

STATES OF DELIBERATION25th November 2015**Billet d' État No XX
Article No 9****AMENDMENT**

Proposed by: Deputy J P Le Tocq
Seconded by: Deputy D J Duquemin

**Education Department and Treasury and Resources Department
Transforming Early Years Education – Funding Options for the Introduction of a
Universal Entitlement to Pre-School Education**

To add at the end of the words in Proposition 1: "; and to direct the Policy Council working with all relevant Departments and through the Children and Young People's Plan to identify and report back on the need for early intervention and early years' services for children up to 3 years of age, the resources implications, and the links between any such services and those of the Education Department including Pre-School Education."

Explanatory Note

The Children and Young People Plan (CYPP) will likely include recommendations on proactive positive intervention in early years (i.e. up to the age of 3) and it is important that the States acknowledges this, ensuring that the two initiatives will work effectively and efficiently together, and recognizing the need to prioritize resources accordingly.

For the purposes of Rule 15(2), it is not considered that there would be any financial implications for the States in carrying this amendment into effect.

STATES OF DELIBERATION

24th November 2015

Billet d' État No XX Article No 9

AMENDMENT

Proposed by: Deputy G A St Pier

Seconded by: Deputy R W Sillars

Education Department and Treasury and Resources Department

Transforming Early Years Education – Funding Options for the Introduction of a Universal Entitlement to Pre-School Education

1. To delete Proposition 1 and replace it with:

“1. Notwithstanding their Resolutions on Article 15 of Billet d'État X of 2014, to:

- (i) direct the Education Department (and its successor, the *Committee for Education, Sport and Culture*) to delay the commencement of an entitlement to States-funded Pre-School education until 1 January 2017;
- (ii) agree that States-funded Pre-School education shall not be available for any child in whose case one or more persons with parental responsibility for the child had in an income tax Year of Charge a gross assessable income exceeding £75,000; and in the event that any States-funded Pre-School education is provided during that year, to claw back through the personal income tax system the value of the States-funded Pre-School education provided in that year; and to direct the preparation of such legislation as may be necessary to give effect to this decision.”.

2. To delete Propositions 3 and 4 and replace them with:

“3. To direct the Policy and Resources Committee to recommend Cash Limits for the Committee *for* Education, Sport and Culture that includes specific additional funding not exceeding £1.456million in 2017, £1.451m in 2018 and £1.264million for 2019 onwards to fund the introduction of States-funded Pre-School education.”.

Explanatory Note and Rule 15(2) information

- (i) The Education Department is cognisant of the current financial constraints and the desire to protect the finite resources of the Transformation and Transition Fund. Accordingly, the Education Department is therefore proposing to delay by one term the introduction of the universal entitlement until January 2017, thereby avoiding the previously proposed drawdown of £550k from the Transformation and Transition Fund in 2016.
- (ii) The effect of this amendment would be to limit eligibility to pre-school education to those children whose parents or carers each earn £75,000 or less p.a. - which is approximately 2.5 times the 2014 median earnings of £30,290 (NB to give some context, analysis undertaken in the Personal Tax, Pensions and Benefits Review showed that net household – rather than gross individual – income of £75,000 would place a two adult working household with no children in the top two deciles of households.) The methodology for the claw back through the personal income tax system would be subject to further development and would require legislative change to the Income Tax Law to effect. In practice, it is anticipated that if a parent is earning or likely to earn more than £75k, they will not seek the provision of the States-funded pre-school education; if they do, the benefit will simply be clawed back from them as necessary when their final tax assessment is prepared following the completion of their tax return for the year. Relevant cases could be identified by a simple additional ‘check the box’ on the tax return in the existing details of children section of tax returns. Obviously, incorrect completion of the tax return would be an offence in the normal manner.

For the purposes of Rule 15(2), the financial implications for the States of carrying the amendment into effect would be reduce the cost to taxpayers of providing pre-school education by restricting entitlement to those whose incomes are £75,000 or less p.a. It is not possible to quantify this saving as it is not known how many children would cease to be entitled as a result of this amendment, although the Education Department is estimating this would be 5% of claimants, leading to a reduction of £104k in 2017 and £106k per annum thereafter.

- (iii) In paragraph 4.36, the Education Department's preferred funding solution was set out as follows:

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|-------------|-------------|
| | £000 | £000 | £000 | £000 | £000 |
| Funding Requirement for Universal Entitlement of Pre-School | 808 | 2,189 | 2,180 | 2,210 | 2,210 |
| Funding Sources | | | | | |
| Education Department | 258 | 525 | 516 | 796 | 946 |
| Transformation & Transition Fund | 550 | 400 | 400 | 150 | 0 |
| Family Allowance | 0 | 1,264 | 1,264 | 1,264 | 1,264 |

The Education Department has reviewed and revised the assumptions used in the calculation of the total funding requirement for the introduction of pre-school education to include an assumption of an opt – out of 5% of claimants which reduces the funding requirement by £104k in 2017 and £107k per annum from 2018 onwards.

The table in paragraph 4.36 would be revised to:

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------------|--------------|--------------|--------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| Funding Requirement for Universal Entitlement of Pre-School | 808 | 2,189 | 2,180 | 2,210 | 2,210 |
| Delay | (808) | | | | |
| Reduction in claimants due to £75k threshold | | (104) | (106) | (106) | (106) |
| Reduction in claimants due to assumption of non-take-up of 5% | | (104) | (107) | (107) | (107) |
| Revised Funding Requirement for Universal Entitlement of Pre-School | - | 1,981 | 1,967 | 1,997 | 1,997 |
| Funding Sources | | | | | |
| Education Department reprioritisation | | 525 | 516 | 733 | 733 |
| <i>Additional Cash Limit Funding</i> | | <i>192</i> | <i>187</i> | - | - |
| Family Allowance | | 1,264 | 1,264 | 1,264 | 1,264 |

In summary, the amendment seeks to source the balance of funding requirement of £192k in 2017 and £187k in 2018 from within the overall States' amount available for general revenue expenditure (calculated in accordance with the States' fiscal rules and policies), instead of from the Transformation and Transition Fund. *The net effect is attribute top priority to the funding for Pre-School education in 2017 and 2018 ahead of other Committees' requirements in those years.*