

STATES OF JERSEY

Education and Home Affairs Scrutiny Panel Early Years Review

MONDAY, 15TH OCTOBER 2007

Panel:

Deputy D.W. Mezbourian of St. Lawrence (Chairman)

Deputy J. Gallichan of St. Mary

Deputy S. Pitman of St. Helier

Dr. C. Hamer (Advisor to the Panel)

Witnesses:

Senator P.F.C. Ozouf (Minister for Economic Development)

Mr. M. King (Chief Executive, Economic Development)

Mr. D. Peedle (Economic Advisor)

Mr. S. Pritchard (Director of Enterprise and Business Development)

Deputy D.W. Mezbourian of St. Lawrence (Chairman):

If I may thank everyone for coming to speak to the Education and Home Affairs Scrutiny Panel on the Early Years Review that we are conducting. We aim to finish within about an hour but I am sure you will appreciate that if we have any further questions we will probably address those to you in writing at a later stage. As witnesses you should have had sight of the information regarding the privileges accorded to witnesses at scrutiny hearings. If you have not they are there on the desk in front of you. Also I believe there should be copies of our terms of reference so you know what we are endeavouring to achieve as part of this review. You will be aware that these are not microphones. They are here for the recording of the hearing rather than for us to have our voices made louder. So please speak into them clearly. The hearing is being recorded and will be transcribed and you will receive a copy of the transcript for you to comment on whether or not it is factually accurate as to what you have said. In order to make sure that the recording system is working we will introduce ourselves and I will start by saying I am Deputy Mezbourian of St. Lawrence, Chairman of the Education and Home Affairs Scrutiny Panel.

Deputy S. Pitman of St. Helier:

Deputy Pitman of St. Helier.

Deputy J. Gallichan of St. Mary:

Deputy Gallichan of St. Mary.

Dr. C. Hamer (Advisor to the Panel):

I am Dr. Cathy Hamer. I am an early years teacher, chartered health and educational psychologist. I have worked advising the Sure Start Unit in the UK (United Kingdom) and currently working with the Early Childhood Unit of the National Children's Bureau.

Deputy D.W. Mezbourian:

If you would like to introduce yourselves, please.

Senator P.F.C. Ozouf (Minister for Economic Development):

Good morning. It is a pleasure to be here this morning to see you and hopefully give some constructive information for your review. I am Senator Philip Ozouf, Minister for Economic Development.

Mr. M. King (Chief Executive, Economic Development):

Mike King, Chief Executive of Economic Development.

Mr. D. Peedle (Economic Advisor):

Dougie Peedle, economic advisor.

Mr. S. Pritchard (Business Creation & Growth Director):

Sean Pritchard, Director of Enterprise and Business Development.

Deputy D.W. Mezbourian:

Thank you. Minister, we sent your department 4 topics which we hoped you would be able to speak to us on this morning. If you are agreeable to that, what I would like to suggest is that you address each topic in turn, at the end of which we will ask questions if necessary.

Senator P.F.C. Ozouf:

Thank you, Chairman. I would start by prefacing my remarks to say to you that I am not an expert in the whole area of early years. I have some personal views, as an elected representative, of the principles of early years. We all come as elected politicians with views and I probably will just get that one out on the table first off. I will then say the rest of my remarks really are in the capacity of economic development and clearly I have come with members of my ED (Economic Development) team, and Dougie we regard as a member of our ED team, to assist. I think you did say we were going to have an informal exchange of views. I have not come with anything particularly prepared but we can certainly go through the questions that you raised. I would just preface my remarks by saying that as an elected representative and a member of the Council of Ministers I think my fundamental view is that working

should be an option. I do not think it should be compulsory for mothers or fathers. I think that we need to create a society in which parents have the choice of whether or not they wish to work and that may conflict with a maximisation of economic activity in the Island but it is just a guiding principle that I personally hold. I do not think there should be any coercion to fathers who wish to bring up their children or mothers for bringing up their children doing so. However, the option of working should be there and should be available to all. Your first question related to the strategy and the policies that ED has in place to encourage a local workforce. I am sure the panel knows that we operate the Regulation of Undertakings and Development (Jersey) Law and I do not know whether you have had a chance to look at, effectively, one of the report cards of what we are doing at the Regulation of Undertakings which is the *Labour Market Review*. The *Labour Market Review* was published just a couple of weeks ago and it is the end of June 2007 picture of what the working force in Jersey is. It shows that there are a record number of people that are in work. For your advisor, I do not know whether you are aware of the fairly complex rules that we have on immigration control, loosely describing it in Jersey, but effectively when I talk about non-locally qualified it is people who have been here for less than 5 years. The number of people who are in work and here for less than 5 years has been very steady in the last 3 to 4 years. What has not been so steady is the number of locally-qualified people in work. We have expanded the number of locally-qualified and the total numbers of people in the private sector in work now number, as at the end of June 2007, 48,000. This does not include those working in the public sector. There is another 7,000 people working in the public sector, largely locally qualified or most exclusively locally qualified. There has been some growth in J-cats but for the purpose of our discussions and just to preface the way we deal with the Regulation of Undertakings, there is a presumption always in favour of locally-qualified people. We are fairly tough in the way in which we apply the Regulation of Undertakings rules and you do have to have a persuasive case to employ a locally-qualified person; different industries and different sectors are different. As a background to that, Dougie would you just make a couple of observations about the statistics that we were talking about a few moments ago in relation to the census and the participation rate and total numbers in that census figure?

Mr. D. Peedle:

Yes, sure. Obviously the last sort of really detailed stuff we have on the population as a whole is from the census in 2001 and there is some interesting information there. I am sure you are probably familiar with it but in terms of today's discussion, if you are looking at the working age of population and breaking it down by economically active and economically inactive, at that point in time economically active was 46,590 of working age. Economically inactive, there was about 10,500 people. These are people who are not classified as unemployed; unemployment is different. These are economically inactive and they break down basically to be retired, looking after the home, in full-time education, unable to work and other, for example temporary absence. If you look at that breakdown, of those 10,500 people the biggest proportion of them is people looking after the home. Interestingly, it is about

3,800. It is 3,700 females looking after the home, so it is a female issue when it comes down to looking after the home. Clearly, there is a whole host of reasons why they might be looking after the home but if there are barriers there in terms of people that are wanting to enter work then clearly there is a policy issue from an economic perspective that could help people that want to work get back into the workforce and that would have a positive impact on your economy. Clearly there are other people that are classed as economically inactive, for example those that are retired, of working age. There is about 1,000 people in that area as well. As I say, there is also about 1,000 unemployed by international measures as well. So there are people in economic activity, obviously a high proportion of them in Jersey, a high proportion of women in participation, but then when you look at the breakdown of the numbers in terms of the inactivity there are people there that might be impacted by child care issues. I think that is really what I am saying.

Senator P.F.C. Ozouf:

The other statistic from the social survey, which no doubt you have, is that the economic activity rates in Jersey since the 2001 census, the female participation rate based upon the social survey, has moved from 76 per cent to, in 2006, 80 per cent, rising only 1 per cent to 88 per cent for men. So from an economic perspective we are obviously wanting to engender economic growth and if you are going to get economic growth then you need to obviously have very high participation rates. There is a debate to be had about the extent to which we can lift further that female and male participation rate and clearly it would indicate that there is some -- I think we do need to do some more work to understand what the barriers are to women who are wanting to get into work and if I am totally honest with you I do not think necessarily that we do know what all those barriers are. We, and Mike can speak because he is leading on this whole issue of skills, I think there is a whole world of work that needs to be done to join up the work between education, social security and economic development in terms of the Skills Executive and skills work. We need to bring the world of job seekers much closer to the world of employers and I think in order to do that, and this trips off the tongue quite easily, but we do need to understand what some of the barriers are to people working, and if I am really honest with you I am not sure that that work has been done. I am not sure necessarily that we have done an honest economic assessment of the case for putting more money into childcare.

Deputy D.W. Mezbourian:

Senator, I think you have just answered some of the many questions that we randomly had for you. But you spoke about Mr. King and perhaps he would like to comment on this?

Mr. M. King:

Yes. I think that what both Dougie and the Minister have said is there is an absolutely explicit link between what you are looking at and what we are trying to achieve. I have not experienced it in other areas where certainly the ratios of registered and employed to economically inactive are in the order of

15 to 1. Now we have not really quantified that, certainly not in recent years here and that is something it is very important to quantify because in addition to the issue of the childcare provision there is a complementary economic case which I think has to be put in place to justify whatever funding would be directed towards that, because there is a very strong case to be made, I am sure, for there being significant economic benefit to higher levels of participation. As the Minister has said levels are already at 80-odd per cent, which is very high compared to the majority of certainly larger jurisdictions, but the benefit of each incremental 1 per cent to the Jersey economy could really be quite significant, both in economic terms and indeed in population increase terms, which is something else that is on everybody's mind. I think it is this quantification and certainly we would urge the Department of Education, Sport and Culture to work closely with us and with Dougie to develop that complementary economic case which really is the rationale for investment of funds. But if we can through this increase the level of participation that could have, on a number of fronts, quite significant economic benefits.

Deputy D.W. Mezbourian:

You have just mentioned that you would urge ESC (Education, Sport and Culture) to work closely with you. From that can I deduce that there has been no working together on this issue?

Mr. M. King:

No, I do not think it is fair to deduce that there has been no work-in but I think that what the Minister has said is there clearly is the scope for further work and that may very well be done under the umbrella of the Skills Executive, which ties together much more closely in a quantified sense the economic benefits which will allow us to offset the financial cost of making the application.

Senator P.F.C. Ozouf:

I will go a bit further than that. I do not necessarily agree and as a member of the Council of Ministers I am not sure and to be honest with you I cannot remember which meetings I was at in the last few weeks when Senator Vibert's amendment was taken but I stand by the Council of Ministers decision not to agree at this time to simply throw more, £1.4 million, £1.5 million. Two things I would say, first of all I am also responsible for -- or we are responsible for economic development for small businesses and medium-sized businesses and there have been small and medium-sized schools, nursery provisions, that have been affected by, I think, an unthinking policy of building nurseries free of charge, great, for those who get into it, but it effectively has created some problems and some market distortion in the private sector provision and I think that was unthinking, to be polite. I am concerned about that. I also think that it seems to me that education seems to simply want to provide a universal free childcare provision provided for and paid for by the State and run as an add-on to existing primary schools. That will have consequences to the private sector provision and I do not think we have thought through -- and indeed the Parish of St. Helier provision, and I do not think they have necessarily thought through the consequences of that, or maybe they do. Maybe they need to be shut down, I do not know.

Deputy D.W. Mezbourian:

Are you suggesting that there has not been enough discussion from ESC with perhaps your department and private providers as regards the provision of early years care?

Senator P.F.C. Ozouf:

The fact that the Minister has not succeeded in getting an allocation of resources in the spending round and the fact that we have an extraordinary position that a Minister takes an amendment to the Council of Ministers Business Plan I think it is fair to deduce to say that there is not agreement at the Council of Ministers, and there are some Ministers, and I share this view, that think we should be doing more work. We should be doing more research and the case needs to be better made and certainly we need to be more thoughtful in the way we are going to be putting -- I am not against putting more resources in this area but the case has to be made and we also have to understand the unintended consequences of putting more resources into the private sector provision. I do not think we are there with enough information to make that decision, which is why I welcome the fact that you are looking at it to help us find a way through on this and to potentially do some more research and come up with some recommendations that are capable of implementing and capable of winning the argument for additional resources if the case can be made, to be honest with you.

Deputy D.W. Mezbourian:

Well, at this stage obviously we are not sure how our report is going to proceed because we are still at the stages of gathering information and evidence and I quite agree that it would be very useful if the panel could come up with some recommendations that would in fact be taken on board by the executive. We shall wait and see on that one, Minister.

Senator P.F.C. Ozouf:

It is needed.

Deputy D.W. Mezbourian:

I think maybe we are straying off from keeping to the topics, but obviously they do overlap and I wonder if Mr. Pritchard could give us some information, please, about the way that his -- you do not have a department within the department but as the Director of Business Creation and Growth can you tell us what liaison you have with local businesses about providing childcare resources for their employees, if you have any liaison with them at all?

Mr. S. Pritchard:

I do not know that we have a specific support programme for the provision of childcare. We have support programmes that go across all sectors, so businesses that are looking at starting up, growing,

expanding, diversifying across all sectors of the economy receive the support that has been agreed in terms of policy irrespective of the sector. We are engaged with some private sector providers of childcare at the moment and working with them either to find suitable premises or larger premises for their existing provision. We have in the past under perhaps my previous hat of Director of Training Employment Partnership supported the training and development of staff that are employed to maintain the ratios. We even introduced a few years ago a back-fill grant that encouraged or enabled the release of staff employed within those nurseries to then go and access the learning so that the business could employ staff from the pool, from the bank, to come in to ensure that the provision was still readily available. So we have a broad spectrum of support available to the childcare sector in terms of provision of education, in terms of business start-up and in the area of growth.

Deputy D.W. Mezbourian:

How would you see the proposal of the Minister for Education that all 3 and 4 year-olds receive 20 hours of free nursery care a week? How would you envisage that impacting upon the current workforce if it is almost -- it is not being made compulsory but if parents are aware that they can have this provision for their children are there enough jobs out there to encourage them perhaps go into working while their children are being cared for?

Mr. S. Pritchard:

Basically what we have said, is we provide the parents with the option in the first instance to make that decision.

Deputy D.W. Mezbourian:

They can make the decision. If they make the decision that they want to go to work are there jobs out there for them?

Mr. S. Pritchard:

I think the labour market as it is at the moment is quite competitive but there are positions out there if people are looking for employment. There are some people that choose not to, but there are people that are actively seeking employment positions across the whole of the economy. We do have an unemployment figure.

Senator P.F.C. Ozouf:

I would say an emphatic yes on a political perspective to that answer. I would evidence that by drawing your attention to the number of vacancies that we have on our manpower survey. There are 2,700, at the end of June, vacancies across all of our private sector, economic sectors, the biggest one being wholesale and retail trades. 470 jobs, 300 in construction, maybe not available perhaps for women who want to get back to work. Sorry, the biggest one is financial services currently, just with the unfilled

vacancies that we have, 840 vacancies and that is not including the job opportunities that would present themselves if there was an expanded workforce. It is quite clear we are trying to ignite the entrepreneurial spirit of the Island. The economy is working, there are more people in work. If there was additional capacity then business would come here, and this is not only in financial services but across different sectors.

Mr. M. King:

I think that one area where there is an increasing focus, certainly within economic development, and that is in the area of small businesses in Jersey. Every Tuesday morning we sit and look at Regulation Undertakings applications and I think there is not a single meeting goes by where there are not multiple cases of small businesses looking to recruit people locally who have not been able to find -- and these are not necessarily people with very high levels of skill but certainly not being able to find people in the locally qualified workforce and you would have to believe that if economically inactive people looking after the home are offered the option then the answer to your question, from what we are seeing coming through on a weekly basis, the opportunities are there. One of the things that the Skills Executive will seek to do is link up that need to those opportunities in a much more integrated way, so I think the short answer to your question is yes, based on what we are seeing.

Senator P.F.C. Ozouf:

We are not running businesses ourselves but we will create the kind of environment in which businesses will be allowed to take on more work. I have no doubt about this. I am excited about the future of Jersey and it is not a question of whether, it is how many are available.

Mr. D. Peedle:

Just to back that up in terms of the way the Island economy works, the 2 biggest constraints we have is obviously the amount of land that we can put to economic use but the amount of people as well and even if it is marginal improvement in terms of participation rates, if we can do that that is going to help bring those people into economic activity, it is going to help us meet our economic growth target, it is going to help us going forward. So, the Island is constrained by the amount of people it can basically employ and anything we can do to bring people into participation is clearly going to have a positive economic effect. That is one of the biggest constraints on the Island, really.

The Deputy of St. Mary:

I just wanted to pick up on that a bit. You have mentioned the growth of small businesses and that that takes up a lot of your consideration. With the possible development of family policies across the Council, there are possibilities that the smaller businesses could be disadvantaged by things like maternity leave, paternity leave which impact directly on a smaller workforce. Are you conscious of that as you are considering your growth model?

Senator P.F.C. Ozouf:

I think we are very conscious about the requirements of small businesses and also what is loosely described as the red tape on small businesses and we are constantly looking at the way that we can ease the burden of red tape. I think we are very fair in the way we apply Regulations of Undertakings decisions to small businesses but coincidentally we have been talking just in the last few days about how we can give a political focus for the requirements of small business. This transcript will not come out in time for the announcement to be made but I am considering designating one of my Assistant Ministers with special responsibility for small businesses to have a political focus for the requirement so that -- and that, just as you say, Deputy Gallichan, my view is the Council of Ministers should designate specific responsibilities for cost cutting areas such as family policies et cetera, almost to try and join up some of the different environments, because some decisions of social security in employment law, maternity leave which are very well-intentioned could have the unintended consequences of affecting small businesses. A lot done, but more to do in this area.

The Deputy of St. Mary:

I understand exactly where you are coming from and for this reason I was wondering about -- we have had in other areas the triumvirate approach to bringing people together and I am concerned that we are not seeing perhaps as much of the joined up approach to this whole subject as we could have done.

Senator P.F.C. Ozouf:

On the subject of early years and the impact, or just small businesses?

The Deputy of St. Mary:

Well, early years and the impact, really, on the strategy because obviously that impacts into small businesses but so do other things as well and what we have chosen to look at is really quite a defined area, but having looked at it we have seen how it opens up into a much wider area.

Senator P.F.C. Ozouf:

I think you are right, and I think and this is somewhat critical of the Minister for Education but I do think that they have decided that they should be going to plough ahead with the provision and the funding of an additional number of hours and I do not think there has been sufficient amount of corporate working, but having said that it takes 2 to tango or 3 to whatever, and maybe we should have been more forthcoming with offers of assistance and offers of research and offers of identification of the blockages et cetera. We should have maybe moulded on that as well, so *mea culpa* but in the context of the Skills Executive which now does involve the Minister for Social Security, the Education Minister and myself, maybe this is an area that we should be focusing on. Mike?

Mr. M. King:

One thing talking about small businesses of course one area of small businesses is nursery provision and at the moment it could be said that the public sector is erecting a barrier to the private sector providing something which given the correct capacity I think would be provided in a much more acceptable cost at the moment. There is a capacity issue which has been affected by the public sector intervention and it could be said that that will result in a higher requirement for public sector intervention whereas if you looked at it in a different way, looked at some of those businesses as genuine small businesses, and gave them the support that Sean's team does, and there were not those barriers to them growing, we might deliver the objective and the outcome with a much lower level of public sector intervention, which surely has to be the rationale for that which we do.

Deputy D.W. Mezbourian:

As a department what is the feedback from employers about the amount of childcare provision that is available on the Island?

Senator P.F.C. Ozouf:

To be honest I do not know that, and I was just exchanging with Mike a note before to say that I think probably we should ask, because all I know is that all employers across the economic spectrum are saying they cannot find sufficient labour resources to fulfil their job requirements. As to the particular issues of childcare provision and how that impacts on employers, I cannot really answer that but I think that we can go out and ask for you and I think we should be asking, and I think it is an action that we should be doing, because I do not know the answer to the question.

Mr. M. King:

It is quite interesting, since we launched the Enterprise and Business Development work that Sean looks after in part we now have active account management relationships with 400 small businesses in the Island and through the system that we now operate it would be relatively easy to go out and ask the question that you have just posed, and I should imagine we would get a pretty high response rate to that because it is a direct point-to-point communication, so it is certainly something that we could consider doing through the existing system.

Mr. S. Pritchard:

It might be worth mentioning that we have just concluded some work on the employer survey which looks at barriers to entrepreneurial activity and barriers to growth within the business community and we did not specifically ask that question whether this was one of the barriers, but the question was an open-ended question and from memory I do not think anyone has noted this as a barrier to growth. But it is a valid point and I think perhaps that in one of those surveys these specific points could be raised.

Mr. M. King:

I think if we asked people: “Would they benefit from a larger cohort of locally qualified people?” then they would say yes to a company, I am sure. Every company would say yes, they would, because that means their regulatory undertaking, their ability to grow, is probably easier than it is by going down the non-locally qualified route.

Deputy D.W. Mezbourian:

It would make sense obviously to the economy of the Island to utilise the workforce that is out there rather than importing into the Island.

Mr. M. King:

It is quite interesting, at the moment we publish the local market studies and increases in the labour market are always equated to increases in population and non-local borrowers. If this can have an impact you could increase the working population and not increase the overall population and so therefore the working population as a proportion of the total would go up. You see that in the participation rate.

Senator P.F.C. Ozouf:

I do not think, and I know Deputy Pitman wants to come in, I would not want anyone to get the idea that we can somehow draw up the drawbridges and say: “No more” because there are lots of very good reasons why the Island needs to have a certain amount of new arrivals constantly and there is an ebb and flow but certainly of course it will be economically beneficial to the Island and good for the individuals if they choose to do so to get into work and I think that we should as maybe we can ask your scrutiny officer and either Sean or perhaps under Mike to frame a question and we can go out and ask some questions to give you something meaningful.

Deputy S. Pitman:

I presume then from what you have said that the Chamber of Commerce have not been in contact with you regarding early years provisions?

Senator P.F.C. Ozouf:

I am not aware of anything from the presidential level, from the president of the Chamber of Commerce. I am not aware of anything, no.

Deputy S. Pitman:

Would there not be a method in which you could find out the need for provision through the Chamber of Commerce?

Senator P.F.C. Ozouf:

The Chamber of Commerce is not representative of businesses in the Island. They only represent a certain part of business and so we are always very conscious that there is a whole group of businesses that are not represented by the Chamber of Commerce, so we do not tend to use the Chamber of Commerce exclusively for feedback but it is a good point that as one point of contact we could certainly ask the Chamber of Commerce what their member's views are, but I would not also want to give the opportunity for those, and I cannot remember what the figure is, but it is only about 55 per cent of businesses that are represented by the Chamber of Commerce. I will correct that if I am wrong.

Deputy D.W. Mezbourian:

Minister, may I ask, Mr. Pritchard referred earlier on to an employer's survey. Is there such a thing as an employer's forum over here? We are talking about Chamber of Commerce but that only represents a proportion. How do you contact employers? How do they speak to you?

Mr. M. King:

Well, we have numerous channels. The Chamber of Commerce is one of them but the representative body is Chamber of Commerce IOD (Institute of Directors) but where Economic Development are moving we have now much more direct involvement talking to businesses on a one-to-one basis. We now have active dialogue going with at least 400 businesses in the Island, small businesses in addition to the corporates, so it is very difficult to just say: "Is there a single forum?" The answer is no, because the economy is a very broad church and we talk to the whole spectrum of representative bodies but also to the individual businesses as well, because each business is different and each business is looking for a different solution to their problem.

Senator P.F.C. Ozouf:

You have individual trade bodies. If I wanted to speak particularly to people in finance then I would use Jersey Finance as a single point of contact system where an email basically goes out to all of the members of the Jersey financial services sector, so that is certainly -- and just thinking on from where we said about how would we go and ask a question, I would certainly go to the individual ones. I would go to Jersey Finance for their membership, Hospitality Association for their membership, Construction Forum, we have Jersey Farmers Union, so we have different ways. There is almost a matrix of organisations. There are some cross-cutting ones but there are some single ones and then there are our own contacts with the Regulations of Undertakings, Sean's Department et cetera.

Deputy D.W. Mezbourian:

Do you consider that when you speak to employers you are hearing the views of employees?

Senator P.F.C. Ozouf:

Social Security does of course have their own representative bodies when they are setting, for example, their minimum wage so I think we know exactly who we are talking to. We are talking to the employers in these different forums but we are also seeing individuals but through the small village world of Jersey, really, but I think we are under no illusions that when we are talking to the Chamber of Commerce we are talking to employers, but they have a responsibility and my own view is that organisations are as successful as their relations with their employees.

Mr. S. Pritchard:

Can I add, we do have programmes of support for businesses and we are supporting individuals. We do also engage with the individuals so the employees are communicated to as well as the employers. We do get feedback.

Deputy D.W. Mezbourian:

Do you have any discussion with the Jersey Early Years Association at all? As a representative?

Mr. S. Pritchard:

As a representative group?

Senator P.F.C. Ozouf:

I do not think I have as yet.

Mr. S. Pritchard:

We have had probably about 3 years -- probably about 2 and a half, 3 years ago with the Training Employment Partnership when we were looking at funding some traineeships in the provision of early years training.

Deputy D.W. Mezbourian:

They are of course a representative group of early years provision over here. Do you see any necessity to go out and make contact with them, bearing in mind the Minister's proposal to introduce the free provision for 3 and 4 year-olds which may enable people to come back into the workplace?

Senator P.F.C. Ozouf:

I think that is a political question so I will --

Deputy D.W. Mezbourian:

Sorry, I will address that to you, then, Minister.

Senator P.F.C. Ozouf:

I do think that in progressing an early years strategy it is the job of the Education Minister. He is the lead person here. I am happy to, and I think we see the need ever more, but we need to partner with him to do that but I think it is up to him to lead this but to bring forward the other departments and the other Ministers with him and at the moment I think there is an opportunity for improvement.

Deputy D.W. Mezbourian:

This is another political question then, Minister. Have you sat down face-to-face and discussed this with the Minister for Education?

Senator P.F.C. Ozouf:

Not out with the Council of Ministers.

Deputy D.W. Mezbourian:

Do you see it as a possibility that the 2 of you should sit down and discuss it away from the Council? Thrash it out?

Senator P.F.C. Ozouf:

I think this is something that could be dealt with with the triumvirate of the Social Security, Education and ED (Economic Development) Ministers. Senator Vibert is not going to win the debate just to get £1.4 million on his budget, so he has to move on and we have to have some more collaborative working. We have a problem and he has not won support of the Council of Ministers so it is not back to the drawing board but it is back to the political strategy table to think about how we are going to deal with this and how we are going to solve the problem. Is there a problem? Yes, there is. In terms of the way that the States is putting money in and having unintended consequences to business, I feel very strongly that there is a market distortion. What are the barriers for women who want to get back into work? Well, I do not know. I think we need to do some more work.

The Deputy of St. Mary:

On the subject of distortion perhaps the policy that we have been looking at is the provision of a limited provision for children of 3 to 4 years of age. There is an overall strategy of 0 to 5 that we need to consider as well and representation has been made that concentrating on the 3 to 4 aspect leaves the really expensive provision -- it is much more expensive to provide childcare for the 0 to 3s open to the private sector only and they are worried that it will be all cost-led by them, they are not getting enough out of it and that could therefore distort the market even further. Have you been made aware of that or have you given it any consideration?

Senator P.F.C. Ozouf:

That was very, very strongly the view and there was a fairly honest discussion of the Council of

Ministers and Senator Kinnard particularly argued very strongly that we should be looking at the whole provision of 0 to 5 rather than just 3 to 4 in isolation and I am sure the minutes of the Council of Ministers bear that out and I have to say that I agree with her and she had significant support at the Council of Ministers, that we should not be just dealing with the 3 to 4 in isolation.

The Deputy of St. Mary:

Thank you.

Deputy D.W. Mezbourian:

I would like to ask if the department is aware of when private providers begin to struggle financially? The Minister has just referred to the impact of the public provision of nursery care and we have seen that private providers have been forced to close over the past few years. When did their struggles become known to you at the department?

Senator P.F.C. Ozouf:

I think the struggles are made aware principally to the Minister for Education, Sport and Culture. The extent to which we have had individual schools or businesses that have come to us --

Mr. S. Pritchard:

We are working with 2 organisations that currently provide this kind of provision and we are working with them in supporting growth of those businesses. They have not come to us in terms of struggling challenges.

Deputy D.W. Mezbourian:

Are you talking about new providers?

Mr. S. Pritchard:

Existing providers.

Deputy D.W. Mezbourian:

So you are working with existing providers?

Mr. S. Pritchard:

Existing providers that are looking at growing and expanding the provision of childcare.

Deputy D.W. Mezbourian:

So if no one comes to you to say that they are struggling as an effect of the public sector providing nursery care, what do you do when you see that a nursery has been forced to close?

Senator P.F.C. Ozouf:

Political question I think that one. I think that I will conclude from reading in the paper that that is a result of the market distortion that the States has put in place and I continue with the view that the current arrangement should not continue in the way that it has and my position on the Council of Ministers has been very clear. The completely free versus the lottery provision that we have at the moment is having a market distortion and I think it is wrong.

Deputy D.W. Mezbourian:

Okay, if I may address --

Senator P.F.C. Ozouf:

But I cannot do anything about that as the Economic Development Minister. I do not have a pot of money to go and give to a school or institution that has basically gone out of business because of this. I can use my position on the Council of Ministers to argue for a more thoughtful way of dealing with this, and I have done.

Mr. M. King:

Can I just add something to that? I mean we do and we are increasingly advertising for the marketing services of Enterprise and Business Development and if a business is failing then we do and we will to a greater extent very shortly effectively be, if it was stopped short, to try and help them out. That is not to say that we give them pots of money but the nature of the advice sometimes is about how they market their services for instance within the Island. To increase the flow, because it comes down to can any institution generate enough revenue or private sector business generate enough revenue to keep itself running? In some cases because of public sector provision and other things that is not happening, but having said that sometimes they probably do not go out and proactively or aggressively market their services to the extent that maybe they could and that is the type of advice that we would give them as a business, not necessarily because they --

Senator P.F.C. Ozouf:

I would say going back and I have said and if you look back at the F and E (Finance and Economics) minutes of the old F and E committee my views and some other people's views have been documented very clearly, that I think the lottery provision, the way that it is funded was wrong. It is in my view a flawed approach. The nationalisation of 3 to 4 year education is not a policy that I would subscribe to, which is effectively what they are trying to do.

Deputy S. Pitman:

A couple of questions. Firstly we spoke of the advice that you give. Is that free advice?

Mr. M. King:

Yes, absolutely. It costs nothing.

Deputy S. Pitman:

Secondly, and slightly unrelated, are you aware since the policy of building and adding nurseries and early education provision on to primary schools, are you aware of the number of private provision nurseries, et cetera, how many have closed?

Senator P.F.C. Ozouf:

I am aware that it is a number. I cannot tell you how many but I can certainly think of 3 and I can think of some others whose businesses have been rendered into very dire circumstances. I will not want to name them, because this is a public hearing, but we are aware of particularly the Parish nursery provision, Avranche, it is called Avranche, is it not that has been under pressure and I have to say I am very sympathetic. I do not have a solution, though. I have not as yet but clearly there is a solution that needs to be worked up. But just throwing in £1.4 million is certainly not going to solve that problem.

Deputy D.W. Mezbourian:

A question if I may to Mr. Pritchard. If you give advice on business growth and development, how often does the employer refer to childcare provision as being perhaps a problem or a barrier to the growth of their business? Do they refer to it at all?

Mr. S. Pritchard:

There has been some reference to childcare as a concern but perhaps more so in what I call the micro-businesses, the one-man bands, the business that has been flagged this up as an issue and generally in terms of the support we work with that business is talking to them about flexible working patterns and perhaps sharing a business model with another business, so we look at trying to deliver a solution to that business. So it has been mentioned, but out of the 400-plus businesses that we are working with the number one barrier to business activity in the Island is based around access to working capital, to bank loans.

Deputy D.W. Mezbourian:

Thank you. You are all very good at answering questions before we have asked them, because I was just about to ask what incentives, if any, there are to employers to consider childcare issues and perhaps to introduce flexible working hours or job share, but you do discuss that?

Mr. S. Pritchard:

We discuss job shares, sharing transport arrangements, working patterns, flexible working patterns. In

the Business Support Team we have HR (Human Resources) professionals, we are very closely aligned with the work that JACS delivers in terms of their advisory service and so there is a lot of information and advice and guidance made available to the small business community, especially the one-man bands who are struggling with some of these issues and we do have some single mums that are very successfully running some good business start-ups and they have childcare challenges that they have to address.

Deputy D.W. Mezbourian:

Minister, if I may come back to you, please. Surely if you learn that any business is struggling it must start alarm bells ringing. In the case of the nurseries that we know have had to close because of the public provision, what are you doing about that?

Senator P.F.C. Ozouf:

I think you need to grill the Minister for Education. If you continue to put a system in place that you have at the moment, which is effectively a lottery, and you further crowd out the private sector provision by putting more money in, then you will get the unintended, or perhaps it is the intended, consequence of private sector falling. I do not agree with the Minister. I have made that clear. I was against the additional amount of money being put forward. I cannot go and solve the problem for these private sector provisions, Deputy Pitman, without the Minister's policy changing. So you need to ask the Minister for Education whether or not he understands the consequences of his department's policies. I certainly will argue against the further extension of the nationalisation provision. If he had his way and if he received his extra £1.4 million we would not only be talking about 3 or 4 nurseries closing, we would probably see the lot go.

Mr. M. King:

Can I just add something to what the Minister has just said, and that is that it would be a very strange situation and as I said to Deputy Pitman, any business that is failing can come to us free of charge, at the cost of a phone call, and get advice but it would be very strange that if Economic Development for instance started grant funding private sector childcare providers because they were dealing with a market that could be distorted by the public sector, that would be a very strange outcome and one I think that we would seek to avoid.

Deputy D.W. Mezbourian:

If I may I do not think we have suggested that that would be what Economic Development would be doing. I just wonder, and you made a pertinent comment there, Mr. King that if they are struggling: "If they come to us", as you are now aware that some nurseries are struggling, would it not be better for you to go out to them and begin the dialogue?

Senator P.F.C. Ozouf:

No, I think businesses have to come to us. Businesses are very well aware of the services and the provision that is there but I cannot solve a problem for a nursery if they are losing -- we can help them, yes, we can help them all we can in running their business more effectively, we can help them in giving them all the advice with the excellent services that Sean and his team have in place, but I cannot wave a magic wand and solve the fundamental problem of the lottery. That is the core problem, and your review needs to help to try and find a way forward in dealing with this knotty problem. You will come to your own conclusions. You may well come to the conclusion, you could come to the conclusion that yes, we should nationalise it and effectively we should put another £3 million in it. Okay. Then I cannot do anything for those businesses that will clearly fail as a result of that.

The Deputy of St. Mary:

Obviously with the Regulation of Undertakings your department is usually the first official contact. Are you aware of any significant problems with immigrants who have English as a foreign language with childcare? Is that a barrier?

Senator P.F.C. Ozouf:

You are saying whether or not there is any problem with new recent arrivals?

The Deputy of St. Mary:

Yes. I mean obviously there will be people who come and bring their families with them. Are you aware of any impediment to that?

Senator P.F.C. Ozouf:

I think it is no different from whether you are a recent arrival or whether you are here. It is not going to be particularly different if you are a recent arrival versus a long-term resident with the normal issues of non-qualified accommodation is more expensive, but I think people come here with their eyes open in terms of the costs of bringing up a family if you are non-qualified. But I said that I think there is more work to be done for us to understand what the barriers are.

Deputy S. Pitman:

Going back to talking about the advice that you give, you said that you make businesses aware that you give this advice freely. Bearing in mind that there have been several closures of nurseries due to the education policy, how many of these nurseries have come through --

Senator P.F.C. Ozouf:

Deputy Pitman, you keep on going on about nursery closures and I have said quite clearly that there are a number that have closed. I am not aware of any that have come to me to ask and if you are trying to

trip me up from finding out that I have not done something in relation to nursery provision if you want to write a recommendation to say that we should be going to nurseries and giving them options then write your recommendation.

Deputy S. Pitman:

It is not a personal thing.

Senator P.F.C. Ozouf:

Okay, but you seem to be just going on about nurseries and what we are doing to help nurseries. If you want me to go and find out particular issues concerning nursery businesses then we will go and do so, but I am not aware of any. I am not aware of any nursery, out with the normal political process of the discussion of early years, that have come to me for particular problems, but if they do we will help them, just as we will help any business, a winemaker, a primary school, whatever.

Deputy S. Pitman:

Okay. Thank you.

Deputy D.W. Mezbourian:

I am sorry, I was having a discussion with our advisor then and I missed that but I will read the transcript eagerly. Dr. Hamer, Minister, has just pointed out something to me which I think I need to clarify for my own satisfaction as well as hopefully to help you and your department. Our understanding is that the £1.5 million which the Education Minister has requested as additional funding to enable all 3 and 4 year-olds to have this free 20-hour provision would benefit the private providers, the small businesses for which you have responsibility inasmuch as we understand from the Education Minister that the capacity is there for them to provide the additional care which he is looking to give.

Senator P.F.C. Ozouf:

The proposal was that they get an extra £1.4 million and you are saying that some of that would go into the private sector?

Deputy D.W. Mezbourian:

Yes, he did tell us this morning that the capacity is there within the private sector.

Senator P.F.C. Ozouf:

How would that get into the private sector? Are you saying that the individual people would get the money in order -- as a voucher system to go and buy that?

Deputy D.W. Mezbourian:

We did not discuss that with him, but that is my understanding, that it would be given to the -- the strategy of how they do that we have not discussed.

Senator P.F.C. Ozouf:

If I should know better that is news to me. I thought the £1.4 million was straight to these budget's bottom line in order to expand the nursery provision at schools and I would further say that that is reinforced by the fact that he is also asking for £7 million capital. If he has changed his mind about a voucher system and assisting of buying effectively in the private sector then I am certainly very willing and would think that is a far more thoughtful approach.

Deputy D.W. Mezbourian:

That is certainly our understanding of having looked at the background information but perhaps I could ask our advisor just to make a comment here?

Dr. C. Hamer:

My understanding is that what is being looked to is to discontinue, effectively, the policy of investing in nursery classes but rather to look at investing in a public/private sector partnership to work with the private sector particularly to develop the 3 and 4 year-old provision.

Senator P.F.C. Ozouf:

That is jolly interesting and something which certainly would -- maybe he has understood the message in relation to the unintended market distortion that has happened. I am not sure that that is entirely clear from his report that he put to the States. My understanding and your panel will be aware that I have been somewhat disconnected so it may be that I am speaking erroneously here, but I thought that his £1.6 million and £7 million capital which I quote from his report is to increase the amount of public sector provision. Now if he has moved then I welcome that. Are you aware -- do I have it wrong?

Dr. C. Hamer:

I would have to check on the £7 million capital because I am not aware of that because I was not aware that there was a capital investment required for this proposal.

Senator P.F.C. Ozouf:

Certainly in his report of 1st August he is asking for his budget basically to say that increased £1.4 million or £600,000 in 2008 and ...

Deputy D.W. Mezbourian:

I think perhaps it does highlight the lack of clarity that is surrounding this issue.

Senator P.F.C. Ozouf:

I mean, there is nothing here in this report which says anything else apart from increased public sector provision. I had assumed that - and I think colleagues on the Council of Ministers, we would have to ask what other Ministers' opinion was - that £1.4 million is going into the public sector provision.

Deputy D.W. Mezbourian:

I think perhaps it is something that we too need to clarify with him but certainly from the discussion that we had this morning that was the impression that we received from him.

Senator P.F.C. Ozouf:

The fifth paragraph down: "It is estimated that to make available universal nursery education at provided schools", which means the public sector: "would cost a further £1.6 million and approximately £7 million in capital." That to me ties in with the amendment to there. He was saying public sector. If he has changed his position I welcome that.

Deputy D.W. Mezbourian:

I thought I should make it clear to you based on what our advisor has just mentioned to me as being her interpretation of this morning.

Senator P.F.C. Ozouf:

What did you think it was?

Deputy D.W. Mezbourian:

It was very much public/private partnership that he was discussing this morning to provide these additional places and he and these officers made it quite clear that there is enough provision to deliver his 3 and 4 year-old strategy so he wants to deliver free nursery provision for all 3 and 4 year-olds for 20 hours a week.

Senator P.F.C. Ozouf:

Where?

Deputy D.W. Mezbourian:

Well, he made it clear this morning that it would be in conjunction with the private sector. The capacity is there. Now, I do not dispute that but that is our understanding following this morning's meeting with him.

Senator P.F.C. Ozouf:

Well, that is a change in position.

Mr. M. King:

Yes. I think we are -- and the Minister is absolutely right. Our presumption is that this is largely public sector, certainly funded. The alternative which we have been referring to in the remainder of the meeting is something that would be at little or no cost to the public purse, if it was generated by the private sector.

Deputy D.W. Mezbourian:

If I may just refer to the amendment that the Minister put in P.93. Almost the penultimate paragraph: "If this amendment is accepted my department will establish a nursery education fund and develop guidelines for private and voluntary providers."

Senator P.F.C. Ozouf:

I see. That is absolutely -- well that is almost a throw away paragraph which does not reconcile with the body.

Deputy D.W. Mezbourian:

With the body. The main body.

Senator P.F.C. Ozouf:

You are rightly, and your advisor is rightly, pointing at some disconnects between my understanding between the written documentation that we have and I would venture to suggest that there is a lack of clarity and it could be said that that has been thrown in in order to try and win the debate in order to -- when you are up against it you are trying to put more stuff in in order to make it publicly acceptable.

Deputy D.W. Mezbourian:

Albeit unsuccessfully.

Senator P.F.C. Ozouf:

Well, it has not worked.

Deputy D.W. Mezbourian:

I wonder whether -- that has sidelined us slightly and I think -- I wonder whether, Minister, you feel that we have addressed the 4 topics that we set out to look at this morning?

Senator P.F.C. Ozouf:

I think we have probably covered everything that you wanted to. I think that there are some actions as a result of our discussions this morning that we could assist the panel with and maybe that we could leave

it there. We are very happy to do what we can to survey businesses to find out what the problems are, identify what the barriers are, and certainly to advise you or give you any information that we could in relation to this issue of this public sector involvement and what happens when you distort the market. We are happy to either by way of a further follow-up meeting or by way of written documentation.

Mr. M. King:

It is worth it to say that you need to be a little careful about the interpretation of public/private sector partnerships. The accepted definition in the UK is that public/private sector partnerships are run by the private sector, not by the public sector with talking to the private sector. I would suggest that that is not -- what is in the report is not a public/private sector partnership *per se*.

Deputy D.W. Mezbourian:

I accept that.

Senator P.F.C. Ozouf:

I would say that doing nothing on this subject is not an option but we have to find the solution. Is there anything else that Sean or Dougie would like to add?

Deputy D.W. Mezbourian:

I wonder if I -- we are almost at the point of finishing, but I wonder if I may just ask a question relating to the -- I believe Mr. Peedle referred to about 3,800 females looking after families at home. Is that right or wrong?

Mr. D. Peedle:

That is not quite right. It is 3,800 looking after the home.

Deputy D.W. Mezbourian:

Looking after the home?

Mr. D. Peedle:

In total, and that is 3,700 females looking after the home. That does not necessarily mean looking after children. "After the home", you can interpret that as you like. There will be a number of people that will -- childcare will be part of that but also there are those that it will not be.

Deputy D.W. Mezbourian:

Okay. I just wonder whether any research has been done to find out what skills those people have that they could bring back into the workplace if they do decide to return?

Senator P.F.C. Ozouf:

We could ask, and embedded in the census information obviously there is a unique identifier for everybody and you could probably interrogate the data to ask what the skills would be from that figure, because those are the figures from the 2001 census. Sorry, forgive me, I know you know a bit about the census. But all the unique identifiers would know and you probably could ask the statistics unit for a quick and dirty cut of the skills of those, because that would be quite interesting, and to the extent you probably could also segment it because their unique reference will say whether or not they have kids. So you probably could ask the statistics unit for a breakdown of further iteration of that.

Mr. D. Peedle:

The statistics unit does do an annual social survey as well and each year they add in a number of different questions so there might be a possibility to work with them in terms of having particular questions on that group within the annual social survey, and that would be an additional thing. But suffice to say that whatever their skills are, if we can get them back into the workforce then it has positive effects elsewhere, particularly on the Island economy with a big chunk of non-locals as well.

Deputy D.W. Mezbourian:

I was really thinking about it in terms of when the skills initiative is developed as something to look at. We have this large number of people not currently employed and you will want to find out what skills are out there and what needs to be improved upon.

Senator P.F.C. Ozouf:

Now that the economy is working well again and we are back up to our record in terms of people in work, we have dealt with the unemployment problems that we had, we have dealt with the sort of structural problems. Now we have to get as high a level of participation and as high a level of productivity as we can, so we have not done a lot of work on this until now but clearly there is a job of work to be done now.

Deputy D.W. Mezbourian:

Thank you, Minister. I do not have anything further. I wonder if I could just finish now by asking of you, Minister, whether you feel there are any other issues that perhaps we should be addressing within our review that may have occurred to you or any of your officers?

Senator P.F.C. Ozouf:

Not that we have already discussed but if I do think of something I will undertake to email you in the next couple of days. I think that your review is covering in part the narrow 20 hour provision but I think that overall - and I know you are covering the 0 to 4 - it is not a separate issue, I think it is a conjoined issue and I wish you success in trying to find us some solutions, but if I think of anything I will let you

know.

Deputy D.W. Mezbourian:

Thank you very much. So, I would like to draw the meeting to a close and thank you all for attending.