student goes off-Island for three years, studies full-time, and returns with a degree. This traditional way of learning can be expensive, particularly for island communities. The emergence of real alternatives should therefore be welcomed given the greater choice and flexibility on offer for students.
37. A more detailed assessment of Massive On-Line Open Courses appears in Appendix 3; however, at this stage it might be wise to be cautious about the impact of Massive On-Line Open Courses in the immediate future.

38. The most recent addition to Massive On-Line Open Courses is FutureLearn which began offering free courses in mid-September through a consortium of 26 partners including Edinburgh, Reading and its founder the Open University (see Appendix 4).
39. The growth of Massive On-Line Open Courses has been sudden but providers currently know little about Massive On-Line Open Course learners and therefore how to design courses with maximum impact.
40. There is little evidence about the profile or experience of Massive On-Line Open Course learners other than that despite the courses being free, only about 10% complete (see Appendix 3). Also providers such as Edinburgh University, admit that because of the lack of knowledge about the potential market it is difficult to design courses at appropriate levels.
41. However, Massive On-Line Open Courses might find a niche in Higher Education provision enabling some people to access courses in subjects that they cannot afford to take at university or people without formal qualifications to show competences at advanced levels as part of portfolios for recognition of prior learning and finally, as a more structured way to learn for those 'just interested in that subject' and in the long term form a part of the Island's Higher Education provision.
42. These developments mean that the Department needs to examine its current model of funding and explore whether there are better ways of investing in higher education. Will the traditional learning model eventually become too pricey and obsolete? Many education commentators already think so. It is predicted that the idea of mixing on-line courses with traditional class-room based courses will become standard practice. The ability to re-play lectures on a laptop is increasingly seen as something desirable if not essential, as is learning when the students wants to rather than when the lecture is being delivered in real time. Portability is also a factor. If the student does not like how a particular course is being taught at an on-line institution, there are greater opportunities simply to look elsewhere.

Increased collaboration

43. The Education Department has worked with other departments, particularly Health and Social Services and Commerce and Employment to ensure that all public sector training providers work together to ensure that the needs of the island community, particularly for those students who wish to study on-island, are being met. In particular the Guernsey College of Further Education, the Guernsey Training Agency, the Institute of Health and Social Care Studies, the Grammar School and Sixth Form Centre and Guernsey Careers Service have worked together to support students and their initiatives include sharing examples and ideas so that the Department can move towards greater participation more effectively, these include:

- promoting opportunities for Islanders from diverse backgrounds to participate in Higher Education;
- designing Higher Education modules and programmes which are developed locally to meet local need;
- working with local employers through bodies such as Skills Guernsey in terms of strategic workforce development and the related provision of knowledge and skills;
- promoting the benefits of studying on-Island, for example by ensuring that teaching provision and learning experiences are customer-focused and of high quality;
- working closely across all providers to map career/educational trajectories, and promote the lifelong learning approach to developing expertise on-Island. (The training providers acknowledge that more could be done collaboratively, approaches include:
 - a. fostering a collegiate approach to the student experience, for example, local discounts and events;
 - b. a local branch of the National Union of Students, shared student facilities, local freshers' week, membership of clubs and groups;
 - c. equally, providers are seeking to work together to expand on the existing use of blended learning approaches.

A New Funding Model

44. The current funding model concentrates on the traditional learning model where the student attends a university off-Island and studies at a conventional bricks and mortar establishment full-time for three, four and sometimes up to seven years. Tuition fees are high and maintenance costs equally so.
45. The Department believes that any future funding model should help support future learners by:
 - helping to encourage the development and growth in on-Island providers of higher education; and
 - recognising the emergence of less traditional routes to learning such as blended learning and providing financial support accordingly.
46. Finances are limited. The Department's higher education budget has remained at the same cash level (£6.5 million) since 2005. The Budget for 2014 and beyond will reduce even further as a result of Financial Transformation Programme initiatives (see paragraph 51). Expenditure for 2013 is forecast to be £5.8 million, while the budget in 2014 is £6.3 million, giving some security against higher student numbers and fee increases. However, the situation in the UK, in terms of fees, remains volatile and if universities were to change their policies and start to charge Island students overseas rates, this cushion could quickly disappear. The Financial Transformation Programme changes are expected to be broadly neutral, with a decreased budget being matched by extra income from parents. The Islands have fared well so far in continuing to secure home fee rates for Channel Islands' students. This may not always be the case. Future cash limits may, therefore, need to reflect any significant rise in fees charged by universities.

47. Importantly, over the medium term, the next five or so years, parents of school children approaching university age will need to have confidence that their children will have opportunities to study subjects of their choice at the institutions of their choice. The current funding model does not need radical amendment to do this. The Department will, however, ensure greater flexibility in its funding policies.
48. The Department will explore ways of amending the current financial model to ensure support for a more flexible approach to higher education funding in the knowledge that the overall Higher Education Budget may not be increased in real terms.
49. To ensure that opportunities for students are maximised, the Department will continue to support the proposed increases in the number of on-Island providers, with the proviso that standards are high and costs affordable. Similarly the Department will explore ways of supporting students who want to follow alternative routes of study to the traditional three year degree.
50. In particular, the Education Department is keen to establish a financial model that allows for students to receive support if they opt to study on-Island and will consider the establishment of grants for students studying on-Island.
51. The higher education budget as adjusted to take account of future Financial Transformation Programme savings is as follows:

2014	£6,282,667
2015	£6,022,000
2016	£5,718,000
2017	£5,588,000

52. The Budget reduction has largely been achieved by increasing the maximum contribution to fees parents will pay in future. For parents assessed at the maximum contribution the subsidy parents receive will be £100. The Department wishes to ensure that students and parents continue to select courses based upon personal preference and not financial considerations. Any student choosing an approved course, even where the fees are in excess of £9,000, such as medicine, science or engineering, will have a parental contribution capped at £8,900.
53. The current projections as evidenced in table e) within Appendix 2 indicate an approximate increase of 7.5% of first year students in the years 2014-2019. This follows on the numbers of students entering higher education and bottoming out in the years 2011-2013.
54. The cushion of £0.5m underspend on the Higher Education budget is increasingly vulnerable due to the following factors: an increasing number of first year students; the increase in tuition fees with a growing number of UK Institutions charging at least £9,000 for a course in 2014/15, when previously this was not the

case; the need to maintain student maintenance and travel expenses by at least RPI. Finally, the fact that wages in Guernsey are apparently not keeping pace with inflation, which means that the parental contribution to fees is possibly at its limit in a majority of cases.

55. In view of the volatility in the higher education market in the UK which may result in higher tuition fees and the increasing number of Guernsey students projected to undertake higher education courses in the next few years, see Annex 2, table (e) the Education Department may need to seek the support of the States in setting cash limits which take account of these fluctuations. However, for the present, the Higher Education budget is able to meet costs.

Good Governance:-

56. This States Report complies with the core Principles of Good Governance as outlined in Billet d'État IV 2011, with particular reference to the applicability of:

Core Principle 1 *“focusing on the organisation’s purpose and on outcomes for citizens and service users”*

Core Principle 4 *“taking informed, transparent decisions and managing risk”*

Core Principle 6 *“engaging stakeholders and making accountability real”*.

Recommendations

The Education Department therefore recommends the States:

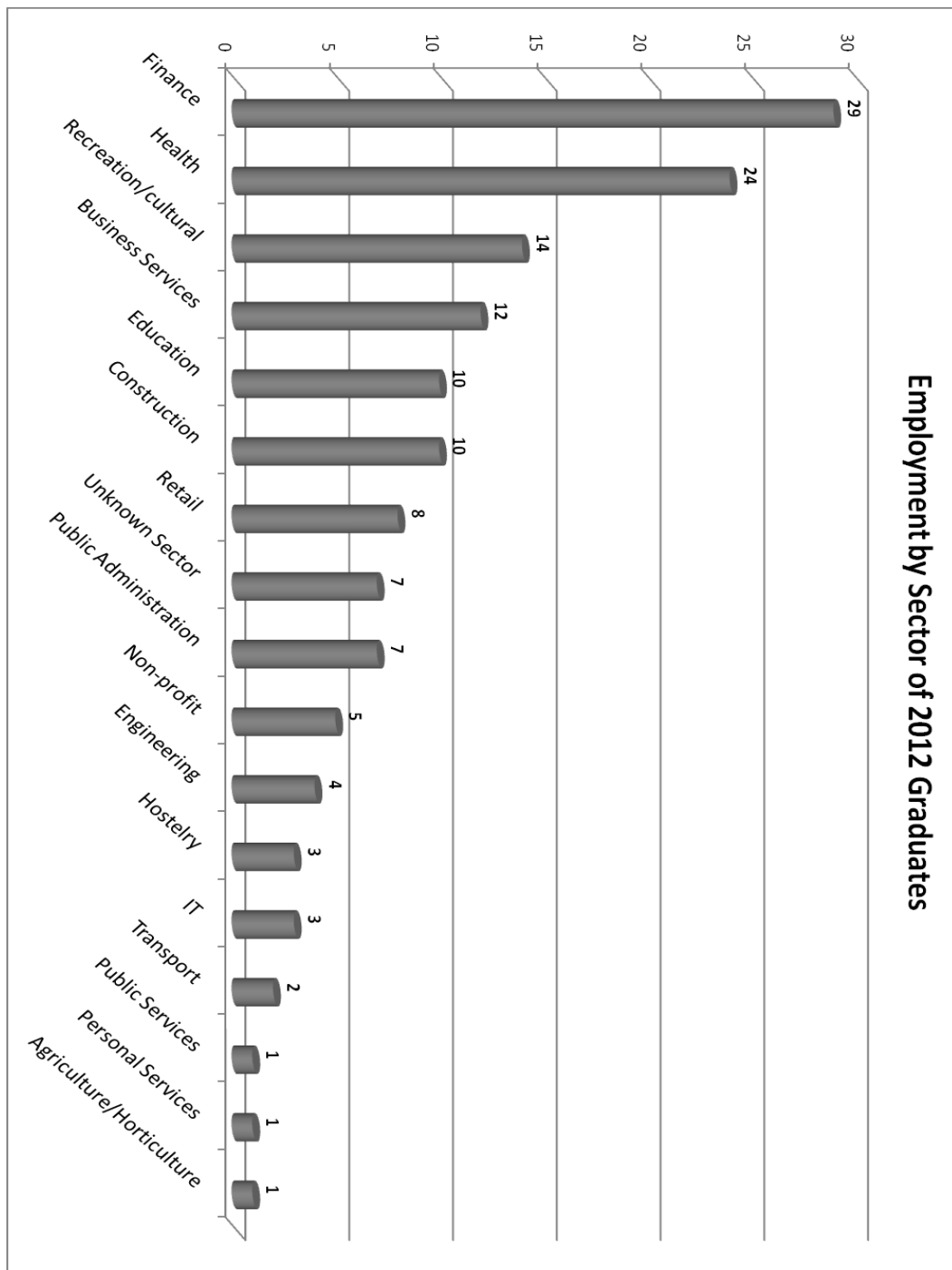
1. to note the content of the Report and that the Education Department will not be seeking additional funding for higher education in 2014;
2. to direct the Treasury and Resources Department to take into account the potential increases in expenditure if student numbers and/or tuition fees increase beyond current budgeted levels when recommending the 2015-18 Cash Limit for Education - Higher and Advanced Education; and
3. to note that the Education Department will return to the States in 2017 with further proposals on higher education funding from 2018 onwards and in particular to report on the level of budget required thereafter.

Yours faithfully,

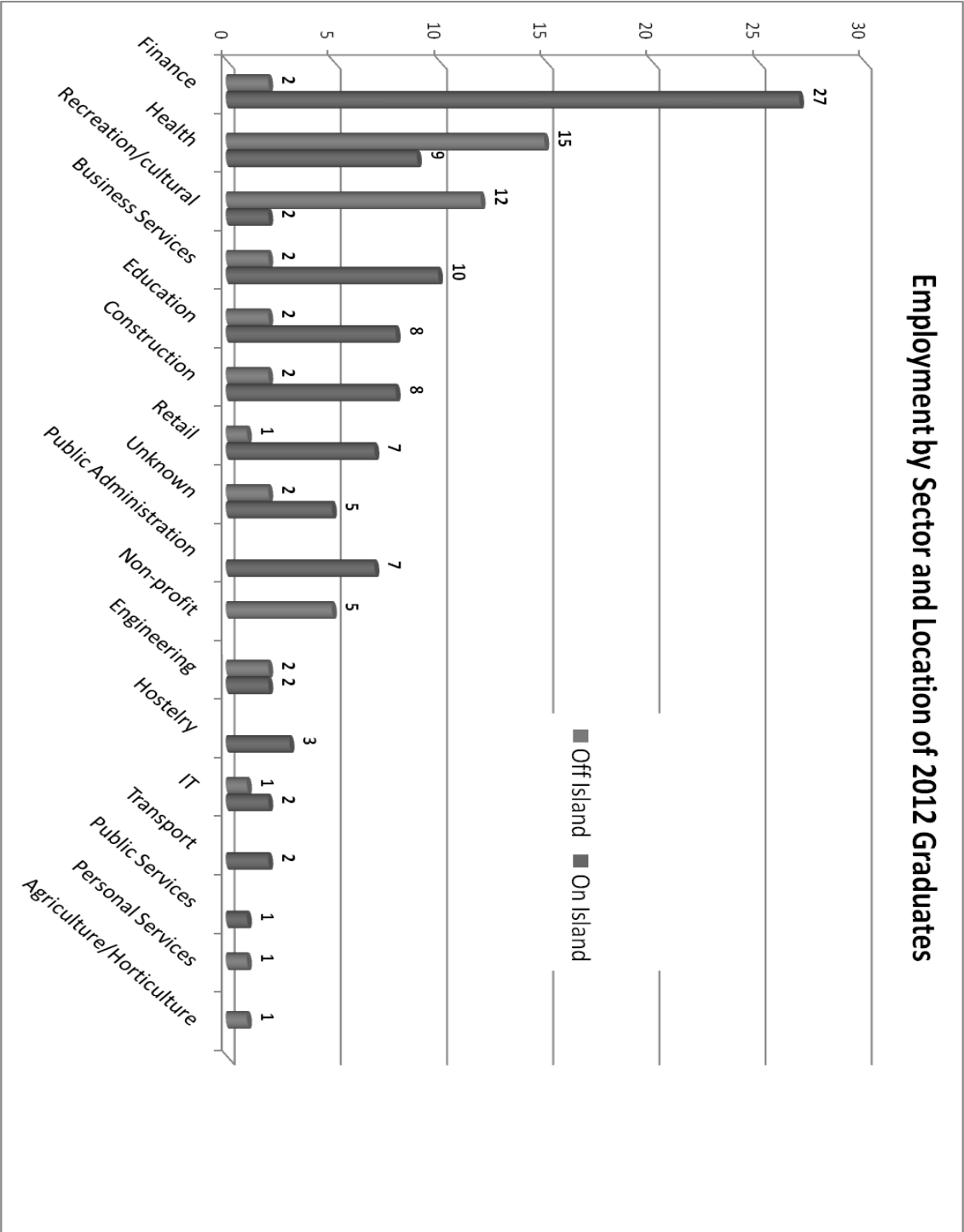
Deputy R. W. Sillars
Minister

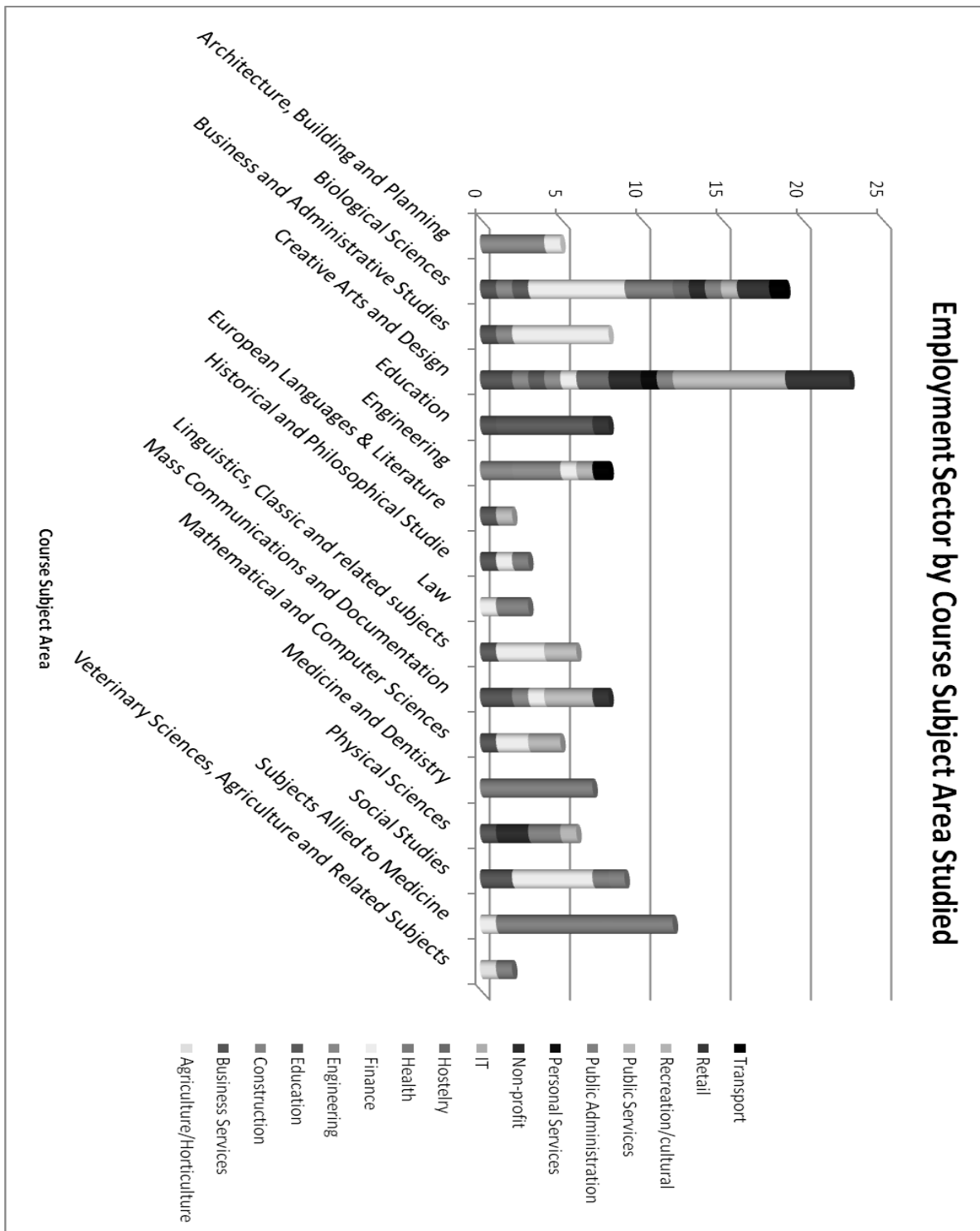
A. R. Le Lievre R. Conder P. A. Sherbourne C. J. Green D. Mulkerrin
(Non-States Member)

Appendix 1a



Appendix 1b





Appendix 2

a) Participation of 18 Year Olds: Off-Island Full Time Higher Education 2005-2013

Year	Male	Female	Total
2005	22%	33%	28%
2006	23%	32%	27%
2007	21%	26%	23%
2008	21%	27%	24%
2009	22%	28%	25%
2010	20%	29%	24%
2011	16%	29%	22%
2012	23%	27%	25%
2013	25%	31%	28%

Table a) refers to the percentage of young people aged 18 in the relevant year who started a higher education course.

b) Numbers of students, excluding postgraduates, in Off-Island Full Time Higher Education 2006/07-2013/14

Year	Number
2006/07	826
2007/08	864
2008/09	857
2009/10	822
2010/11	787
2011/12	736
2012/13	735
2013/14	750

Table b) refers to the total number of students, excluding postgraduates, at university within the particular academic year – the student could be in the first or subsequent year of a course.

c) Numbers of postgraduate students in Off-Island Full Time Higher Education 2006/07-2013/14

Year	Number
2006/07	42
2007/08	38
2008/09	25
2009/10	49
2010/11	38
2011/12	36
2012/13	31
2013/14	52

Table c) refers to the number of postgraduate students at university within the particular academic year – the student could be in the first or subsequent year of a course.

d) Actual number of students, excluding postgraduates, starting Off-Island Full Time Higher Education 2006/07-2013/14

Year	Number
2006/07	314
2007/08	316
2008/09	292
2009/10	278
2010/11	261
2011/12	234
2012/13	239
2013/14	261

e) Projected number of students, excluding postgraduates, starting Off-Island Full-Time Higher Education 2014/15-2018/19, with actual numbers in 2013/14 for comparison.

Year	Number
2013/14	261
2014/15	282
2015/16	268
2016/17	273
2017/18	274
2018/19	274

Tables d) and e) refer to the numbers of students starting at university within the particular academic year – table d) is based on actual numbers and table e) is an estimate based upon 28% of the appropriate age group together with those students over the age of 18, expected to start Off-Island Full-time Higher Education 2014/15-2018/19.

Appendix 3

Massive On-Line Open Courses

Massive On-Line Open Courses are a recent development in distance learning. Massive On-Line Open Courses offer a course of study made available over the Internet without charge to a very large number of people. The introduction of Massive On-Line Open Courses may mean that we will need to examine our current model of funding and explore whether there are better ways of investing in higher education. Will the traditional learning model eventually become too pricey and obsolete? Many education commentators already think so. It is predicted that the idea of mixing on-line courses with traditional class-room based courses will become standard practice. The ability to re-play lectures on a laptop is increasingly seen as something desirable if not essential, as is learning when the students want to rather than when the lecture is being delivered in real time. Portability is also a factor. If the student does not like how a particular course is being taught at an on-line institution, there are greater opportunities simply to look elsewhere.

We now have a level of accessibility to educational media that could not have been imagined just a few years ago. But the major obstacle to their acceptance by employers is their lack of accreditation.

Employers are used to the world of certification and little has changed so far in this regard. While Massive On-Line Open Courses are excellent for obtaining the skills or body of knowledge in particular subjects, without the quality seal of certification they remain of unknown or variable value.

In 2014 Massive On-Line Open Courses are a valuable addition to university education—they do not replace it. They do not replace classroom education, but to augment knowledge they are excellent.

As an alternative to traditional routes of learning Massive On-Line Open Courses could have an impact. They might represent an alternative route to high quality education and as such begin to “raise the bar” for everyone by consolidating learning gained from local colleges anywhere in the world, even those in the poorest nations. Our students and the Island’s economy will have to compete.

The approaches to learning in future are likely to combine face to face classroom methods with on-line mediated activities to form an integrated instructional approach. This is often referred to as blended learning. Digital materials will play a much greater role than they have traditionally, helping to support face to face instruction, and perhaps bettering such instruction from the learner’s perspective. For example, a blended approach to a traditional, face to face course might mean that the class meets once per week instead of the usual three-session format. Learning activities that otherwise would have taken place during classroom time can be moved online.

The ultimate aim of a blended approach is to join the best aspects of both face-to-face and online instruction. Classroom time can be used to engage students in advanced interactive experiences. Meanwhile, the online portion of the course can provide students with multimedia-rich content at any time of day; anywhere the student has internet access. This gives greater flexibility for students.

Appendix 4**Case Study of FutureLearn**

The idea of a Massive On-Line Open Course is to provide free courses over the web in order to raise a university's profile so that it can attract more, higher calibre students, and in some cases to replace conventional teaching.

A number of universities have developed their own Massive On-Line Open Courses, but FutureLearn is a private company set up by the Open University to provide a shared service to multiple partners and was launched in December 2012. By October 2013 when it went live it had 26 partnerships with universities and other cultural institutions, including an Australian University, Trinity College Dublin and the British Museum.

FutureLearn's aim is to offer high quality courses and enjoyable learning experiences, around the world for free. People will be able to learn throughout their lives fitting learning around their lives, rather than their lives around learning.

20 courses were made available from October 2013, including an introduction to web science from the University of Southampton and an introductory programming course from the University of Reading.

According to the Open University, which as a distance learning institution has been delivering courses since 1969, the site includes features including social community features, which help students keep in contact with their peers, contextual feedback, and an analytics dashboard for universities.

FutureLearn enters a crowded marketplace for online learning, which includes private companies such as Coursera, edX and Udacity, as well as government backed initiatives such as European Commission's OpenUpEd.

According to an analysis of publicly available data by educational technology researcher Katy Jordan, most Massive On-Line Open Courses are completed by fewer than 10% of students who enrol.

Jordan found that Duke University's 12 week course Think Again: How to Reason and Argue, had 226,000 students enrolled. Just 2.3% of students completed the course.

(N. B. The Treasury and Resources Department is pleased to note the largely successful outcome of the Education Department's negotiations with UK Universities on the fee treatment of island students and the revised arrangements for funding tuition fees. It is noted that the current projections for student numbers and tuition fees indicate that the current budget will be sufficient in the short-term.

The Treasury and Resources Department supports the Education Department's intention to review the current model to ensure support for a more flexible approach to higher education and its funding. The exploration of opportunities to increase collaboration by bringing all further and higher education in various States Departments within the Education Department (which will allow for a collaborative approach to higher education provision across public training providers) is particularly welcomed as it has the potential to improve service delivery and realise financial benefits.

However, there could be a future requirement in due course to review and consider modifications to one of the core principles currently underpinning higher education policy in Guernsey that *"any student wishing to benefit from a university place for a first degree should not be denied States support if the university/institution accepts them and they qualify for the support under the Department's policy."* The Treasury and Resources Department is of the view that it may be appropriate to keep this principle under review as it may not be sustainable or affordable in the longer term, especially given the rapid changes in the delivery of further education highlighted in the Report; consideration may need to be given to a system that focuses financial support towards students undertaking courses at universities/institutions with which the Education Department has been able to negotiate acceptable fee rates or which offer courses which have particular economic or social benefit to Guernsey.)

(N.B. The Policy Council notes the Treasury and Resources Department's comments. Whilst providing some information on potential future options for the direction of Higher Education the Education Department is not proposing any radical changes in this Report, although the Department states it was keen to establish a financial model that allows students to receive support if they opt to study on-Island and will be considering the establishment of grants for such students. Student loans were considered in 2008 when the States rejected such proposals and the last major change was in November 2007 (Billet d'État XXII of 2007) when the States agreed to approve the principle of the current scheme of student contributions to fees.

The Social Policy Plan general objectives include *"equality of opportunity, social inclusion and social justice"*. The Education Department's Vision (Billet d'État XV vol.1, July 2013) document suggested that the Department must review its *"funding and delivery of higher education opportunities to*

ensure that potential students have access to the university and course which is best able to meet their individual needs and aspirations.” In ensuring that student choice of course and institution is maintained this will help continue to meet individual needs and aspirations.

One of the Commerce and Employment Department Policy Principles is “Ensuring that Guernsey has a well trained local workforce as this is key to success of local businesses”. The Commerce and Employment Department has included the Guernsey Skills Strategy as a priority in its 2014 Business Plan. Strategic Aim 2 of the April 2011 report prepared for the Guernsey Skills Strategy Development Group “Towards a Skills Strategy for Guernsey” is to “improve the education and training opportunities available in Guernsey” and is the only one to specifically mention higher education provision, stating as an underlying principle “review higher education provision”. The Report states in paragraph 43 that the Department intends to work collaboratively with local employers through bodies such as Skills Guernsey in terms of strategic workforce development and the related provision of knowledge and skills.

The Policy Council supports the proposals contained in this Report and considers that it has met the principles of good governance.)

The States are asked to decide:-

IV. Whether, after consideration of the Report dated 28th January, 2014, of the Education Department, they are of the opinion:-

1. To note the content of that Report and that the Education Department will not be seeking additional funding for higher education in 2014.
2. To direct the Treasury and Resources Department to take into account the potential increases in expenditure if student numbers and/or tuition fees increase beyond current budgeted levels when recommending the 2015-18 Cash Limit for Education - Higher and Advanced Education.
3. To note that the Education Department will return to the States of Deliberation in 2017 with further proposals on higher education funding from 2018 onwards and in particular to report on the level of budget required thereafter.