

STATES OF JERSEY



PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025): TWENTY- SEVENTH AMENDMENT

CHILDCARE FUNDING RATE

Lodged au Greffe on 24th November 2025
by Deputy I. Gardiner of St. Helier North
Earliest date for debate: 8th December 2025

STATES GREFFE

PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025):
TWENTY-SEVENTH AMENDMENT

1 PAGE 3, PARAGRAPH (b)(viii) –

After the words “in Appendix 2 – Summary Tables 5(i) and (ii) of the Report” insert the words -

“, except that in Table 5(i), the Head of Expenditure for the Central Reserve should be decreased by £137,000, to be allocated from the growth bid funding for Investment in Competitiveness, and the head of expenditure for Education and Lifelong Learning should be increased by £137,000, to be allocated to the funding line for Nursery 2–3-year-olds”.

2 PAGE 3, PARAGRAPH (b)(xii) –

After the words “as set in the Appendix to the accompanying Report” insert the words –

“, except that, on page 42, in Table 9 –

- (i) the Head of Expenditure for Central Reserves should be decreased by £137,000 in each of 2026,2027,2028 and 2029, with funding allocated from the growth allocation for Investment in Competitiveness; and
- (ii) the Revenue Head of Expenditure for Education and Lifelong Learning should be increased by £137,000 for each of 2026, 2027, 2028 and 2029, to be allocated to the funding line for Nursery 2-3-year-olds,

with any consequential amendments to be reflected as necessary throughout the Budget.”.

DEPUTY I. GARDINER OF ST. HELIER NORTH

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion –

- (a) In accordance with Article 16 of the Public Finances (Jersey) Law 2019 (the Law) to approve an amendment to the Government Plan 2025 – 2028 (entitled “Budget 2025 – 2028”) to a reduction in the 2025 head of expenditure “Grants to States Funds” as included in Table 5(i) Revenue Heads of Expenditure of that Government Plan from £119,821,000 to £69,821,000.
- (b) To receive the Government Plan 2026 – 2029 (entitled “Budget 2026-2029”) specified in Article 9(1) of the Law and specifically –

- i. to approve the estimate of total States income to be paid into the Consolidated Fund in 2026 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law.
- ii. to refer to their Act dated 24th June 2003 in which they approved that no new ‘user pays’ charges be introduced without any such charge receiving prior in principle approval by the States Assembly and accordingly to approve the introduction of two new charges, to be levied by Health and Care Jersey to promote appropriate use of the Emergency Department and for repeated non-attendance of outpatient appointments, detailed in the section entitled “Departmental Income Sources” as set out in the Appendix to the accompanying Report.
- iii. to approve the proposed Changes to Approval for financing/borrowing for 2026, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approval amounts.
- iv. to approve the transfers from one States fund to another for 2026 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law.
- v. to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2026 of up to £50 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31st December 2025 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2026.
- vi. to approve a transfer from the Consolidated Fund to the Agricultural Loans Fund in 2026 of up to £5 million, subject to a decision of the Minister for Treasury and Resources based on availability of funds in the Consolidated Fund as at 31st December 2025 in excess of estimates provided in this plan, or from budgeted underspends identified before 31st December 2026;
- vii. to approve each major project that is to be started or continued in 2026 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 4 to the Report.
- viii. to approve the proposed amount to be appropriated from the Consolidated Fund for 2026, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report, **except that in Table**

5(i), the Head of Expenditure for the Central Reserve should be decreased by £137,000, to be allocated from the growth bid funding for Investment in Competitiveness, and the head of expenditure for Education and Lifelong Learning should be increased by £137,000, to be allocated to the funding line for Nursery 2–3-year-olds.

- ix. to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2026 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.
- x. to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2026 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report.
- xi. to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2026 as set out in Appendix 2 – Summary Table 8 to the Report
- xii. to approve, in accordance with Article 9(1) of the Law, the Government Plan 2026-2029, as set in the Appendix to the accompanying Report, except that, on page 42, in Table 9 –
 - (i) the Head of Expenditure for Central Reserves should be decreased by £137,000 in each of 2026,2027,2028 and 2029, with funding allocated from the growth allocation for Investment in Competitiveness; and
 - (ii) the Revenue Head of Expenditure for Education and Lifelong Learning should be increased by £137,000 for each of 2026, 2027, 2028 and 2029, to be allocated to the funding line for Nursery 2-3-year-olds,with any consequential amendments to be reflected as necessary throughout the Budget.

REPORT

This amendment is being brought forward at the very last minute because the Minister has not yet reached agreement with the early years sector on the implementation of his own policy to extend funded nursery provision for two- to three-year-olds. Despite the fact that the Jersey Early Years Association (“JEYA”) represents more than 75% of all early years provision for this age group, the Minister has not met with them directly to understand why the proposed partnership agreement has not been signed, nor has he sought to resolve the concerns raised repeatedly over the viability of the £11.00 hourly rate.

Instead, during the Scrutiny hearing this week, the Minister unexpectedly announced that his department may bypass the provider partnership model entirely and instead create a new administrative system to pay parents directly in arrears. This approach raises significant concerns. Rather than addressing the core issue - the fact that the proposed hourly rate of £11.00 is not financially viable - the Minister’s proposal would divert public funds into building a new administrative structure. This would create additional bureaucracy and cost, place financial strain on families who cannot afford to pay fees upfront, increase uncertainty for providers, raise questions how it will work with personal tax and income support arrangements. It is difficult to justify creating a new administrative layer when a modest, evidence-based uplift in the hourly rate would make the scheme deliverable, sustainable, and far less costly.

This amendment is therefore brought forward to ensure that the policy can be delivered in a practical, fair, and financially responsible way - by supporting the early years settings who will deliver the service, rather than building new administrative structures to replace the already functional model. I believe that the modest uplift of extra £0.50 per hour to £11.50 is evidence-based, sector-supported, and represents the minimum level required to maintain high-quality provision, support local childcare providers nurseries, and ensure that families can actually access the 15-hour entitlement the Government intends to offer.

Financial Explanation

I believe this amendment would require an additional £136,364 rounded to £137K, based on the current allocation of £3,000,000.

The Government has already proposed £3 million to fund the new 2–3-year-old offer in 2026, and it was confirmed in the response to [Written Question 425/2025](#) that 100% of this revenue growth will be directed specifically to funding childcare hours. All costings to date have been calculated on the basis of an £11.00 hourly rate. Increasing the rate by 50 pence to £11.50 would require an additional £137,000 as the uplift applies only to the funded hours modelled in proposed budget funding, not the full age cohort. This small additional amount will ensure that nurseries can sustainably deliver the universal 15-hour offer for families.

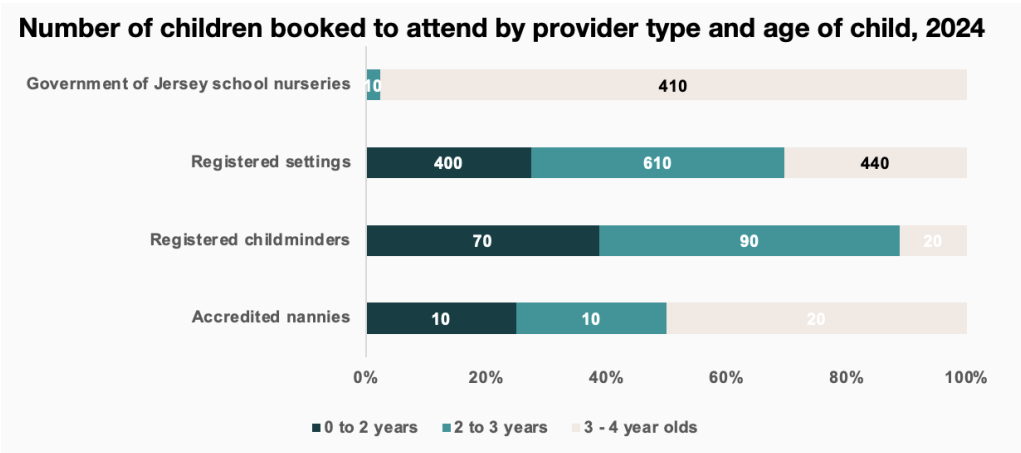
As confirmed in the Government’s own data, not all 2-3-year-olds attend registered settings. The 2024 participation table shows 730 children in the 2–3 age range, but only 610 of these are in registered nursery settings, with the remainder at home, with relatives, or using informal care arrangements. This reduces the number of funded hours required.

Furthermore, a number of 2-3-year-olds already receive additional needs funding, which should not be double-counted in the uplift calculation.

The 2026 Budget includes £0.6 million specifically to continue the successful pilot programmes delivered through school settings (JCCT provision at D’Auvergne and the Douet Dinkies model). These children are *already fully funded* under separate funding and therefore do not require further uplift.¹

Sector Capacity and why supporting childcare providers matters

The latest data on booked places shows that registered nursery settings deliver the overwhelming majority of care for 2–3-year-olds, with 610 children attending private nurseries compared to only 10 places in Government nursery classes for this age group (it might slightly be higher in 2025 due to the pilots). This means over 85% of the 2–3 offer will depend on the private and voluntary sector.



This confirms that the universal offer for 2-3-year-olds *cannot be delivered* without strong participation from private nurseries—yet these settings are precisely the ones stating that £11.00 is not viable. Supporting providers through a modest uplift to £11.50 is therefore essential to ensure that families can actually access the new entitlement and that the policy can be delivered sustainably across all parishes.

JEYA position and Government–sector cost modelling

JEYA has unanimously stated that £11.00 per hour is not viable for delivering 2–3-year-old provision. Their members were involved in detailed cost-modelling carried out jointly with Government officers in late 2024 and early 2025, which demonstrated:

- The base delivery cost in Q4 2024 was already £10.24/hour,
- This excluded cross-subsidisation, inflation, sustainability margins, and reserves
- Other operational costs (food, utilities, insurance) have seen above-inflation increases.

The following data was presented to providers by the Government in May 2025 based on their own analysis. It is important to notice that there are a variety of the provisions and costs and the average was worked out.

¹ Written Question 420/2025 <https://statesassembly.je/getmedia/f922c4a3-a759-4530-9955-96ad61ea63b5/WQ-420-2025.pdf?ext=.pdf>

From the table presented below it can be seen that £11.50 is very minimum request for 2-3 years old provision.

Current Averages and Ranges of Childcare Costs and Prices



For a model Nursery open 51 weeks a year, for 52.5 hours a week.

Age	Average annual cost per place	Average income per place	Average being charged per hour	Average hours per week per place, to achieve average income
0-1	£20,187	£20,201	£12.10	32
2-3	£16,766	£17,839	£11.24	34
3-4	£13,533	£14,523	£9.17	34

Ranges Observed in data provided

Age	Range of annual cost per place	Range of income per place	Range being charged per hour
0-1	£17,698 - £22,316	£16,796 - £24,142	£13.10 - £14.26
2-3	£14,711 - £18,493	£16,364 - £19,893	£10.89 - £11.75
3-4	£12,588 - £14,718	£13,882 - £15,699	£9.02 - £9.28

The sector has been consistent and clear: without recognising actual delivery costs, the scheme cannot be implemented without compromising quality or raising fees for other age groups—contradicting the policy aim of supporting affordability.

I believe that the cost for 2026 should be around £12.08, but there are indications that £11.50, while still tight, could be a workable compromise to ensure that the Government and early years providers can work together for the ultimate benefit of parents and their young children.

This is only 12% in total on top of agreed net £10.24 rate to meet cross-subsidisation for 0-2 provision (actual cost is much higher), inflation, sustainability margins including reinvesting into the provided infrastructure.

Early Years Research Report (October 2025) Policy Centre

The Government-commissioned Early Years Research Report highlights:

- Childcare fees in Jersey are 50% higher than England and 12% higher than London
- 40% of providers report sustainability concerns due to rising costs
- High and increasing staffing pressures driven by qualification requirements and competition with the finance industry
- Government support has not kept pace with the rising costs of provision.

The report concludes that failure to support early years settings risks undermining quality, accessibility, and long-term sustainability across the sector.

Risks of paying Parents directly in arrears

The Minister's proposal to pay parents directly in arrears represents a significant departure from existing early years funding mechanisms and introduces major concerns:

Increased bureaucracy

Building a new payment system requires:

- verification checks,
- processing claims,
- attendance reconciliation,
- fraud controls,
- handling disputes and arrears
- coordination with tax and Income Support systems, creating further administrative steps and potential compliance complications.

This contradicts the Government's own priority to reduce bureaucracy and curb the growth of the public sector, not expand it.

Financial strain on families - comments in media

Many families cannot afford to pay nursery fees upfront while waiting weeks or months for reimbursement.

One parent of a two-year-old child told [ITV News](#): “I probably won't be able to make use of it because I don't have the funds for childcare in the first place. If I could have access to 15 hours of free childcare, then it would make my life as a parent doing everything on my own much easier. But the proposal of 15 hours of free childcare isn't that much - I can't go back into the workforce until my child is older, and I can have 30 hours of free childcare”.

This model risks:

- increased debt;
- missed payments;
- withdrawal from nursery places; and
- limited access for lower-income families.

It undermines the core purpose of the universal offer.

Cash-flow risk to providers

If parents struggle to pay upfront, nurseries face delayed or unpaid fees. Creating financial instability, increased administrative burden, and a reluctance to participate in the scheme.

Afternoon club providers have already experienced situations where parents received childcare funding directly from the Government, but, due to day-to-day financial pressures, used the money for essential household spending rather than passing it on to the childcare setting. As a result, fees were never paid, and providers have been left with debts that are extremely difficult, often impossible, to recover.

This experience demonstrates the real financial risk of diverting payments away from providers and reinforces why any new scheme should avoid a model that places responsibility on parents to onward-pay nurseries.

Conclusion

In summary, this model would deliver less value to families, add greater administrative cost to Government, and increase financial pressure on providers. A modest uplift to £11.50 per hour is therefore a far more efficient and equitable solution. It avoids building a new payment bureaucracy, ensures families do not have to pay out of pocket in advance, and gives providers a viable rate to deliver high-quality early education.

A minor uplift from £11.00 to £11.50 per hour is the most efficient, responsible, and collaborative way to deliver the Government's new universal offer for two- to three-year-olds.

I see this is an investment in three critical areas: children, local small-medium businesses, and Jersey's early years workforce. High-quality early education is one of the most effective investments the government can make, with long-term benefits for children's development, school readiness, and future life chances. At the same time, most early years settings in Jersey are small/ medium locally run businesses operating on extremely tight margins. Ensuring a viable funding rate is essential to maintain their sustainability, avoid closures, and keep childcare places available in every parish.

Finally, the sector is facing significant challenges in attracting and retaining qualified staff. A rate that reflects real costs enables nurseries to offer fair wages, retain experienced practitioners, and create stable, nurturing environments for children.

In this sense, the proposed uplift is not simply a cost - it is a strategic, targeted investment in the wellbeing of children, the resilience of small businesses, and the strength of a vital workforce that underpins both early education and the wider economy. Supporting the workforce directly supports children.

This amendment provides a simple, evidence-based solution that enhances the policy, aligns with fiscal constraints, and upholds the Government's stated priorities of reducing bureaucracy and supporting families.

Financial and staffing implications

The financial implications have been detailed in depth within this report. The overall cost would be £137,000 per annum, to be allocated from the funding line entitled 'Investment in Competitiveness'. Affordable and accessible childcare is a key factor in attracting and retaining working families, and I would argue that this funding would be an investment in Jersey's economic competitiveness, workforce participation and long-term prosperity.

Children's Rights Impact Assessment

A Children's Rights Impact Assessment (CRIA) has been prepared in relation to this proposition and is available to read on the States Assembly website.

Re-issue Note

This amendment has been re-issued to correctly reflect the transfer of funds from funding related to expenditure growth allocations, which is currently held within the Central Reserve.

