14th November 2025

By email

Review of the Government's Proposed Budget 2026 – 2029

We write further to your invitation to submit evidence to the Review of the Government's Proposed Budget 2026 – 2029 as it relates to Government proposals to introduce a payment scheme to all parents with children aged 2 to 3 years, for 15 hours per week and for 38 weeks a year in all Early Years settings commencing January 1st, 2026.

All JEYA members are unanimous in their support for funding support for working parents and the universal offer in relation to childcare. This is something the sector has advocated for a long time and are pleased that the Minister has brought this forward in the Budget.

Introduction

"Give me a child until he is seven and I will show you the man."

This famous observation by Aristotle, is as true today as it was over 2,300 years ago, as is the unchanging motivation and innate drive of parents – anytime and anywhere – who strive to do the very best they can for their young children.

The Jersey Early Years Association was formed and exists to support parents achieve their goals.

For parents to do the very best they can in the modern, sophisticated world is a complicated, and often overwhelming, path, involving much more than just great parenting skills. Societal pressures, wellbeing, education, technology, and so much more, is in the mix.

But whether we like it or not, it usually comes down to finance and funding and when familial resources are exhausted or need support – it is the role of Government to become a partner, not just for the individual but for present and future generations.

The Government of Jersey has repeatedly said we should put children first. It's a key, sometimes quoted as THE NUMBER ONE, objective.

Authoritative research (ISOS) has concluded that Early Years funding is a vital component of a suite of policy initiatives required to put children first. Parents cannot do everything.

In many ways the level of funding required is not negotiable. There is no such thing as cut-price, quality childcare.

What follows is a detailed history and explanation of the JEYA position relating to the forthcoming Budget proposals on 2 to 3 funding: -

1 Implementation Date:

1.1 The members are committed to try to implement the scheme as soon as practicably possible and we have committed to provide JEYA resource and representation to discuss the roll-out. Nonetheless, members are gravely concerned about the target date of 1 January 2026. The Budget is only being debated on 9-11 December, leaving only a seven-day window before many settings close for the Christmas break.

1.2 There is a sense that the amount of work required by settings is being under-estimated. Even though many settings have nursery management software, the automated calculations cannot be relied upon as they are based on UK funding models and calculations are therefore onerous and time-consuming.

1.3 We understand that the implementation work could start prior to the Budget Debate in anticipation of approval but some of the work can only be done when there is certainty that the scheme will go ahead.

1.4 Whilst we have received assurances that any Partnership Agreement setting out the terms of the scheme would mirror the terms of the existing NEF Partnership Agreement, JEYA's position is that any agreement between the settings and GoJ can only be reached when the exact terms of the contract are known.

2 Rate:

2.1 All members of JEYA, bar one (with somewhat exceptional circumstances) have confirmed unanimously that the rate of £11 per hour, set out in the budget is not viable and they will not be able to participate in the scheme at that rate. (The single setting that was not represented has confirmed separately that they would accept £11 per hour.)

2.2 A considerable amount of work was done by JEYA and GoJ in Q4 of 2024 and Q1 of 2025 to establish the realistic cost of providing the proposed financial support. The joint exercise was undertaken not as an exercise in collating the rates that settings are charging for care for 2–3-year-olds, rather it was an exercise to establish a model to determine the actual cost of delivering childcare for 2–3-year-olds in the island based on Q4 2024 costs.

2.3 This exercise, highly detailed and thorough, had the objective of establishing average costs across the private and not for profit sector with further comment commentary provided by various members to support the statistical analysis. All JEYA members were consulted on the results which confirmed the following in a Powerpoint presentation sent to JEYA members by Nikos Mylonakis and Kirsty Pearson:

2.3.1 The pure cost of delivery based on input costs for Q4 2024 was calculated as £10.24.

2.3.2 This rate did not include any cross-subsidisation for 0–2-year-olds. In the aforementioned exercise, it was acknowledged that due to the lower ratios of

1:3, the cost base for care for 0-2s is disproportionately high. Consequently, in the fee structure for day nurseries, an element of the fee paid by the older age groups offsets some of that disproportionate cost and in doing so keeps it affordable for parents. This was repeated in the covering email from Nikos Mylonakis dated 8 May 2025.

2.3.3 The rate did not include a margin for reserves, sustainability, investment and profit.

2.4 It should be noted that margins for cross-subsidisation and sustainability were mentioned twice by the Government team in a four-page presentation. (See attached). The Government team emphasised on more than one occasion the importance that had been placed on these elements in the face-to-face discussions held between the officers and JEYA representatives.

2.5 JEYA wrote to Nikos Mylonakis and Kirsty Pearson on 10 June 2025 and confirmed the following:

"We presented the figures to a meeting of the JEYA membership on Tuesday evening (3rd June) and the members were comfortable that the rate of £10.23 reflected an average current cost of provision of care for 2–3-year-olds.

It was noted that your presentation stated that this rate does not include any margin for profit and sustainability, nor does it allow any margin for cross-subsidisation. I have been instructed to point out that any rate that is proposed for funding for 2–3-year-olds would need to include both for it to be viable.

The membership were very grateful for the work that you have done thus far and asked me to reaffirm JEYA's commitment to working with you on this and any related work that creates a better understanding of the current financial model underpinning the PVI sector."

2.6 In his letter of 6 October 2025, the Minister outlined the basis for the offer of £11 per hour for the provision of funded hours to 2–3-year-olds.

2.6.1 The cost of delivery has been increased by 2.7%.

2.6.2 No allowance has been given for cross-subsidisation.

2.6.3 A margin for profit, sustainability, investment and reserves is included at £0.48 per hour, or 4.3%.

2.6.4 The Minister claims in his letter that some settings are charging less than £11 per hour.

2.7 In response, settings would make the following points:

2.7.1 The exercise that was done was based on figures for Q4 2024 and the proposed rate of £11 is for Q1 2026. Since then, most settings have seen their costs increase. They will have implemented by pay rises for their staff in that period, with many settings anticipating that their employment costs will have risen far more than 2.7% - see 2.8 below.

2.7.2 An allowance of 4.3% for sustainability, profit, investment and reserves is insufficient in most business models.

2.7.3 No allowance has been provided for cross-subsidisation of the fees paid for younger age children. As noted by the government's own research, this is a key element in the Early Years financial model to keep fees affordable for parents. In his letter of 6 October, the Minister asked the settings not to increase the cost of other hours. These two positions are clearly contradictory.

2.7.4 The exercise that was undertaken by JEYA in conjunction with Kirsty Pearson and Nikos Mylonakis was aimed at understanding the cost of delivering care as set out in the Statutory Requirements. It is acknowledged that some discounted full-time rates of those that are available may be below £11 per hour but this reflects:

- A recognition that parents cannot pay any more, with recent years seeing below-inflation increases in fees;
- Savings in employment costs that are being made because settings are back-filling qualified positions with unqualified staff are being used to absorb other above inflation costs which are not being passed on to parents – insurance for example has increased by more than 100% in the post-Covid period.

2.8 The sector has suffered inflationary pressures with the move to bring the Minimum Wage in line with the Living Wage. A meeting was held with the Government adviser to discuss this very point and contrary to GoJ's general position that this move would not cause widespread wage inflation, it was agreed that:

2.8.1 The sector's wage structure is very compact and so any increases in the lowest paid will inevitably necessitate increases at each subsequent level;

2.8.2 Many other costs – food, cleaning, for example, are also suffering above inflationary increases as their own employment costs rise above inflation;

2.8.3 The fund that was established to try to support businesses is largely focussed on automation and efficiency and it has been acknowledged that there is little or no scope for our sector to benefit from this fund.

2.9 JEYA committee members have committed valuable time and resources to the Workforce Group, which by its own admission achieved nothing in terms of increasing the breadth and depth of the workforce in the island. There is a widespread view that this will only be achieved when the sector can meet the "life-ambitions" of its workforce, paying them a salary commensurate with the experience, skillset and professionalism that is now expected of them, in turn allowing them to enjoy more than the most basic of lifestyles in Jersey. How can this be achieved if the amount that members are paid does not cover that cost?

2.10 Clearly a rate of £11 fails to undertake some or all of:

2.10.1 the subsequent inflationary increase in costs;

2.10.2 the much needed cross-subsidisation; and / or,
2.10.3 a fair margin that reflects a sustainable business model.

2.11 On that basis, the members represented at JEYA's meeting on 7 October 2025 confirmed that the scheme is not viable in its current form. This should not be a surprise to the Minister as it was clearly set out in our aforementioned email to his officers of 6 May 2025 which stated unambiguously the scheme would only be viable if it included a margin for sustainability and cross-subsidisation.

3 No of Hours:

3.1 JEYA members have continued throughout this process to express serious concerns about the lack of consultation regarding the number of funded hours.

3.2 Following reassurances provided to JEYA committee by GoJ representatives during the early discussions regarding a potential funding scheme, that "15" was merely a nominal number of hours and further consultation would take place, members were very disappointed that the scheme was announced as 15 hours without any consultation.

3.3 Members are concerned that the offering of 15 hours in its current form will not generate any material improvements in terms of outcomes for children developmentally, nor will it have the economic advantage of encouraging parents back into the workplace. Furthermore, whilst 15 hours of funding will understandably be welcomed by those already accessing childcare, it is unlikely to alleviate cost of living pressures sufficiently to improve the drop in the birth-rate something which is drastically needed with our aging demographic.

We conclude this letter by re-affirming our members' commitment to funding for working parents, but this can only be achieved if the terms are both workable and financially viable.

We can do no better than repeating the following from a Policy Centre Research Report on Early Years, which is in the final stages of preparation: "*Life chances are determined to a large extent in the pre-school years. Policy towards early years is therefore critically important, particularly for those from disadvantaged backgrounds…Early years support policies are important in maximising the return on public expenditure, helping those from disadvantaged backgrounds and facilitating parents to return to work*."

For the avoidance of doubt, whilst this letter is signed by me as chair, it has been seen and approved by all members prior to being issued.

With best wishes.

Belinda Lewis
Chair