

There's a lot of angry people saying that Jersey's middle class will take the brunt of the cuts, and one father of three said the cuts would "unfairly hit Mr and Mrs Average".

So what is the situation behind the cuts, and who would be effected, and by how much? Before we start protesting about cuts, let's have some figures. Otherwise we are, as the phrase puts it, making bricks without straw.

### **Some Nursery Figures**

At present, when children are receiving nursery education outside of the States system, the nursery receives – directly from the States - £3,914 per child per year.

Now that's not the full amount. So how much does it cost? Some nursery fees are online, and one I looked at has a maximum of £307.75 per week for a full week, if the child is 0-2 year, reducing as the child moves into upper age bands. For two years plus, it comes in at £273.98 for a full week, and for three years plus, it comes in at £ 227.50.

But the States Nursery Education fund is limited. It provides free States-funded nursery education in the school year that the child turns four years old. It currently involves a placement with a nursery which is a registered Nursery Education Fund (NEF) provider, or with a States primary school nursery.

It is important to note, however, that there are private prep school nurseries which receive no States funding because they are not currently in the NEF. We will return to this later.

And while some private nurseries cover school holidays and run the whole year round, the child can get up to 20 hours' free education each week, for 38 weeks, during school term-time only, even if in a private nursery.

So our nursery fees for full weeks, for three years plus, will come to £8,645 per annum for 38 full weeks at the private nursery looked at above, and if for 48 weeks, for £10,920 per annum. Before four years old, the parents may be funding this or more for a private nursery, with no subsidy from the States.

Now many mothers who work, do so before the child is four years old, so they are paying out, and managing to budget for nursery education. It is after the child is four, that the States intervenes, and they still have to pay, but they may find an extra £3,914 in their budget.

In their fifth year, children enter the States school system in reception classes, and this is fully funded by the States. So there is only a small interval of two years at most when there might be two children receiving the States reduction in nursery fees, and unless there are twins, this is only going to be for a relative short time of under one year.

### **Statistics on Median Income**

I have gleaned information from the States Statistics Unit about the median household income for a income for a family with one child or more under 5, and this is £52,900. This means that half will have an income or more than that figure, and half below. So all those below – half of those – will still retain the subsidised nursery education.

The 70th percentile for families with under 5s is £75,000. This means that 70% of all families have incomes below that figure, and will retain the subsidised nursery education.

So how many are in the remaining 30%? According to the States statistical unit, there are on average about 1,000 children in a cohort, so education's proposal for a threshold of £75,000 would potentially affect around 300 families.

But remember that I mentioned that there are private prep school nurseries which receive no States funding because they are not currently in the NEF. It is estimated that about 70-75 families send their children there, so they receive no States funding.

The remaining families are split between free States school nurseries, and private sector NEF nurseries. It is unknown how this is split up, but the Education department thing that it means around 100 will be affected in the private sector, but it could be as low as 66 or as high as 119.

But let's break this down a bit more. While 30% of families have income above the threshold of £75,000, it turns out that in fact 20% (the 80th percentile) have incomes about £99,000. I'm not convinced that those are "Mr and Mrs Average"!

It should be seen from this that the choice of £75,000 is not an arbitrary figure but one which has come from a careful study of the statistics involved.

### **Potential Budget Squeezes:**

Looking to the future, there is a potential increase in private nurseries claiming through the Nursery Education Fund. More nurseries from the private prep schools have indicated they may want to join. This makes the scheme unsustainable in its present form.

Introducing a threshold would mean that it can continue for the lower income families who are least able to afford to pay for nursery. That is important for it is lower income families whom studies have shown need it most.

The prohibitively high costs of private child care and the dearth of quality, accessible public providers means that parents on lower incomes are often left to choose between the lesser of two evils: low-quality care or forgoing needed pay to stay at home and care for a child themselves.

Parents on higher incomes may mix nursery time with paying for a live in nanny which can be more cost effective for them. Moreover, a nanny or au pair does not need to be a registered childcare provider, with the added expense that registration incurs.

### **Some Comments:**

For parents who need to cover child care, the current situation leads to 20 hours per week in term time, which is 4 hours per working day (for a five day week). Any time ahead of that will need to be paid for by the parents.

It is very unlikely that all parents take the minimum free hours. Given school holidays, and the need to work at least during some of that time, parents will almost certainly be paying more than that. There is a gap between the funding rates and the cost of providing the hours required.

A petition launched by Linda Symons in the UK, looking at the government pledge for increased hours from 15 hours to 30 hours but at a lower rate, suggests cutting the free hours back to 15 hours, and offering the additional 15 hours on a subsidised basis, dependent on parental income. She wants the extra 15 hours to be means tested and offered to low-income families.

I'm not suggesting that Jersey goes down that route, but I cite this to show that at least one individual who runs a nursery school is thinking more about how the benefit to the poor can be improved, even if it means taking it away from those who have much more income. The complaints about the £75,000 threshold come from a 30% who I am certain do not know poverty in the same way as the poorer families in our community. And 20% of those families affected have incomes of £99,000 or more.

I am sure there would be even greater complaints if there was a lower threshold, but a higher subsidy to poorer families, both saving money, and improving the lot of those who do face real poverty. I'm not suggesting it, but I am suggesting that a threshold of £75,000 is a very generous one.

Currently the subsidy paid to the nursery per child has been frozen for this year, because there are not enough funds. Who will that affect most? Not those whose income is £75,000 or above, I am sure. One of the aims of early intervention is to tackle disadvantage by addressing the attainment gaps already apparent between children of different backgrounds by the time they start school. Already by the age of three, children from poorer backgrounds could on average be as much as a year behind their more advantaged peers.

I do think, however, that a fixed limit of £75,000 may well lead to “gaming the system”, and that a better approach would be a graded reduction, between £75,000 to £80,000, with complete drop-off at that point, much as there is with the University grant system, which is also means tested. (and which, it should be noted, focuses purely on income not outgoings).

I also think that it is unfair for some above £75,000 to continue to receive the subsidy to nursery education because they have children in State nurseries rather than private ones, and I suppose controversially, but because of fairness, I would suggest that alongside a graded reduction, the inclusion of all children within both State and private sector should be taken into account with the means testing.

Finally, I think that some consideration needs to be taken, just as with University grants, for calculating a discount from the threshold for parents who have two children within that small band between nursery education being subsidised (from age 4) to school age. Those will be hardest hit by the introduction of a threshold, and some compensatory mechanism needs to be there for those.