
Early Years education in Jersey

A review of the sector and analysis of
potential policy changes

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Executive summary

In late 2018, Jersey's Minister for Education established the Early Years Policy Development Board (EYPDB) to examine the provision of services in Jersey in relation to children from birth to age five ('Early Years') and to develop a shared strategic policy position across Early Years. Work in this area is designed to support the Government of Jersey's (GOJ) Common Strategic Priority of 'putting children first'¹ and ensuring that all children in Jersey have the best start in life.²

The GOJ currently subsidises places in Early Years settings for children in their pre-school year³ by providing 20 hours of funded nursery education per week during term-time (i.e. 38 weeks per year). These funded hours can be accessed by families in a range of settings, including States nursery classes (attached to States primary schools), pre-schools, and day nurseries (which typically offer longer hours, year-round). Private providers are eligible to claim a fixed amount of funding from the government for each 'free' hour provided. The amount paid by the government to registered providers is £5.36⁴ per hour (the Nursery Education Fund's (NEF) 'NEF hourly rate') for 2019/20.

In support of its overarching objectives, the EYPDB asked Oxera to assess the impact of changing some aspects of the current Early Childhood Education and Care (ECEC) policy on the ECEC sector itself (rather than examining the implications for the wider economy). Specifically, we looked at the following policy changes:

- extending funded hours for pre-school children from 20 to 30 per week;
- extending funded hours for pre-school children to year-round (rather than term-time only);
- extending funded hours to 2–3-year-olds.

It should be noted that the analysis has not sought to comment on the quality of the ECEC provided, primarily due to data availability.

In addition, we were asked to consider the potential impact of government policy that sought to encourage ECEC settings to take on more highly qualified staff (including, potentially, qualified teachers or Childhood Studies graduates). We were not able to obtain sufficient data to analyse policy options in this area quantitatively, but we have noted in this report the observations made by providers in the sector in relation to this policy area.

The work was undertaken in two phases. Phase 1 involved a diagnostic analysis of the state of the ECEC sector in Jersey. This was based on discussions with ECEC providers and the EYPDB, as well as on our research of publicly available information. In phase 2, we examined the potential impact on the ECEC market of the potential policy changes set out above.

Our initial review in phase 1 led us to the following conclusions.

¹ Government of Jersey (2019), '[Common Strategic Policy 2018–22](#)'.

² Best Start Partnership (2020), '[Our Vision](#)', accessed 31 January 2020.

³ That is, the academic year before children are due to start formal schooling (i.e. the academic year in which they will turn four years old). Early Years settings that offer the funded hours in Jersey include States nursery classes and private pre-schools and nurseries.

⁴ Government of Jersey (2020), '[Free early learning for your child](#)', accessed 24 January 2020.

- The current model provides choice for families: the mixed model of ECEC settings offers good choice for most parents—including in relation to location, price, hours and continuity of care.
- Most pre-school children currently attend an ECEC setting: most children in Jersey attend a formal ECEC setting in their pre-school year (the year in which they turn four years old). This is consistent with the GOJ objective of giving young children 'the best start in life', as formal ECEC in an Early Years setting can enhance a child's holistic development.⁵
- The sector requires holistic policymaking: the mixed model means that a large number of providers across the public, private and not-for-profit sectors are responsible for ECEC in Jersey.
- The provision of NEF-funded hours makes it more affordable for parents to return to work: NEF hours essentially provide a subsidy for working parents. This is because many jobs require childcare in excess of the NEF provision.
- The States nursery class capacity is well matched to demand, but there are geographical variations: across the Island as a whole, the number of places in States nursery classes is well matched to the number of children seeking a place each year; however, classes in St Helier tend to be oversubscribed, whereas significant spare capacity exists in more rural parishes.
- There is spare capacity in States nursery classes in the afternoons: in part due to the way in which funded hours must be taken in States nursery classes, there is spare capacity in these classes in the afternoons. This represents a potential inefficiency, as the staffing levels remain the same regardless of whether all children stay in the afternoon.
- The current NEF hourly rate may not be sufficient to cover costs: our consultation with providers indicates that this is a primary area of concern for most providers. This position is supported by a comparison of the growth in the NEF hourly rate with inflation and average earnings since it was introduced.
- If the NEF hourly rate is below the cost of providing ECEC, published prices are likely to be higher than they might otherwise be, absent the NEF scheme: where a setting faces an average underlying cost of provision that is higher than the NEF hourly rate, it may need to price at a level that means that it can recover the funding shortfall across its operations. Other responses might include reducing costs (through efficiencies or a reduction in provision or quality); increasing its offering (e.g. by opening for longer hours or more weeks of the year, or by taking on younger children); or leaving the NEF scheme altogether.
- Settings recognise the value of staff qualifications, but commented that these must be relevant to ECEC and that experience is also important. Settings that we spoke noted that qualified teachers may not necessarily be more suitable than Level 3-qualified staff as they may not have the skills required to deal with younger children (those under the age of three), or specific Early Years training or experience.

Phase 2 of our work considered the likely impact of the potential policy changes on the ECEC sector in relation to funded hours, specifically:

⁵ Early Years Childhood Partnership (2017), '[Review of Early Childhood Education in Jersey](#)', November.

1. increasing funded hours from 20 to 30 per week;
2. increasing funded hours from term-time (38 weeks) to year-round (c. 50 weeks);
3. expanding eligibility for funded hours to 2–3-year-olds (the academic year in which a child turns three).

We did not have access to the full financial data in relation to any ECEC settings, which would have enabled us to quantify the underlying costs of providing ECEC and hence fully assess the impact of these potential policy changes. As an alternative, we have modelled a number of scenarios.

These scenarios are designed to quantify the potential impact on the price of paid-for ECEC in the event that the NEF hourly rate is lower than the underlying cost of a setting providing ECEC. We do not assume that the NEF hourly rate is lower than the underlying cost of providing ECEC, but we model the impact of the potential policy changes if this were to be the case. We look at two modelled settings—a pre-school and a day nursery. These help to illustrate the potential sensitivity of the sector to policy changes.

The following observations emerge from our analysis (see section 4).

- **A key driver of the impact of any change to the NEF scheme on an ECEC setting is how the NEF hourly rate relates to the underlying average cost of provision.** Any shortfall would mean that an expansion of the NEF scheme could be damaging to the sector. However, if the NEF rate is sufficient to cover the average underlying cost of ECEC provision, the impact of an expansion in the NEF scheme is likely to be related to the capacity for settings to accommodate any additional demand, rather than to the pure financial 'cost' of delivering additional hours. Where spare capacity exists, an expansion of the NEF has the potential to increase capacity utilisation in a setting, driving a positive financial impact.
- **Utilisation of capacity in private ECEC settings is a key driver of financial sustainability.** ECEC settings face a significant level of fixed costs, particularly in the short and medium term (two key costs are staff and property costs). This means that marginal income contributes directly to covering these costs (in contrast to a situation where marginal income is matched by a significant amount of marginal cost). Government policy that adversely affects capacity utilisation in private-sector settings (i.e. reduces the number of children who are likely to attend a particular setting) could therefore be particularly disruptive.
- **Pre-schools are less resilient to changes in the NEF policy.** Pre-schools are more dependent on NEF income than most day nurseries due to their more limited opening times and age range.

Further relevant observations in relation to a potential expansion of the NEF scheme are set out below.

- **An expansion of the NEF scheme from 20 to 30 hours a week would not lead to significant costs for States nurseries.** Although there would be some loss of income where additional hours are currently being purchased, the additional ten hours would be taken as two hours per day, in the afternoons, where capacity is already available but underutilised.
- **Expansion of the NEF scheme to year-round could create a shift in the market.** Many settings—namely States nursery classes and pre-schools—

operate in term-time only. If funded hours became available year-round, parents might choose to shift to settings that offer year-round care (in order to benefit from this change), which would adversely affect a large portion of the market (see the note above on dependence on high capacity utilisation). This would be dependent on the extent to which settings that offer year-round care are able to expand their capacity to cater for the additional demand.

- **The cost of providing ECEC to 2–3-year-olds is significantly higher than for 3–4 year-olds.** This is driven by the required staff ratios (which are doubled for the younger age group). This would need to be reflected in a NEF hourly rate for 2–3-year-olds that was (potentially significantly) higher than for 3–4 year-olds.
 - **A limited number of settings are currently able to accept 2–3-year-olds.** States nursery classes do not accept 2–3-year-olds, and nor do some private settings. Therefore, it is unclear whether the ECEC would currently be able to absorb the additional demand if the NEF scheme were expanded to include 2–3-year-olds. However, a policy that extended funded hours to 2–3 year-olds on a targeted basis only (i.e. to a subset of 2–3-year-olds based on need) could potentially be more easily accommodated by the ECEC sector.
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1 Introduction

1.1 Context

Jersey's Minister for Education established the Early Years Policy Development Board (EYPDB) to examine the provision of services in Jersey in relation to children from birth to age five ('Early Years') and to develop a shared strategic policy position across Early Years.

As part of its remit, the EYPDB is seeking to understand the extent to which the Early Childhood Education and Care (ECEC) market can contribute to the delivery of government policy in this area.⁶ Work in this area is designed to support the Government of Jersey's (GOJ) Common Strategic Priority of 'putting children first'⁷ and ensuring that all children in Jersey have the best start in life.⁸

The GOJ currently subsidises places in Early Years settings for children in their pre-school year by providing 20 hours of funded nursery education per week during term-time (i.e. 38 weeks per year).⁹

There are a range of Early Years settings that provide Nursery Education Fund (NEF)-funded hours, including States nursery classes (attached to States schools), pre-schools (including those attached to private schools), and private nurseries (which typically offer services year-round). Each provider is eligible to claim a fixed amount of funding from the government for each 'free' hour provided. The amount paid by the government to registered providers is £5.36¹⁰ per hour (the 'NEF hourly rate') for 2019/20.

1.2 Scope of work

In support of its overarching objectives, the EYPDB asked Oxera to assess the potential impact of changing some aspects of the current ECEC policy.

Before any policy change can be assessed, it is important to understand how the current market works. In this way, the impact of any future policy changes can be better anticipated.

Our assessment sets out:

- an overview of the ECEC sector in Jersey, including an analysis of the key features and characteristics of the market and different providers;¹¹
- an assessment of the potential impact of changing the existing policy under different scenarios, as set out by the EYPDB.

1.3 Data sources

Our analysis and narrative is based on the following data sources:

- data provided by the GOJ;

⁶ As announced by the Education Minister. See Government of Jersey (2019), '[Education Minister to redesign funding for nursery places](#)', January, accessed 24 January 2020.

⁷ Government of Jersey (2019), '[Common Strategic Policy 2018–22](#)'.

⁸ Best Start Partnership (2020), '[Our Vision](#)', accessed 31 January 2020.

⁹ That is, the academic year before they are due to start formal schooling (the academic year in which they will turn four years old).

¹⁰ Government of Jersey (2020), '[Free early learning for your child](#)', accessed 24 January 2020.

¹¹ Services provided by nannies and childminders and other forms of informal care and education are out of scope for this piece of work.

- primary source documentation, most of which is publicly available;
- consultation with providers of ECEC in Jersey.

As part of our work, we contacted representatives of 21 out of 50 (42%) ECEC settings in Jersey and spoke to representatives of 12 settings (24%), including pre-schools, day nurseries and States nursery classes. We focused primarily on contacting private settings, as there was less information and data available for those settings than for States nursery classes. These conversations were used primarily in order for us to validate our understanding of the sector and explore the views of stakeholders with respect to the key challenges facing the sector.

2 Background: Early Years policy in Jersey

In this section, we provide an overview of the ECEC sector in Jersey.¹² Children in Jersey generally start school the September after they turn four years old.¹³ In this report, we use the term ‘Early Years’ to describe the years before a child starts formal school education.¹⁴

2.1 Jersey context

At the end of 2018, Jersey’s population was estimated by Statistics Jersey to be approximately 106,800.¹⁵ At the end of 2018, the segment of the population aged up to four years old was estimated to be 5,400.¹⁶ This equates to c. 1,000 children in each year group (be that by age or academic year).

The overall cost of living in Jersey is high (in comparison with the UK and other similar jurisdictions, including Guernsey), with the cost of housing being of particular note.¹⁷ The costs of raising children make up a significant component of household expenditure; evidence from the GOJ income distribution report shows that households with children have less income than equivalent households without dependent children (on an equivalised basis).¹⁸

While employment levels are high in Jersey¹⁹ and the unemployment rate is low,²⁰ there is a significant gap between male and female workforce participation.²¹ The PwC (2019) ‘Women in Work Index’ found that average childcare costs in Jersey were in many cases up to 50% higher than in the UK as a whole.²² The combination of high childcare costs and work–life balance challenges (for example, in terms of progressing to senior levels) leads many women to opt for lower-paid or part-time positions after having children. In some cases, they may choose to leave the labour force altogether.

It is against this backdrop that the GOJ asked us to examine the provision of ECEC in Jersey.

¹² This report focuses only on formal settings—specifically, States of Jersey nursery classes and private pre-schools and nurseries, for which we were able to obtain data on the exact number of children and places in each setting.

¹³ However, school is not compulsory until the term in which they turn five years old (see the [Education \(Jersey\) Law 1999](#)).

¹⁴ In the UK, the Early Years Foundation Stage (EYFYS) covers the learning, development and care of children from birth to five years old. Source: Gov.UK (2019), ‘[Early years foundation stage](#)’, accessed 20 January 2020.

¹⁵ Government of Jersey (2019), ‘[Population estimates](#)’, accessed 20 December 2019.

¹⁶ Ibid.

¹⁷ Statistics Jersey (2019), ‘[Jersey House Price Index Q3 2019](#)’, p. 10.

¹⁸ States of Jersey (2015), ‘[Jersey Household Income Distribution 2014/15](#)’, November.

¹⁹ In 2018, the labour force participation rate in Jersey was 80%, corresponding to eight out of ten people of working age (15 to 64 years) either working for an employer or being self-employed. Source: Statistics Jersey (2019), ‘[Jersey Better Life Index 2018](#)’, April. The participation rate is calculated as the labour force divided by the total working-age population.

²⁰ The unemployment rate in Jersey estimated in the 2014/15 Household Spending and Income Survey was 4%, corresponding to 2,500 people being unemployed and looking for work. As defined by the International Labour Organisation (ILO), the unemployment rate measures the proportion of unemployed people in the workforce. It includes people registered as unemployed as well as those not registered but still seeking work. It does not include those who have chosen not to enter paid employment. Source: Government of Jersey (2019), ‘[Unemployment statistics](#)’, accessed 20 December 2019.

²¹ PwC (2019), ‘[Channel Islands Women in Work Index 2019](#)’, March, p. 10.

²² Ibid.

2.2 The benefits of Early Years education and the case for government intervention in the sector

One of the GOJ's strategic priorities (identified in the Common Strategic Policy 2018–22) is 'putting children first'.²³ As part of its implementation of policy in this area, the government launched its Children and Young People's Plan (2019–23) with the vision that 'all children should have an equal opportunity to be safe, flourish and fulfil their potential'.²⁴ This plan includes an ambition to provide the best start for children in Early Years settings and increase the number of children achieving the expected level in the Early Learning Goals (this is assessed at the end of the school Reception year).²⁵

There is research that shows the importance of the Early Years experience on a child's development. Box 2.1 sets out some of the evidence in relation to the benefits of positive ECEC experiences in terms of both academic performance and socio-emotional development.

Box 2.1 The importance of Early Years education

As set out in the '[Review of Early Childhood Education in Jersey](#)' (2017) by the Early Years Childhood Partnership (EYCP) Task and Finish Group, research has shown that formal ECEC in an Early Years setting can enhance a child's all-round development and have a significant positive effect on language and socio-emotional development.¹ According to the OECD:

early childhood education and care (ECEC) provides a crucial foundation for future learning by fostering the development of cognitive and non-cognitive skills that are important for success later in life.²

Research by the UK Department for Education (DfE) also indicates that the quality of ECEC can have a lasting effect on child outcomes—up to the end of primary school and into Key Stage 3 (the start of secondary school).³ In addition, the amount of time spent in Early Years settings also had positive effects in terms of higher GCSE scores in English and Maths.⁴ This effect was found to be stronger for students whose parents had lower qualifications, suggesting that:

high quality pre-school has the potential to narrow the equity gap in achievement between those from well-educated families and those whose parents have more modest qualifications.⁵

According to a 2016 report by Save the Children:

[...] children who benefit from high-quality childcare start school on average around three months ahead in their literacy and language skills compared with children who attended low-quality settings, and eight months ahead of children who did not attend any formal nursery setting. The benefits carry on throughout a child's life: they are 20% more likely than children who go to low-quality settings to get 5 A*–C GCSEs, and they earn more as adults.⁶

²³ Government of Jersey (2019), '[Common Strategic Policy 2018–22](#)'.

²⁴ Government of Jersey (2019), '[Children and Young People's Plan 2019–2023](#)', p. 4.

²⁵ Government of Jersey (2020), '[3 to 5 year olds: early years foundation stage curriculum](#)', accessed 24 January 2020. The Early Learning Goals were introduced in Jersey in 2015/16 and cover 17 early learning domains. Source: National Children's Bureau (2018), '[An Outcomes Framework for Early Childhood in Jersey](#)', March.

In addition to formal Early Years settings, the quality of the home learning environment (HLE) is critical to a child's development.⁷

Note: ¹ Early Years Childhood Partnership (2017), '[Review of Early Childhood Education in Jersey](#)', November. ² OECD (2017), '[Starting Strong: Key OECD indicators on early childhood education and care](#)'. ³ UK Department for Education (2014), '[Students' educational and developmental outcomes at age 16](#)', September. ⁴ Ibid. ⁵ Ibid. ⁶ Save the Children (2016), '[Untapped potential: How England's nursery lottery is failing too many children](#)'. ⁷ UK House of Lords (2015), '[Affordable Childcare](#)', Select Committee on Affordable Childcare, Report of Session 2014–15.

Source: Oxera.

Given the benefits associated with good-quality Early Years experiences for children, governments have tended to intervene in this market. Box 2.2 sets out the rationale for intervention in more detail.

Box 2.2 Rationale for government intervention in the Early Years sector

Government intervention in the Early Years education and childcare market can be seen as a long-term investment that aims to narrow the gap in attainment between the most disadvantaged children and their peers, and to raise the attainment of all children. Interventions can represent good value for money as early intervention can reduce future costly and damaging social and health problems.

As set out in the '[Review of Early Childhood Education](#)',¹ a strong ECEC market can have a positive impact on the labour market as it better enables parents to work, re-enter the labour market, undergo training, and increase their working hours if they wish, 'thus, it can play a role in improving family income, reducing welfare dependency and poverty, and improving social mobility for families – and later for the children themselves'.²

Some studies have attempted to estimate the potential financial return of ECEC to individuals or society and have found a strong positive effect. For example, García et al. (2016) found a benefit to cost ratio of 7:3 in relation to policy expenditure in this field.³

Note: ¹ Early Years Childhood Partnership (2017), '[Review of Early Childhood Education in Jersey](#)', November. ² Melhuish, E., Gardiner, J. and Morris, S. (2017), '[Study of Early Education and Development \(SEED\): Impact Study on Early Education Use and Child Outcomes up to Age Three](#)', UK Department for Education, July. ³ García, J.L., Heckman, J.J., Leaf, D.E. and Prados, M.J. (2016), '[The Life-cycle Benefits of an Influential Early Childhood Program](#)', Human Capital and Economic Opportunity Global Working Group, Working Paper 2016-035, Chicago, December, p. 1.

Source: Oxera.

2.3 Jersey government policy in Early Years education

In recognition of the societal benefits of ECEC as identified in government interventions, the GOJ intervenes to influence outcomes in relation to ECEC. Some key policies are set out below.²⁶

²⁶ In February 1997, the States Assembly adopted an Education Committee proposition (P.244/96) to establish a Child Care Trust to coordinate, promote and facilitate expansion of childcare provision in the Island (States of Jersey (2000), '[Jersey Child Care Trust: appointment of Chairman](#)', lodged au Greffe on 19th December 2000 by the Education Committee). [The Education \(Jersey\) Law 1999](#) acknowledged for the

2.3.1 The Nursery Education Fund (NEF)

All children in Jersey are entitled to receive up to 20 funded hours of nursery education per week (term-time only) in the academic year in which they turn four. The NEF enables private providers to deliver GOJ-funded places. The conditions for funding are set out in the NEF Partnership Agreement.²⁷

The government provides nursery education both directly (through the States nursery classes attached to most States primary schools) and through funding for places to be offered by the private sector (almost all private-sector settings are registered to provide NEF-funded places).

Box 2.3 History of the NEF

The NEF was introduced in 2009 to provide funding for a universally available government-funded nursery education for children in their pre-school year (up to 20 hours a week in term-time).¹ There is a maximum funding of six hours per day available for each child, with a minimum of three hours.²

In 2017, there was a proposal to means-test access to funding such that only families with an annual household income of under £85,000 would continue to receive the NEF-funded hours.³ However, this proposal was later withdrawn by the Minister.⁴ The main reasons for the withdrawal of the proposal included the additional resources needed in order to establish a means-testing system, as well as the findings from an independent report by the EYCP that stressed the importance of high-quality Early Years education for all, regardless of their income.⁵

Currently, the NEF pays £5.36 per hour for each qualifying child to NEF-registered private nurseries and pre-schools, for up to 20 hours per week, during term-time only. The NEF rate remained flat between 2014/15 and 2017/18 but has since been increased (see Figure 2.1 below).⁶

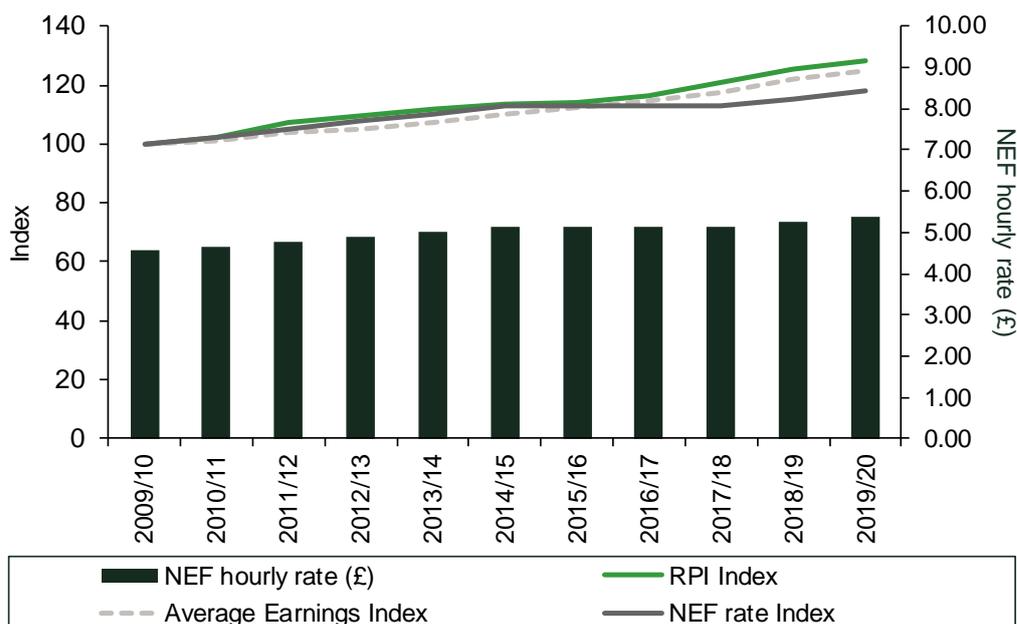
Note: ¹ States of Jersey (2011), '[Draft Education \(Nursery Fees\) \(Jersey\) Regulations 2011](#)', States Greffe, May. ² Government of Jersey (2019), 'Nursery Education Fund – Partnership Agreement 2019–2020', October. ³ Jersey Community Relations Trust (2017), '[Cost of childcare: research report](#)'. ⁴ States of Jersey (2017), '[Nursery means-testing proposal withdrawn](#)', November, accessed 27 January 2020. ⁵ Ibid. ⁶ Early Years Childhood Partnership (2017), '[Review of Early Childhood Education in Jersey](#)', November.

Source: Oxera.

Figure 2.1 below shows the growth in the NEF hourly rate over time, in comparison with changes in the level of prices (inflation) and wages. This demonstrates that both prices and wages have increased at a faster rate (of 2.5% and 2.3%, on average, between 2009 and 2019) compared to the NEF rate (1.7% over the same period).

first time in law the importance of nursery education in Jersey, by allowing for the establishment of nursery classes attached to States primary schools and allowing for 'financial or other assistance [to be given] to any person receiving children below compulsory school age at registered day care premises for the purpose of promoting the provision of education for such children on those premises'.

²⁷ Government of Jersey (2019), 'Nursery Education Fund – Partnership Agreement 2019–2020', October.

Figure 2.1 NEF hourly rate relative to inflation and change in average earnings over time

Note: The NEF hourly rate applies for an academic year. The Average Earnings Index is based on a calendar year. We have compared the NEF hourly rate for 2009/10 with the Average Earnings Index in 2009. RPI data is available quarterly. We have used the RPI statistic for December in order to represent the value for the relevant academic year.

Source: EYCP (2017), '[Review of Early Childhood Education in Jersey](#)', November; Government of Jersey (2020), '[Jersey RPI and RPIX](#)'; and Government of Jersey (2020), '[Average Earnings Index](#)', accessed 23 January 2020.

While the NEF scheme prohibits any form of top-up fee, it does allow Early Years settings to charge an additional (voluntary) £10 per week per child in order to cover costs relating to trips, snack and other sundries.²⁸

2.3.2 Provision of States nurseries

The government provides ECEC directly through its States nursery classes. Most States primary schools now have a nursery class—of the 22 States primary schools, there is now only one (Les Landes) that does not have a nursery class (or a funded plan to open one). Springfield, Trinity and St Luke's opened nursery classes in 2016, 2018 and 2019 respectively. St Mary's is due to open its new nursery class in 2021.

2.3.3 Personal Tax Relief for childcare costs

To increase the marginal benefit of work for parents and to support families financially, the government provides tax relief to families paying for childcare.

Subject to a number of conditions, the costs of childcare can be deducted from taxable income when a household tax liability is calculated. In general, this is the case when both of the child's guardians work.²⁹ For young children (before they start school), the maximum annual amount of childcare costs that are tax-deductible is £16,000 (2019), and this reduces to £6,150 once a child starts

²⁸ Government of Jersey (2019), 'Nursery Education Fund – Partnership Agreement 2019–2020'.

²⁹ This relief is also available for single working parents and for families where one or both parents are unable to work due to severe illness or disability. See Government of Jersey (2020), '[Child care tax relief](#)', accessed 23 January 2020.

school.³⁰ This reduction reflects the reduced requirement for childcare. These values have remained constant since 2017 and apply per child.

This tax relief applies to 'marginal rate' taxpayers only and so the value of this benefit is up to 26% of a family's expenditure on childcare. Standard rate taxpayers (higher earners) are not eligible for this relief. In addition, we note that those working families with income that does not exceed the level over which tax is payable (this number will vary based on household circumstances) will not benefit from this policy.

2.3.4 'Family-friendly' legislation

The government has recently introduced new 'family-friendly' legislation that provides equality of parental leave entitlement in order to encourage gender balance in childcare roles. This includes: extending parental leave from 26 to 52 weeks for all parents (including surrogate parents), including six weeks at full pay; providing time off for appointments for adoptive and surrogate parents; and introducing breastfeeding rights (breaks and workplace facilities).³¹ This policy may influence the likelihood of women choosing to return to work after having a child, and affect the probability that a child will therefore enter an Early Years setting.

2.3.5 Regulation of the sector

In addition to more active policies, the GOJ regulates the sector to ensure that compliance with Early Years statutory requirements is maintained and quality standards are met. Appendix A3 sets out the relevant regulations in more detail.

³⁰ Ibid.

³¹ States of Jersey (2019), '[Draft Employment \(Amendment no.11\) \(Jersey\) Law 201-](#)', September.

3 The market for Early Childhood Education and Care (ECEC)

3.1 Types of Early Years settings

ECEC is provided in a number of ways, including through:

- States nursery classes (which are attached to States primary schools);
- private Early Years settings (including pre-schools and nurseries);
- registered childminders and nannies;
- informal childcare (including by family members).

For the purposes of our analysis, we focus only on more formal settings—namely, the States nursery classes and private Early Years settings (both day nurseries and pre-schools), for which we were able to obtain data on the exact number of children and places in each setting.

Below, we summarise the key characteristics of the three types of Early Years setting that we focus on in this report.

Box 3.1 States nursery classes

There are currently **20 States nursery classes**,¹ each of which is attached to a States primary school. These settings are currently (as of February 2020) providing 557 places for pre-school children (i.e. aged three by 31 August 2019), and they have a total registered capacity of 617 places. These nursery classes operate in term-time only (38 weeks of the year) and are open during school hours (generally around 09.00–15.00).²

The 20 funded hours for each child at a States nursery class are spread evenly across the week, in the mornings—i.e. five sessions of four hours each. One or two additional hours per day (for lunch or afternoon sessions) may be purchased at the hourly NEF rate.³ In addition to the 20 core funded hours, some children are eligible for ten additional funded hours per week.⁴ Unlike the core provision of 20 funded hours, these additional funded hours can be claimed only through States nursery classes.

Note: ¹ For a full list, see Appendix A1. ² In addition to the 20 States nursery classes, there is one specialist Special Educational Needs (SEN) school, Mont a l'Abbe, which is state-funded and currently has five children attending in the pre-school year. ³ States of Jersey (2011), '[Draft Education \(Nursery Fees\) \(Jersey\) Regulations 2011](#)', States Greffe, May. ⁴ This includes children who are entitled to the Jersey Premium, twins, those with special educational needs, and families in receipt of income support. See States of Jersey (2017), '[Education Department Policy](#)', February.

Source: Jersey Child Care Trust (2020), '[States Nursery Classes](#)', accessed 24 January 2020.

There are **28 registered Early Years settings** in Jersey, and these divide into private day nurseries and pre-schools (including four pre-schools attached to private schools). In total, these settings have 446 NEF-registered places (as at Autumn 2019).³²

³² This number includes settings that are not NEF-registered, including Charley Farley's Too (which accepts only younger children) and Little Dragons (attached to St George's preparatory school).

These private settings are described in more detail in Box 3.2 and Box 3.3 below.

Box 3.2 Pre-schools

There are **11 pre-schools**, **ten** of which are **registered Early Years providers** and **nine** of which are **NEF-registered**.¹

The NEF-registered settings currently provide 147 NEF-funded places (as at Autumn 2019). These pre-schools operate only during term-time and usually for school hours. They generally do not provide care for the youngest children (under 2). The NEF-registered pre-schools have a total registered capacity of 242 children (across all age groups).²

Pre-schools have some flexibility in how they offer NEF-funded hours across the week, subject to a minimum of three and a maximum of six hours per day.³ Parents claiming NEF-funded hours at pre-schools have the option to purchase additional hours, at rates specified by the setting. Depending on how prices at the setting are structured, it may be necessary to purchase some additional hours in order to fully utilise the 20 NEF-funded hours. Rates may vary by the age of the child.

Note: ¹ Little Dragons Nursery, attached to St George's Preparatory School, is a registered Early Years setting but is not NEF-registered. It has a registered capacity of 54, and 22 children in its pre-school year (neither figure is included in the total NEF-registered capacity figure). St Christopher's School is an independent private school that takes children from the age of three; it is not a registered Early Years setting and is not NEF-registered. The school currently has 12 children in its pre-school year (not included in the total NEF-registered capacity figure). ² This is typically the maximum number of children on the premises at any one time. Therefore, the total number of children attending the nursery may be much higher (as some attend part-time). ³ Government of Jersey (2019), 'Nursery Education Fund – Partnership Agreement 2019–2020', October.

Source: Jersey Child Care Trust (2020), '[Preschools](#)', accessed 24 January 2020.

Box 3.3 Day nurseries

There are **18 Day nurseries on the Island**, which currently provide 299 NEF-funded places (as at Autumn 2019). These settings typically have longer opening hours (e.g. 07.30/08.00–18.00/18.30) and operate year-round. Many also cater for younger children (including infants). The Day nurseries have a total registered capacity of 1,088 places (across all age groups).

Day nurseries have some flexibility in how they offer NEF-funded hours across the week, subject to a minimum of three and a maximum of six hours per day.¹ Parents claiming NEF hours at private nurseries have the option to purchase additional hours, at rates specified by the setting. Depending on how prices at the setting are structured, it may be necessary to purchase some additional hours in order to fully utilise the 20 NEF-funded hours. Rates may vary by the age of the child.

Note: ¹ Government of Jersey (2019), 'Nursery Education Fund – Partnership Agreement 2019–2020', October.

Source: Jersey Child Care Trust (2020), '[Day Nurseries](#)', accessed 24 January 2020.

The table below summarises the distribution of types of ECEC settings in Jersey and indicates the total number of children receiving NEF hours by setting type.

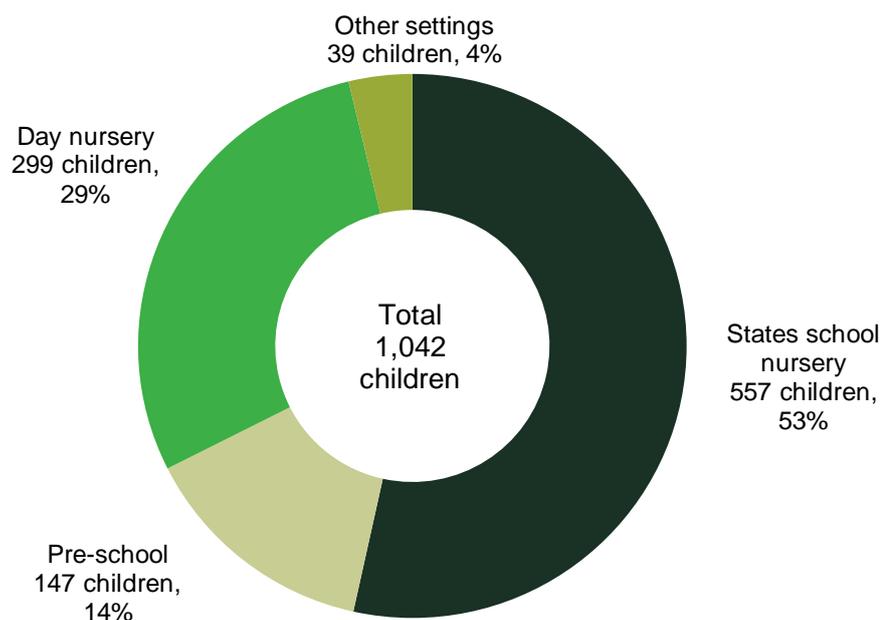
Table 3.1 Distribution of ECEC settings in Jersey

Setting type	Number	Total current pre-school places
States nursery classes	20	557
Private/NFP sector		
<i>Pre-schools (independent)</i>	6	96
<i>Pre-school classes (attached to private school)</i>	3	51
<i>Day nurseries</i>	18	299
Total NEF-registered settings	27	446
Other settings	3	39
Total settings	50	1,042

Note: This table demonstrates that there are only nine pre-schools that are NEF-registered. The two remaining pre-schools are Little Dragons Nursery (at St George's Preparatory School) and St Christopher's School (there are 34 children in total at these two non-NEF-registered settings). These are listed under 'Other settings' together with Mont a L'Abbe, a state-funded SEN school (currently with five pre-school-aged children).

Source: Oxera, based on data from the Government of Jersey and Jersey Child Care Trust (2020) '[Find Childcare Providers](#)', accessed 29 January 2020.

The distribution of places is illustrated in Figure 3.1 below.

Figure 3.1 Total current children in pre-school settings in Jersey (Autumn 2019)

Note: All figures are for children in their pre-school year. Other settings include five children at Mont a L'Abbe, 12 children at St Christopher's School, and 22 children at Little Dragons Nursery (at St George's Preparatory School).

Source: Data provided by Government of Jersey.

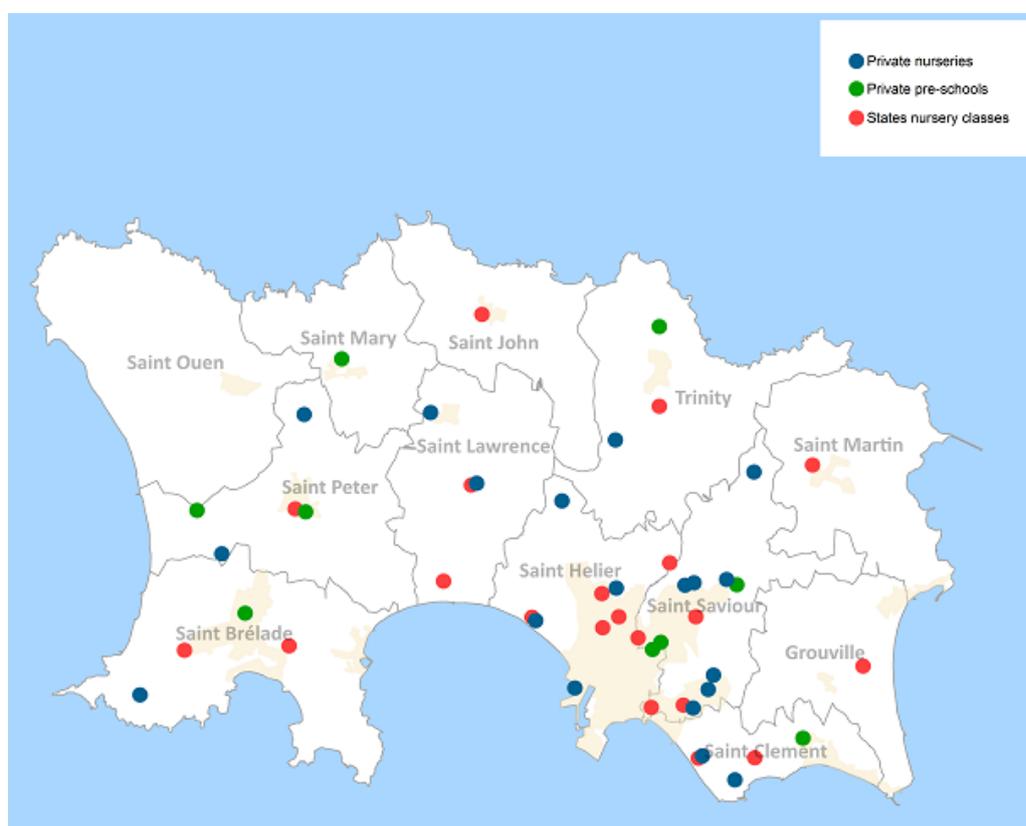
As shown in Figure 3.1 above, States nursery classes currently provide places for over half of the current cohort of pre-school age children, with the private sector fulfilling the remaining demand.³³

3.1.1 Locations of current providers

Early Years settings are spread across the Island, although there is a greater concentration around St Helier, with a minimum of one setting in each parish (with the exception of St Ouen). This is unsurprising, given that almost three-quarters (72%)³⁴ of the working-age population in Jersey work in St Helier.³⁵ In more remote locations, there may be only one 'local' setting.

The following map shows the location and type of each setting.

Figure 3.2 Illustrative map of Early Years settings by type



Source: Oxera, based on address data provided by the Government of Jersey.

3.1.2 Staffing

Staffing of all ECEC settings is tightly regulated. In particular, the quantity and quality of staff must meet certain minimum standards, as set out in the relevant statutory requirements.

³³ As previously mentioned, we have focused only on Early Years provision by States and private nurseries. It is worth noting that childminders, nannies and the informal care sector also provide additional Early Years provision. In September 2019, there were 64 registered childminders (offering 227 places) and 50 accredited nannies (based on information provided by the GOJ).

³⁴ Statistics Jersey (2018), '[Jersey Opinions and Lifestyle Survey Report 2018](#)'.

³⁵ Ibid.

Staffing requirements differ between the States nursery classes (which are governed by the Education (Jersey) Law 1999) and private settings (which are governed by the Day Care of Children (Jersey) Law 2002).

States nursery classes must be staffed by at least one qualified teacher, and all nursery officers must have a Level 3 childcare qualification or be working towards this from Level 2.³⁶ States nurseries must meet a staff-to-child ratio of 1:10 at all times.

For private settings, the setting manager must have a management qualification of at least Level 4, and other staff must hold Level 3 qualifications in childcare.³⁷

The minimum staff-to-child ratios for private settings vary by age, and are summarised in Table 3.2 below.

Table 3.2 Staff-to-child ratios in private settings

Age	Ratio of staff:children
0–2 years	1:3
2–3 years	1:4
3–4 years	1:8

Source: Government of Jersey (2019), '[Early Years Statutory Requirements: A Regulatory Framework for Early Years Provision](#)', November.

The difference in the minimum staff-to-child ratios between the States nurseries and private settings is due in part to the requirement that all States nursery classes have a qualified teacher.³⁸ If private settings were to employ a qualified teacher, they would also be eligible to have a 1:10 ratio for 3–4-year-olds, which would be reflected in their conditions of registration.³⁹

Jersey's Highlands University College provides a range of relevant courses for staff in the sector—including courses in Childcare and Education from Levels 2 to 6. In 2018, from a cohort of 11 degree students (i.e. Level 6), only one went on to work in the childcare sector.⁴⁰

We note that the GOJ provides and funds some ECEC training for staff at settings within both the public and private sectors, something that is welcomed by private providers based on our engagement with stakeholders.

During our engagement with stakeholders, staffing was raised as an issue on numerous occasions, as it represents the main cost to settings. Settings were both concerned with losing staff (due to not being able to increase wages in line with the cost of living) and with recruiting suitably skilled and experienced staff. Settings were particularly anxious to retain skilled staff and one provider highlighted that there was a need to recruit more people to the sector, given the demographic of their staff base (some staff were likely to retire in the near future). In addition, Jersey Employers are subject to The Control and Housing

³⁶ Government of Jersey (2019), '[Early Years Statutory Requirements: A Regulatory Framework for Early Years Provision](#)', November.

³⁷ EYCP (2017), 'Review of Early Childhood Education in Jersey', November.

³⁸ Government of Jersey (2019), '[Early Years Statutory Requirements: A Regulatory Framework for Early Years Provision](#)', November.

³⁹ Ibid.

⁴⁰ Based on information provided by the GOJ.

and Work (Jersey) Law 2012, which controls the number of migrant workers that businesses can employ, and not all settings hold licences to recruit staff.⁴¹

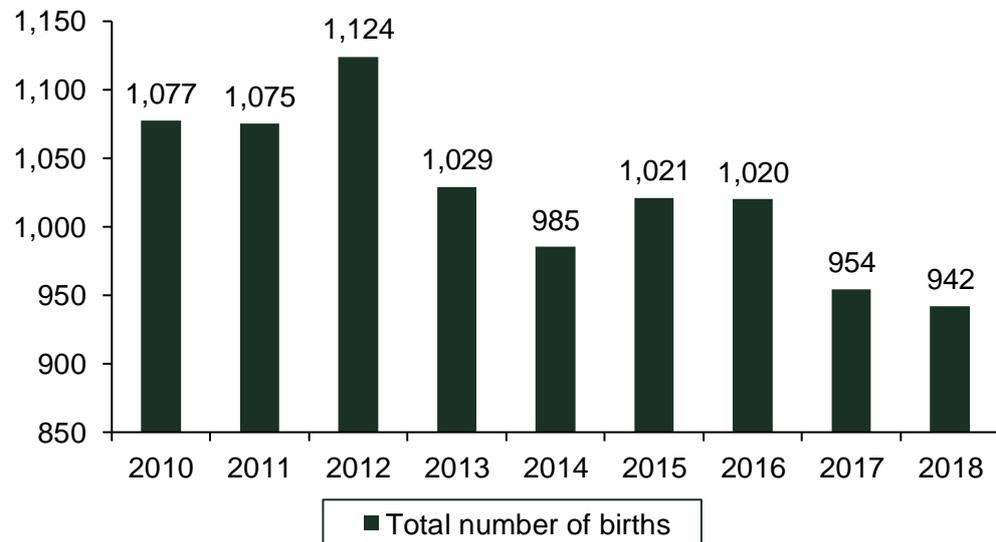
3.2 Demand for ECEC

The main driver of demand for places in Early Years settings is the number of young children living on the Island. In addition, the employment environment is likely to influence demand, as are the quality, cost and flexibility of the offering of Early Years settings. We focus below on the number of children on the Island.

3.2.3 Number of children in Jersey (under five years old)

The total number of live births per year to Jersey resident mothers gives an indication of the average size of a cohort (children born over the course of a year), which is around 1,000 children. Figure 3.3 below shows the total number of live births to resident mothers from 2010 to 2018.

Figure 3.3 Total number of live births to Jersey resident mothers, by year



Note: The annual number of live births to Jersey resident mothers since 2010. This includes births that occurred off-Island for medical reasons. We note that the number of children of a given age on the Island will also be affected by inward and outward migration. The GOJ does not publish estimates of these figures (by age), but from our consultation with Early Years providers we understand that most settings typically see a small number of entry and exits from their childcare setting over the course of an academic year due to the relocation of families. Based on these conversations, it would appear that the net number of exits/entries is not sufficiently material at the sector level to affect our conclusions, and so we have not attempted to make an adjustment for this. However, we do note that, at the setting level, the exit of a single child will often adversely affect the finances of a setting for the remainder of the year, as it can be challenging to fill that place again mid-year.

Source: Statistics Jersey (2020) '[Births and fertility](#)', last accessed 16 January 2020.

Not all children in a cohort will attend formal Early Years settings. Many families choose to reduce their working hours after having children in order to be able to provide care at home, or rely on other family members or more informal childcare (e.g. nannies or childminders).

⁴¹ These controls apply to migrants only, and do not apply to people with existing residential qualifications.

3.2.4 Take-up of Early Years setting places in the pre-school year

Once children reach pre-school age (the academic year in which they will turn four), and qualify for 20 funded hours of nursery education, almost all of them will participate in some form of formal ECEC in an Early Years setting: there are 1,042 children in pre-school settings out of a predicted cohort of 1,062 children (as demonstrated by Table 3.3 below in combination with Table 3.1 above).

States nursery classes

The table below provides a more detailed breakdown of the historical take-up of places in States nursery classes in particular, as well as how the take-up compares with capacity and the number of applications.

Table 3.3 States nursery class places

	2015/16	2016/17	2017/18	2018/19	2019/20
Total predicted number of children in cohort (born between 01/09 and 31/08)	1,183	1,047	1,048	1,008	1,062
Total number of applicants	677	582	589	557	609
Total number of places available	535	571	597	597	617
Total number of places allocated (and accepted)	528	503	531	501	557
Spare capacity (number of places)	7	68	66	96	60

Note: The predicted cohorts for academic years are calculated based on the actual number of children born per month in the academic year of birth prior to starting school—for example, for those due to commence reception in September 2020 (and currently in their pre-school year), it will be based on the actual number of births between 01/09/2015 and 31/08/2016. This figure is then amended to reflect estimated net migration for that age group (currently estimated at 0.003% per year).

Comparing the total predicted cohort of 1,062 in 2019/20 with the total current uptake of 1,042 pre-school places (see Table 3.1) suggests that there are currently 20 pre-school-aged children who are not accessing ECEC in a formal setting.

Source: Data provided by the Government of Jersey.

Table 3.3 above suggests that, at an aggregate level, demand for States nursery places is relatively well matched to the capacity of States nurseries, although there is some spare capacity (on average, there has been around 10% unused capacity over the last five years). However, we note that the number of places accepted, in comparison with the number of applicants, may suggest that at a local level some schools are oversubscribed. As can be seen in Table 3.4 below, nursery classes located in St Helier and St Saviour are operating at close to capacity. In contrast, some nursery classes in more rural parishes are, in some cases, only around half full.⁴²

⁴² Based on data provided by the GOJ.

Table 3.4 Utilisation of places in States nursery classes by location

Location	Average percentage of places filled
Urban (St Helier)	96%
Suburban (St Saviour, St Clement, St Brelade)	91%
Rural (all other parishes)	85%

Note: Utilisation is calculated as the number of children divided by the total capacity of each setting.

Source: Data provided by the Government of Jersey.

Higher levels of spare capacity over the last few years are likely to be related to the States opening additional nursery classes attached to States primary schools (see section 2.3.2), as well as fluctuations in birth rates year on year. St Mary's is also due to open a nursery class in 2021, which could lead to an increase in the level of spare capacity at an aggregate level.

From our understanding, a place in a States nursery may be a preference for some families, for a number of reasons. In particular:

- States nurseries are the only settings where eligible families can claim an additional ten hours of funded nursery education;
- the hourly rate for additional hours (which is charged at the NEF hourly rate) may be lower than for other settings on the Island;
- a family may wish to enrol their child at the nursery attached to the primary school that they plan for them to attend, for continuity reasons;
- a family may wish for their child to be at a setting that is led by a qualified teacher.

However, there are other important factors that may lead parents to prefer an alternative setting. These might include:

- the quality of the offering (including curriculum, staff, setting, food offering, ethos);
- the convenience of the location;
- the opening hours and flexibility in hours offered.

Appendix A2 sets out the place-allocation process for States nursery classes.

Private settings

The table below provides a breakdown of NEF-registered children in private settings, as well as how the private sector market share has evolved over time.

Table 3.5 Private settings—number of NEF-registered children

	2015/16	2016/17	2017/18	2018/19	2019/20
Total predicted number of children in cohort (born between 01/09 and 31/08)	1,183	1,047	1,048	1,008	1,062
Total number of NEF-registered children	538	502	444	426	446
Private settings market share	45%	48%	42%	42%	42%

Note: The predicted cohorts for academic years are calculated based on the actual number of children born per month in the academic year of birth prior to starting school—for example, for those due to commence reception in September 2020 (and currently in their pre-school year), it will be based on the actual number of births between 01/09/2015 and 31/08/2016. This figure is then amended to reflect estimated net migration for that age group (currently estimated at 0.003% per year).

Comparing the total predicted cohort of 1,062 in 2019/20 with the total current uptake of 1,042 pre-school places (see Table 3.1) suggests that there are currently 20 pre-school-aged children who are not accessing ECEC in a formal setting.

Source: EYCP (2017), '[Review of Early Childhood Education in Jersey](#)', November; and data provided by Government of Jersey .

As can be seen in Table 3.5 above, the private sector's share of the market for pre-school children claiming NEF hours has decreased only marginally (from 45% to 42%) between 2015 and 2019.

3.2.5 Take-up of additional hours

Based on our engagement with settings, we understand that most children (with a few exceptions) utilising funded hours take the full allocation of 20 hours. In addition, many children attend their setting for additional hours, and these hours are paid for at the rates set by the setting. Availability of additional hours is important for many families, who require these additional hours to enable them to secure childcare around their working hours.

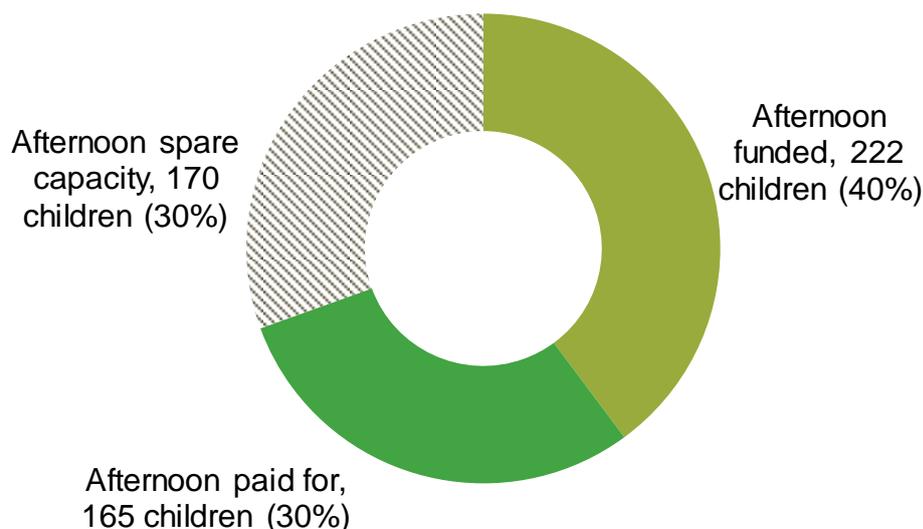
State nursery class capacity utilisation

As shown in Table 3.3 above, on an aggregate basis (i.e. the total number of places available), there is only a limited amount of unused capacity (around 10%) in States nursery classes.

However, because of the way that funded hours are structured in States nurseries (with the 20 funded hours spread equally over the morning sessions), there is additional capacity in the afternoons that is systematically underutilised.

Figure 3.4 below illustrates the breakdown of the current uptake of afternoon places in States nursery classes.

Figure 3.4 Breakdown of current afternoon uptake of places in States nursery classes (2019/20)



Note: 'Afternoon paid-for' includes both lunchtimes only (an additional five hours per week) and full afternoons (an additional ten hours a week). 'Afternoon funded' (ten hours per week) relates to additional funded hours given to children whose families receive Income Support, who qualify for the Jersey Premium, or who have been assessed by the Nursery Panel as needing the additional hours. For more information on the conditions of eligibility for ten additional hours a week of funded ECEC, see States of Jersey (2017), '[Education Department Policy](#)', February.

Source: Data provided by the Government of Jersey.

Figure 3.4 above shows that around a third of children do not attend afternoon sessions, resulting in significant underutilisation of capacity in the afternoons.

This structure represents an inefficiency in provision, most notably in relation to use of the space, and potentially in relation to staff. While it may be possible to reduce staff numbers in the afternoons (subject to maintaining the required 1:10 ratio), this may not be possible or desirable given long-term employment contracts that may be in place. However, we understand from our discussions with the GOJ that available space and staff are often put to good use on an ad hoc basis (e.g. providing additional support to children with special educational needs).

3.2.6 Cost of ECEC in Jersey

Findings from an e-survey conducted with parents of children in their Early Years in Jersey in 2017 indicated that the cost of childcare, the need to balance work and childcare, and the high cost of living were seen as the main challenges faced by families in Jersey.⁴³

Further, in 2012 and 2014, the Jersey Community Relations Trust⁴⁴ conducted focus groups with parents, who also expressed the view that childcare was expensive:

Most parents expressed the wish for their child to attend nursery for socialisation benefits, but this benefit was foregone due to the limited flexibility and overly expensive nature of the provision. [p. 29]

⁴³ Early Years Childhood Partnership (2017), '[Review of Early Childhood Education in Jersey](#)', November.

⁴⁴ Jersey Community Relations Trust (2017), '[Cost of childcare: research report](#)'.

Whilst the NEF hours allow for parents to return to work, the hours available make it difficult for people to find work as there is still a need to find adequate wrap around care or part/term employment. [p. 30]

Parents also expressed that having family to support with childcare is seen as a significant benefit, and that they also appreciated the 20 funded hours for pre-school children.⁴⁵ However, a lack of information relating to ECEC provision was raised as an issue.

Prices charged by private ECEC settings vary by setting and are typically based on the age of the child and the structure of the hours offered (i.e. whether parents can pay by the hour or need to buy block sessions).

We spoke to a number of ECEC providers as part of this project, the majority of whom stated that the NEF hourly rate was too low to cover the costs of providing ECEC to a pre-school child. Where a setting faces an average underlying cost of provision that is higher than the NEF hourly rate, it may need to price non-NEF funded hours at a level that means that it can recover the funding shortfall across its operations. Other responses might include reducing costs (through efficiencies or a reduction in provision or quality); increasing its offering (e.g. by opening for longer hours or more weeks of the year, or by taking on younger children); or leaving the NEF scheme altogether.

3.3 Emerging conclusions from our diagnostic analysis

- The current model provides choice for families: the mixed model of ECEC settings offers good choice for most parents—including in relation to location, price, hours and continuity of care.
- Most pre-school children currently attend an ECEC setting: most children in Jersey attend a formal ECEC setting in their pre-school year (the year they turn four years old). This is consistent with the GOJ objective of giving young children ‘the best start in life’, as formal ECEC in an Early Years setting can enhance a child’s all-round development.⁴⁶
- The sector requires holistic policymaking: the mixed model means that a large number of providers across the public, private and not-for-profit sectors are responsible for ECEC in Jersey.
- The provision of NEF-funded hours makes it more affordable for parents to return to work: NEF hours essentially provide a subsidy for working parents. This is because many jobs require childcare in excess of the NEF provision.
- States nursery class capacity is well matched to demand, but there are geographical variations: across the Island as a whole, the number of places in States nursery classes is well matched to the number of children seeking a place each year; however, classes in St Helier tend to be oversubscribed, whereas significant spare capacity exists in more rural parishes.
- There is spare capacity in States nursery classes in the afternoons: partly due to the way that NEF-funded hours must be taken in States nursery classes, there is unused capacity in these classes in the afternoons. This represents an inefficiency, as the staffing levels remain the same regardless of whether all children stay in the afternoon.

⁴⁵ Ibid.

⁴⁶ Early Years Childhood Partnership (2017), ‘[Review of Early Childhood Education in Jersey](#)’, November.

- The current NEF hourly rate may not be sufficient to cover costs: our consultation with providers indicates that this is a primary area of concern for most providers. This position is supported by a comparison of the growth in the NEF hourly rate with inflation and average earnings since it was introduced.
 - If the NEF hourly rate is below the cost of providing ECEC, published prices are likely to be higher than they might otherwise be, absent the NEF scheme: where a setting faces an average underlying cost of provision that is higher than the NEF hourly rate, it may need to price at a level that means that it can recover the funding shortfall across its operations. Other responses might include reducing costs (through efficiencies or a reduction in provision or quality); increasing its offering (e.g. by opening for longer hours or more weeks of the year, or by taking on younger children); or leaving the NEF scheme altogether.
 - Settings recognise the value of staff qualifications, but commented that these must be relevant to ECEC and that experience is also important: settings that we spoke to felt that qualified teachers may not necessarily be more suitable than Level 3-qualified staff, as they may not have the skills required to deal with younger children (those under the age of three), or specific Early Years training or experience.
-

4 Assessing potential changes to government policy

The GOJ currently offers 20 funded hours of nursery education per week to children in their pre-school year (term-time only).

We examined the potential impact on the ECEC market of changing the current policy in a number of ways, as defined by the EYPDB—specifically:

1. extending funded hours for pre-school children from 20 to 30 per week;
2. extending funded hours for pre-school children to year-round (rather than term-time only);
3. extending funded hours to 2–3-year-olds.

The impact assessment focused primarily on the impact of the policy changes on the ECEC sector itself, rather than examining the implications on the wider economy.

In addition, we were asked to consider the potential impact of government policy that sought to encourage ECEC settings to take on more highly qualified staff (including, potentially, qualified teachers). We have not been able to obtain sufficient data to analyse policy options in this area quantitatively, but we note in this section the observations made by providers in the sector in relation to this policy area.

4.1 Potential policy changes 1–3: expansion in funded hours

The focus of our analysis is on the (commercial) impact that a policy change might have on private-sector settings. As discussed earlier in this report, we have not been able to access detailed financial information for ECEC settings; therefore, our approach to assessing the potential impact of policy changes is based on scenario modelling.

Through our consultation with settings, it became clear that the main concern among those we spoke to was that the NEF hourly rate was set at a level below their underlying average cost of provision. We have built this scenario into our modelling. However, as we do not know whether, or by how far, the NEF hourly rate differs from any one setting's underlying average cost of provision (and this will, in any case, differ by setting), we allow this input to vary in order to assess the impact of different situations.

Our approach is to focus on estimating what a setting would have to do to remain sustainable in the event that the NEF policy is changed. In particular, we look at the impact of a setting responding to a shortfall in the NEF hourly rate by adjusting its published price for all its (non-NEF-funded) hours to ensure that it can cover its cost base.

However, we note that there are other ways in which a setting could respond to a funding shortfall. For example, it may seek to identify a lower-cost setting (although space is at a premium in Jersey, so potential sites are limited), reduce staffing levels (where these are in excess of statutory minimums), reduce expenditure in other areas, or expand its provision in terms of opening hours or age range. In the most extreme case, a setting might choose to opt out of the NEF scheme altogether.⁴⁷

⁴⁷ We note that St George's (Little Dragons) and St Christopher's are not currently registered NEF providers. From our engagement with ECEC providers, we understand that many settings do not feel that they could

Therefore, the output of interest in our modelling is the percentage difference between the underlying cost of providing an hour of ECEC and the price that a setting would need to charge to ensure that it could cover its cost base. Our analysis seeks to illustrate the potential sensitivity of this figure to changes in government policy.

Our analysis is constructed based on two 'model' settings: one pre-school and one day nursery. Our assumptions for each model setting are set out below.

Pre-school example

- The pre-school only takes children in their pre-school year (i.e. those who are currently eligible to claim NEF-funded hours); as a result, the proposed policy change of increasing the NEF to include 2–3-year-olds is not applicable here.
- The pre-school opens 30 hours per week, 38 weeks per year (i.e. the same as a States nursery class).
- The pre-school has a capacity of 30 children.

Day nursery example

- The day nursery takes children in their pre-school year (i.e. those who are currently eligible to claim NEF hours) and the year before (2–3-year-olds).
- The day nursery opens 50 hours per week, 50 weeks per year.
- The day nursery has a capacity of 30 children.
- The day nursery has a 50/50 split of 3–4- and 2–3-year-olds.

We note that these assumptions represent a simplification of the wide range of settings in Jersey. For example, our engagement with stakeholders has revealed that many children do not attend for the maximum number of hours per week. Similarly, many pre-schools and day nurseries take younger children, which we have not reflected in our modelling. However, these simplifying assumptions enable our analysis to highlight some interesting conclusions that we consider could be relatively easily extrapolated to the real-life settings in Jersey.

In all cases, we assume that the cost base is fixed, and specifically that it does not vary when the average number of hours that a child attends reduces. We consider this to be a reasonable (albeit simplified) assumption for the purposes of this exercise, given that settings do not typically have the ability to adjust staffing in response to fluctuating demand in the short or medium term, due to employment contracts and legal requirements. Other costs (such as those involving equipment and property) can also be viewed as fixed. While there will also be some costs that will vary (such as catering costs), the variable component of such costs is likely to make up only a small proportion of the total cost.

opt out of the NEF scheme unilaterally, due to competition from other providers (i.e. they could not afford for children to leave their setting in favour of a setting that offered NEF-funded hours). However, some settings noted that they would have to re-consider this if the NEF scheme were changed in a way that adversely affected their business.

4.1.1 Potential policy change 1: extending funded hours for pre-school children from 20 to 30 per week

Using our model settings, we have assessed the potential impact of the GOJ increasing the number of funded hours for pre-school children from 20 to 30 hours per week (remaining at 38 weeks per year).

The key input to this analysis is how the NEF hourly rate compares with the underlying cost of providing an hour of ECEC. This is therefore the key input variable that we analyse (alongside the change in policy).

Setting 1: pre-school

We assume that the setting operates at capacity—i.e. that all children stay for the full 30 hours for which the pre-school is open. Table 4.1 below shows the percentage difference between underlying costs and the price charged that would be required in order for the pre-school to cover its costs. The table shows the results for different scenarios, which include incrementally increasing the number of funded hours.

Table 4.1 Price differential: pre-school (full-time)

		Percentage increase over underlying costs					
		100%	98%	96%	94%	92%	90%
Funded hours	20	–	4%	8%	12%	16%	20%
	22	–	5%	11%	17%	22%	28%
	24	–	8%	16%	24%	32%	40%
	26	–	13%	26%	39%	52%	65%
	28	–	28%	56%	84%	112%	140%
	30	–	n.a.	n.a.	n.a.	n.a.	n.a.

Note: As we assume that the pre-school is open for a maximum of 30 hours a week, an extension of funded hours to 30 would mean that the pre-school is not charging directly for any hours and is therefore unable to ensure that its cost base is covered. It would therefore need to find alternative responses (as discussed above).

Source: Oxera analysis.

The first column shows the case where the NEF hourly rate is equal to the underlying cost of the provision. In this case, the price charged by the nursery for hours over and above the 20 funded hours is equal to the underlying cost of the provision. Therefore, the policy change may not affect pricing. Although not part of our modelling, we note that, in this case, the increase in NEF-funded hours could increase demand for hours, and that if capacity exists to meet this demand, the financial impact of this policy could be positive (in the context of a relatively fixed-cost environment).

However, as the assumption about how much of the underlying cost of provision the NEF hourly rate covers changes (moving from left to right in the table), the price required to remain sustainable increases. Based on the current policy of 20 NEF-funded hours per child per week, if the NEF rate were 90% of the underlying cost of the provision, the pre-school would need to price its hours at 20% above its average cost of providing an hour of ECEC in order to remain sustainable (all other things being equal).

The rows of the table then seek to illustrate how the mark-up would vary as the number of NEF-funded hours available per week increases (all else being equal). These results are not meant to compare different policy options, but are

displayed in order to show the incremental impact of increasing from 20 hours. As the NEF hours increase, the pre-school would need to charge a higher rate for the additional hours in order to cover its costs.

As we assume that this pre-school opens for 30 hours a week, the final row is not populated—in this case, the nursery would not be able to recover its costs as it would have no hours for which it could set the hourly rate (hence these entries are labelled 'n.a.'). See also the note to **Table 4.1**.

A key assumption here is that all children attend full-time (i.e. for 30 hours per week). The mark-up required would be much higher if we were to relax this assumption (i.e. and assume that some or all children are part-time), as this would reduce the number of paid hours over which the costs can be spread.

This analysis would suggest that pre-schools that provide care to pre-school children during term-time only and for school hours would be particularly vulnerable to an increase in the number of funded hours offered to pre-school children (compared with day nurseries), if the NEF hourly rate were below the underlying average cost of ECEC at a given setting.

Setting 2: day nursery

Setting 2 is a modelled day nursery. The key differences (based on our modelled settings) between this setting and the pre-school modelled above are as follows.

- The day nursery takes younger children (in their year before pre-school—i.e. 2–3-year-olds) as well as pre-school children. We assume in this case that half of the children are in their pre-school year and half are in the year before.
- The day nursery opens for longer hours each week (50, rather than 30).
- The day nursery opens for more weeks of the year (50, rather than 38).

The impact of this is that the nursery could be financially more resilient to changes in government policy in relation to the number of funded hours, as it would be less dependent on income related to these hours.

Box 4.1 below sets out some of the modelling assumptions that we have used to construct this setting.

Box 4.1 Day nursery: key modelling assumptions

The cost of provision for 2–3-year-olds

In this setting we assume that the underlying cost of providing care for 2–3-year-olds is scaled up from the assumed cost for 3–4-year-olds, based on the change to the staff-to-child ratio (from 1:8 for 3–4-year-olds to 1:4 for 2–3-year-olds). As a result, providing ECEC to 2–3-year-olds is more expensive.

As we know that staff costs represent the majority of the costs to ECEC settings, we have assumed that 70% of costs relate to staff (this is an approximation based on our engagement with providers). We also assume that the remaining costs are fixed and do not vary by the age of the children. We therefore estimate the cost of providing ECEC for a 2–3-year-old by

doubling the staffing costs (as twice as many staff are required) and adding the same amount of fixed costs as we assume for pre-school children.

How the funding shortfall is recovered

We assume that the funding shortfall resulting from any difference between the NEF hourly rate and the underlying average cost of provision is spread evenly over all non-NEF-funded hours provided (for all age groups).

The percentage shown in Table 4.2 below is the difference between the average underlying cost for an hour of all ECEC and the price that the setting needs to charge on all non-NEF-funded hours (for all age categories).

Source: Oxera.

Table 4.2 below is as per Table 4.1 above, but for the day nursery setting described in Box 4.1 above.

Table 4.2 Price differential: day nursery (full-time, 50 hours)

		Percentage increase over underlying costs					
		100%	98%	96%	94%	92%	90%
Funded hours	20	–	0.3%	0.5%	0.8%	1.1%	1.4%
	22	–	0.3%	0.6%	0.9%	1.2%	1.5%
	24	–	0.3%	0.7%	1.0%	1.3%	1.7%
	26	–	0.4%	0.7%	1.1%	1.5%	1.8%
	28	–	0.4%	0.8%	1.2%	1.6%	2.0%
	30	–	0.4%	0.9%	1.3%	1.7%	2.2%

Source: Oxera analysis.

As can be seen in the table above, given that we assume that the day nursery is open for 50 hours a week, increasing NEF hours from 20 to 30 hours would not result in sharp increases in the mark-up, as the nursery would be able to recover the funding shortfall over a significant number of hours.

However, these figures assume that children enrol on average for 50 hours a week (or that capacity is otherwise fully utilised through a combination of part-time arrangements).⁴⁸ If this assumption is relaxed, the percentages increase substantially. This is because the price needed to recover all costs now needs to include both an allocation of the shortfall in the NEF hourly rate, and the income that is not being received due to capacity underutilisation.

The main conclusion to draw from this is that settings already face a significant risk relating to their ability to fill their capacity and, in doing so, cover their costs. Any differential between the NEF hourly rate and the underlying cost of provision would exacerbate this financial risk.

⁴⁸ This is a simplifying assumption, as most children will not attend for 50 hours per week. However, our modelling does not assume that all children attend for 50 hours, but rather that the 50 hours are taken in total by any combination of children. For example, this could be 15 full-time children, or 30 who each take 25 hours a week.

4.1.2 Potential policy change 2: extending funded hours for pre-school children to year-round

This change would be relevant only to settings that provide ECEC year-round—i.e. day nurseries. Therefore, we model the potential impact of this change on our day nursery setting only.

Table 4.3 below is in a similar format to the previous tables in this section, but the 'NEF weeks' relate to the number of weeks in the year for which 20 hours of NEF funding is provided. It shows the mark-up required on day nursery prices in the event that the NEF scheme is expanded to include a year-round (rather than term-time-only) provision.

Table 4.3 Price differential: day nursery (50 weeks)

		Percentage increase over underlying costs					
		100%	98%	96%	94%	92%	90%
NEF weeks	38	–	0.3%	0.5%	0.8%	1.1%	1.4%
	42	–	0.3%	0.6%	0.9%	1.2%	1.5%
	46	–	0.3%	0.7%	1.0%	1.3%	1.7%
	50	–	0.4%	0.7%	1.1%	1.5%	1.9%

Source: Oxera analysis.

As Table 4.3 shows, the setting would be slightly less sensitive to a change in the NEF to a year-round provision, than to an increase in hours from 20 to 30 per week (term-time). For example, if the NEF hourly rate were 90% of the underlying average cost of the provision, under our modelling assumptions, this policy would lead to a mark-up of 1.9% if the NEF were extended to year-round (but remained at 20 hours per week), versus 2.2% if NEF hours were increased from 20 to 30 per week (term-time only). This is to be expected, as the main driver of this outcome is the total number of NEF hours provided, and the change from 20 to 30 is a 50% increase, whereas a change from 38 to 50 hours is slightly lower, at 32%.

4.1.3 Potential policy change 3: extending funded hours to 2–3-year-olds

This change would be relevant only to settings that provide ECEC for 2–3-year-olds. We are aware that some pre-schools do cater for this age category, but for simplicity, we include this age category in our modelled day nursery only.

Table 4.4 below is in the same format as the previous tables in this section. It shows the mark-up that would be required on day nursery prices in the event that the NEF scheme is expanded to include 2–3-year-olds (i.e. children who will turn three in the academic year). For simplicity of modelling, we assume full capacity utilisation.⁴⁹ For the day nursery setting, we assume that 50% of capacity is taken-up by 2–3-year-olds. However, this could be 15 full-time children, or 30 who take 25 hours a week, or any other combination that leads to 50% of capacity being used to deliver ECEC to 2–3-year-olds.

⁴⁹ This is a simplifying assumption, as in practice a nursery might not operate at full capacity as it will be accommodating a range of requests from parents and carers who will choose different amounts of ECEC, which might not necessarily lead to the full capacity of 50 hours a week being used.

As Table 4.4 below shows, an expansion of the NEF scheme to 2–3-year-olds would affect a day nursery setting significantly more than the other potential policy changes set out above.

However, perhaps a more fundamental issue here is the sector’s ability to provide capacity to meet the increased demand for ECEC for 2–3-year-olds that this policy would lead to. As States nursery classes do not cater for this age group and nor do some pre-schools, the demand for additional places would be concentrated on a sub-sector of the market. Based on our understanding of the spare capacity in the ECEC market, it seems unlikely that the sector would be able to provide the capacity if take-up were even close to that for pre-school children (i.e. most of the children of that age on the island).

Table 4.4 Price differential: day nursery prices (2–3-year-olds)

		Percentage increase over underlying costs					
		100%	98%	96%	94%	92%	90%
NEF hours (2–3-year-olds)	0	–	0.3%	0.5%	0.8%	1.1%	1.4%
	5	–	0.4%	0.8%	1.2%	1.6%	2.0%
	10	–	0.6%	1.1%	1.7%	2.3%	2.8%
	15	–	0.7%	1.5%	2.2%	3.0%	3.7%
	20	–	0.9%	1.9%	2.8%	3.7%	4.7%

Source: Oxera analysis.

4.1.4 Potential policy change 4: incentivising higher qualifications for childcare staff

Due to a lack of data in this area, we have not attempted any quantitative analysis of this potential policy change.

However, we discussed issues relating to staff qualifications with many settings, and set out below some of the observations that were made by providers. These comments represent the opinions of the providers that we spoke to. In addition, we note the publication of recent research in this area, which evaluates the merits of some policies that are designed to increase qualification levels in the sector—although we have not sought to evaluate this information at this stage.⁵⁰

In our discussions with providers of ECEC, the following comments were made:

- it is important to have suitably qualified staff, but also that they are experienced;
- many parents, and setting managers, recognise the value of having a qualified teacher (which we note is only one form of higher qualification) in a setting, but note the following:
 - qualified teachers are difficult to attract to Early Years settings, which are unable to match the pay offered in States primary schools;

⁵⁰ For example, see Bonetti, S. (2020), ‘[Early Years Workforce Development in England](#)’, January.

- for a qualified teacher to be valuable, they need to have specific Early Years training (as opposed to, for example, an unrelated degree and a PGCE);
- qualified teachers may not be better equipped to deal with younger children (e.g. those under the age of three) than, for example, Level 3-qualified staff.

based on the views expressed by providers of ECEC, if the GOJ were to provide a subsidy for private ECEC settings to employ staff with a higher level of qualification than are currently required, two factors would need to be considered:

- for the scheme to be taken up by settings, the subsidy would probably need to reflect the full incremental cost of employing a more highly qualified member of staff, over and above the cost of employing a Level 3-qualified member of staff. Given the financial pressure that settings state they are facing, it is not clear that they would choose, at this stage, to employ a more highly qualified member of staff at additional cost to the setting (where they do not already choose to do so), unless the cost is partially offset by reduced ratio requirements;
 - a number of settings expressed the view that an individual with a degree qualification may not necessarily be better able to provide support in an ECEC setting than a Level 3-qualified member of staff—further research may be required to provide supporting evidence for this.
-

5 Conclusions

In this report we have presented our findings from a review of the ECEC market and some additional analysis and insight in relation to a number of specific potential policy changes.

From our analysis and discussions with a large number of providers of ECEC in Jersey, we draw a number of conclusions as have been set out in this report. These are summarised below.

Overall observations

- **The current model provides choice for families:** the mixed model of ECEC settings offers good choice for most parents—including in relation to location, price, hours and continuity of care.
- **Most pre-school children currently attend an ECEC setting:** most children in Jersey attend a formal ECEC setting in their pre-school year (the year in which they turn four years old). This is consistent with the GOJ objective of giving young children ‘the best start in life’, as formal ECEC in an Early Years setting can enhance a child’s all-round development.⁵¹
- **The sector requires holistic policymaking:** the mixed model means that a large number of providers across the public, private and not-for-profit sectors are responsible for ECEC in Jersey.
- **The provision of funded hours makes it more affordable for parents to return to work:** funded hours essentially provide a subsidy for working parents. This is because many jobs require childcare in excess of the NEF provision.

NEF

- **The current NEF hourly rate may not be sufficient to cover costs:** our consultation with providers indicates that this is a primary area of concern for most providers. This position is supported by a comparison of the growth in the NEF hourly rate with inflation and average earnings since it was introduced.
- **A key driver of the impact of any change to the provision of funded hours of ECEC on a setting is how the NEF hourly rate relates to the underlying average cost of provision.** Any shortfall would mean that an expansion of the NEF scheme could be damaging to the sector (see the next bullet point). However, if the NEF rate is sufficient to cover the average underlying cost of ECEC provision, the impact of an expansion in the NEF scheme is likely to be related to the capacity for settings to accommodate any additional demand, rather than to the pure financial ‘cost’ of delivering additional hours. Where spare capacity exists, an expansion of the NEF has the potential to increase capacity utilisation in a setting, driving a positive financial impact.
- **If the NEF hourly rate is below the cost of providing ECEC, published prices may be higher than they might otherwise be, absent the NEF scheme:** where a setting faces an average underlying cost of provision that is higher than the NEF hourly rate, it may need to price at a level that means that it can recover the funding shortfall across its operations. Other

⁵¹ Early Years Childhood Partnership (2017), ‘[Review of Early Childhood Education in Jersey](#)’, November.

responses might include reducing costs (through efficiencies or a reduction in provision); increasing its offering (e.g. by opening longer hours or more weeks of the year, or by taking on younger children), or leaving the NEF scheme altogether.

- **Pre-schools are least resilient to changes in the NEF policy:** pre-schools are more dependent on NEF income than most day nurseries due to their more limited opening times and age range. As a result, pre-schools would be more vulnerable to an extension of the NEF from 20 to 30 hours than day nurseries.
- **The cost of providing ECEC to 2–3-year-olds is significantly higher than for 3–4-year-olds:** this is driven by the required staff ratios (which are doubled for the younger age group). This would need to be reflected in funding for ECEC for 2–3-year-olds that was (potentially significantly) higher than for 3–4-year-olds.

Private settings: capacity and utilisation

- **Utilisation of capacity in private ECEC settings is a key driver of financial sustainability:** ECEC settings face a significant level of fixed costs, particularly in the short and medium term (two key costs are staff and property costs). This means that marginal income contributes directly to covering these costs (in contrast to a situation where marginal income is matched by a significant amount of marginal cost). Government policy that adversely affects capacity utilisation in private-sector settings (i.e. reduces the number of children who are likely to attend a particular setting) could therefore be particularly disruptive.
- **A limited number of settings are currently able to accept 2–3-year-olds:** States nursery classes do not accept 2–3-year-olds, and nor do some private settings. Therefore, it is unclear whether the ECEC would currently be able to absorb the additional demand if the NEF scheme were expanded to include 2–3-year-olds. However, a policy that extended funded hours to 2–3-year-olds on a targeted basis only (i.e. to a subset of 2–3-year-olds based on need) could potentially be more easily accommodated by the ECEC sector.

Staffing of ECEC settings

- **Settings recognise the value of staff qualifications, but commented that these must be relevant to ECEC and that experience is also important:** settings that we spoke to noted that qualified teachers may not necessarily be more suitable than Level 3-qualified staff, as they may not have the skills required to deal with younger children (those under the age of three), or specific Early Years training or experience.
- **Expansion of the funded hours to year-round could create a shift in the market:** many settings—namely States nursery classes and pre-schools—operate in term-time only. If funded hours became available year-round, parents might choose to shift to settings that offer year-round care (in order to benefit from this change), thereby adversely affecting a large portion of the market (see the note above on the dependence on high-capacity utilisation). This would be dependent on the extent to which settings that offer year-round care are able to expand their capacity to cater for the additional demand.

States nursery classes

- **States nursery class capacity is well matched to demand, but there are geographical variations:** across the Island as a whole, the number of places in States nursery classes is well matched to the number of children seeking a place each year; however, classes in St Helier tend to be oversubscribed, whereas significant spare capacity exists in more rural parishes.
 - **There is spare capacity in States nursery classes in the afternoons:** partly due to the way that funded hours must be taken in States nursery classes, there is unused capacity in these classes in the afternoons. This potentially represents an inefficiency, as the staffing levels remain the same regardless of whether all children stay in the afternoon.
 - **An expansion of funded hours from 20 to 30 hours a week would not lead to significant cost for States nurseries.** Although there would be some loss of income where additional hours are currently being purchased, the additional ten hours would be taken as two hours per day, in the afternoons, where capacity is already available but underutilised.
-

A1 List of Early Years providers

Table A1.1 States nursery classes

Name	Parish
Bel Royal	St Lawrence
D'Auvergne	St Helier
First Tower	St Helier
Grands Vaux	St Saviour
Grouville	Grouville
Janvrin	St Helier
La Moye	St Brelade
Mont Nicolle	St Brelade
Plat Douet	St Saviour
Rouge Bouillon	St Helier
Samarès	St Clement
Springfield	St Saviour
St Clement	St Clement
St John	St John
St Lawrence	St Lawrence
St Luke	St Saviour
St Martin	St Martin
St Peter	St Peter
St Saviour	St Saviour
Trinity	Trinity

Note: In addition to the 20 States nursery classes, there is one specialist SEN school (Mont a L'Abbe), which is state-funded and currently has five children attending in the pre-school year.

Source: Data provided by the Government of Jersey.

Table A1.2 Pre-schools

Name of provider	Parish
Acorn	Trinity
Beaulieu	St Helier
Bethesda	St Peter
Communicare	St Brelade
De La Salle	St Saviour
Happy Hatchlings	St Clement
Little Dragons	St Peter
Silverstar	St Mary
St Michaels	St Saviour
Village	St Peter

Note: Little Dragons (attached to St George's Preparatory School) does not participate in the NEF scheme but has 22 children of pre-school age. St Christopher's School (not listed above) is not a registered Early Years Provider but does have 12 children of pre-school age attending.

Source: Data provided by the Government of Jersey.

Table A1.3 Day nurseries

Name of provider	Parish
Acrewood	St Saviour
Busy Beans	St Lawrence
Charlie Farley's	St Saviour
Charlie Farley's Too	St Helier
Cheeky Monkeys	Trinity
Centrepoint La Pouquelaye	St Helier
Centrepoint Rope Walk	St Helier
La Petite Ecole, Fort Regent	St Helier
La Petite Ecole, St Mark's Road	St Helier
Leeward	St Helier
Little Oaks	St Saviour
Nestling	St Helier
Organic Kids, Castle Quay	St Helier
Organic Kids, La Providence	St Lawrence
Rainbow Tots, Beaumont	St Peter
Rainbow Tots, Les Quennevais	St Brelade
Sunnyside	St Helier
Westmount	St Helier

Note: Charlie Farley's Too does not take 3–4 year-olds. Organic Kids is now part of the Busy Bees Nursery chain.

Source: Data provided by the Government of Jersey.

A2 States nursery classes: place-allocation process

Parents can register for a States nursery place at any time, but the Jersey Child Care Trust suggests applying as soon as possible, as most allocations are based on the date of registration.⁵² Nursery places are not allocated on a catchment area basis, in contrast to schools. However, many parents will apply to the nursery of the school in their catchment area in order to provide a smooth transition for their child.

School nursery places are allocated according to a set of criteria, set out in Box A2.1.

Box A2.1 States nursery class place-allocation process

States nursery places are allocated according to a set of criteria in order to prioritise applications in the event of oversubscription. These criteria are set out below:

- children suspected of being at risk, such as children who already have multiple agency contact (for example, due to child protection issues);
- children with social, educational, physical or emotional needs (such as medical conditions, disability or health needs);
- children from families with particular needs (such as siblings with special needs, multiple births, parental illness or night shift workers);
- children with siblings at the school;
- the time between date of birth and date of application—this is the main consideration for the majority of applications, with children who are registered earlier having a greater chance of being offered a nursery place.

Source: EYCP (2017), '[Review of Early Childhood Education in Jersey](#)', November, Appendix 2.

Based on our engagement with settings and the GOJ, we understand that some families, in particular those that are new to the Island or for whom English is a second language, may not be aware of the benefit of early registration and the additional funded hours available for qualifying children in States nurseries only. As such, they may miss out on a place in a States nursery that may be a better match for their needs.

⁵² Jersey Child Care Trust (2020), '[Nursery Education Fund](#)', accessed 31 January 2020.

A3 Regulation of the ECEC sector in Jersey

All registered childcare providers in Jersey are regulated under the Day Care of Children (Jersey) Law 2002.⁵³ There is no independent or external inspection of providers (similar to the role of Ofsted in the UK, for example), but Registration and Regulation officers from the Children, Young People, Education and Skills (CYPES) department monitor and review standards of quality and levels of compliance with Statutory Requirements. Figure A3.1 provides more detail of the relevant requirements and regulations.

Figure A3.1 Relevant ECEC legislation and regulations in Jersey

A significant amount of legislation has an impact on the operation of Early Years settings in Jersey. To support settings, and wider stakeholders in their understanding of the most relevant statutory requirements, the GOJ recently published the '[Early Years Statutory Requirements: A Regulatory Framework for Early Years Provision](#)'. As well as sector-specific legislation (as noted below), it provides details of other relevant requirements, such as around health and safety and discrimination, and elaborates on requirements that are referred to in the legislation.

Some key pieces of relevant sector-specific legislation and regulation are set out below.

Day Care of Children (Jersey) Law 2002

Any person or setting that looks after children and provides a professional service must be registered under the Day Care of Children (Jersey) Law 2002.

Applicants for registered status have to meet (and maintain) minimum standards before they can register in order to ensure that children are kept safe and healthy. In addition, there are requirements in relation to the ratio of staff to children and staff qualifications (see section 3.1.2 on staffing).

Education (Jersey) Law 1999

This law covers States schools, including nursery classes.

Regulation of Care (Jersey) Law

The States Assembly passed the Regulation of Care (Jersey) Law in 2014. This enabled the establishment of the Jersey Care Commission,¹ a new entity with an independent regulatory inspection role. The Jersey Care Commission is currently extending its regulatory function and capacity incrementally. The current regulatory arrangements in ECEC will be reviewed in due course; however, no timeline for this review has been identified to date.

Note: ¹ Jersey Care Commission (2020), '[Jersey's Independent Care Regulator](#)', accessed 6 January 2020.

Source: Government of Jersey (2020), '[Requirements, qualifications and training for registered childcare providers](#)', accessed 16 January 2020.

⁵³ Government of Jersey (2020), '[A basic guide to childcare](#)', accessed 16 January 2020.

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