

Overview

Start Strong welcomes the Budget 2016 early years measures, which mark a significant step forward in the development of early care and education in Ireland.

In our Pre-Budget Submission,¹ published in July, we recommended the following:

1. Extend paid family leave

- Introduce 6 weeks' paid parental leave, rising to 26 weeks by 2021, so a child can be at home for at least the first year.
- Introduce 2 weeks' paid paternity leave.

2. Develop quality, affordable childcare

- Linking public funding to quality, including a review of capitation rates (to include paid non-contact time and the introduction of salary scales).
- Extending subsidised childcare places to lower-income families in all areas.
- Cap fees for parents.
- Invest in supports for quality.
- Audit the quality of early years services.

3. Move to a second free pre-school year

- Give an entitlement from age 3, and allow entry at multiple points in the year.

Budget 2016 delivers some key measures – in particular the extension of free pre-school and the introduction of paternity leave – and it commits to developing a framework for affordable, quality childcare.

There is no action on some key issues – such as paid parental leave, a review of capitation rates, and salary scales – and some issues are still unclear. However, the Minister for Children and Youth Affairs described the Budget measures as a 'first step' and 'the beginning of a multi-annual programme of investment', implying an intention to increase investment over time.

Early Years in Budget 2016

An additional €85m in 2016 for DCYA's childcare budget.

Changes

2 weeks' paid paternity leave.

8,000 additional subsidised childcare places in 2016 (at a cost of €16m), pending the introduction in 2017 of a single, income-related subsidised childcare scheme. A Project Team to develop and implement the new subsidised childcare scheme.

Supports for children with special needs in free pre-school provision (€15m investment in 2016, rising to €33m in 2017).

Quality measures (€3.5m), including:

- An audit of quality.
- Further investment in the Learner Fund.
- Further roll-out of the Siolta QAP.
- More resources for inspections.

Extension of free pre-school from a child's 3rd birthday until entry into school (€47m in 2016.)

Restoration from September 2016 of the €2 cut to capitation grants made in 2012.

Other measures

€3m capital funding for minor improvements to after-school services, along with beginning of work on quality standards.

€5 per month increase in Child Benefit.

Additional funding for Tusla (€38m).

Unchanged

- No paid parental leave.
- No review of capitation payments.
- No mention of higher salaries.
- No payment for non-contact time.

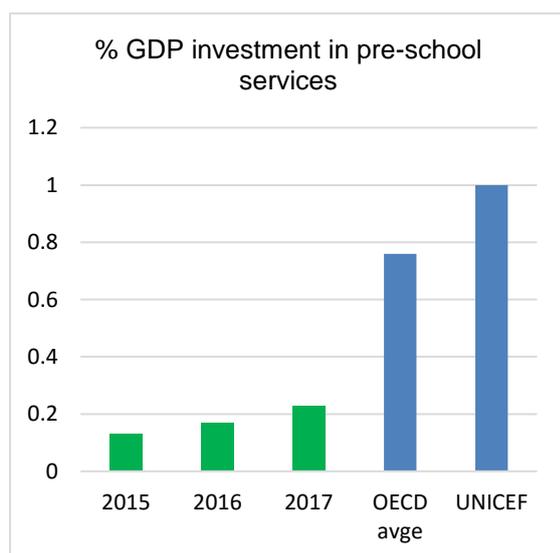
¹ Start Strong (2015) *Pre-Budget Submission for Budget 2016*. http://www.startstrong.ie/files/Start_Strong_Pre-Budget_Submission_2016.pdf

Investment – a step in the right direction

Budget 2016 announced an increase in investment in pre-school services from €260m to €345, an increase of €85m or 33%. It is a large and welcome increase, and marks a very positive step in the right direction. However, it is against a backdrop of extremely low investment by successive governments.

The current level of public investment in pre-school services is just 0.13% GDP, which is a small fraction of the OECD average of 0.8% GDP and the UNICEF international benchmark of 1% GDP.² The additional funding just announced will push investment in Ireland's pre-school provision in 2016 up to 0.17% GDP – an increase, but still a fraction of the OECD average.

Several of the Budget measures will only come into force in September 2016, so the full investment implications will only be seen in 2017. The full-year costs of the reforms will increase early years expenditure by approximately 0.1% GDP, a significant increase but still well below international standards, as the graph shows.



With a general election round the corner, it will be critical that the next Government follows through with further Budget increases in the years to come.

Verdict: A strong start – must continue.

² OECD figures include expenditure on 4-5 year olds in primary schools, bringing Ireland's investment level up to 0.5% GDP – still well below international standards.

Paternity leave welcome, but family leave still far too short

Budget 2016 announced 2 weeks' paid paternity leave, to be introduced from September 2016. The move is very welcome, as the State's first recognition of the role of fathers in the care of young children.

It is a measure for which Start Strong has long campaigned, working alongside the National Women's Council and the Irish Congress of Trade Unions (see www.familyleave.net).

However, we were disappointed that no steps were taken to introduce paid parental leave. We argued in our Pre-Budget Submission that the Government should take the first steps towards introducing 26 weeks' paid parental leave, to be taken after the completion of maternity benefit, so that a child can spend the first 12 months at home with a parent, in line with recommendations of the recent Inter-Departmental Group report, and the report of the Expert Advisory Group on the Early Years Strategy.

Total paid leave in Ireland is currently just 26 weeks. With the paternity leave available until a child is 28 weeks' old, some families may choose to use it at the end of maternity benefit, giving 28 paid weeks in total, still far less than the full year recommended, and less again than the 18 months' average paid leave available across Europe.³

Verdict: A welcome recognition of fathers – must do a lot more.

³ Calculation based on data in P. Moss ed. (2015) 11th *International Review of Leave Policies and Related Research 2015*.



Building affordable, quality childcare

The main elements of affordability measures announced in Budget 2016 are:

- An additional 8,000 subsidised childcare places through the CCS from January 2016, to be made available in private services most particularly in areas where there are no community childcare services. (In addition to 5,000 additional CCS places coming in at the end of 2015.)
- The introduction in 2017 of a single childcare subsidy scheme, replacing CCS and the TEC childcare subsidy programmes.

The specific measures that will come into effect in 2016 are modest in relation to the need for more affordable, quality childcare. Childcare costs will only be reduced for some families in need of assistance, and much more action is needed to ensure the quality of childcare.

What is very positive, however, is the framework being used to deliver the measures, and the announcement of a new subsidised childcare scheme to come into place in 2017. Most importantly, the Government has committed to the use of a 'supply-side' subsidy as the means to address childcare affordability – i.e. payment to the childcare provider so that parents are only charged for part of the cost of delivering the childcare. This approach is far preferable to alternative, consumer-subsidy approaches such as childcare tax credits.

A specific aspect of the reform that we welcome is the decision to open up CCS to private providers from January 2016, given that many local areas have no community childcare service, a measure we recommended in *The Double Dividend*.⁴

We hope that the reformed subsidy scheme promised for 2017 will also address the other recommendations we set out in *The Double Dividend* and our Pre-Budget Submission:

- Enabling families to take up subsidies at any time of year, rather than the current

system of one annual intake into the CCS.

- Making the subsidised places on offer also through regulated childminders, as long as the childminders meet quality standards.
- Introducing a 100% subsidy for families with particularly high levels of need.
- Making all public funding schemes conditional on the quality of services.

The Department of Children and Youth Affairs have announced there will be a 'Project Team' formed to drive the development and implementation of this single subsidised childcare scheme. It is crucial that this project team seeks to achieve the 'double dividend' of childcare that is both affordable and high quality. In doing that issues such as funding models and the basis on which capitation payments are calculated must be considered.

In particular, it will be important that the principle of higher funding linked to higher qualifications embedded in the Free Pre-School Year is also extended to the new childcare scheme, to incentivise higher quality standards for childcare for under-3s, not just for over-3s.

Verdict: Very positive start – next steps are critical.

Specific actions on quality

A number of measures were announced in Budget 2016 that are specifically aimed at improving quality standards. The measures are welcome, but much further investment in quality standards will be needed.

Quality is critical because the international research is clear that early care and education services only benefit children if they are high quality. Unfortunately, in Ireland, as a consequence of low levels of public investment by successive governments, the quality of childcare services is variable.⁵

There is no official data on the quality of services, which is why we particularly welcome the announcement in Budget 2016

⁴ Start Strong (2014) *The Double Dividend: Childcare that's Affordable and High Quality*, http://www.startstrong.ie/files/Double_Dividend_Policy_Brief_Web.pdf

⁵ Start Strong (2014) *Childcare: Business or Profession?* pp.81-83. http://www.startstrong.ie/files/Childcare_Business_or_Profession_Full_Report_Web_Version.pdf



of the first in a series of quality audits.

A quality audit, for which we have campaigned for a number of years, will be important to inform policy development on priorities for quality improvement, and also to provide a baseline to monitor progress in improving the quality of provision.

Other quality-focused measures announced in Budget 2016 include:

- Further investment in the Learner Fund.
- Further roll-out of the Sfolta Quality Assurance Programme.
- More resources for inspections.

More actions in each of these areas will be needed in the years to come. In particular, the Government needs to take action to:

- Extend the Learner Fund to support existing workers who wish to upskill to Levels 7 and 8 qualifications, with just 15% of the early years workforce currently graduates,⁶ compared to an international benchmark of 60%.⁷
- Introduce salary scales for those working in the sector, which is essential to recruit and retain qualified staff.
- Provide paid non-contact time. There is still no funding of non-contact time, even though it is critical for allowing staff to plan and prepare daily activities, for recording children's progress, and for continuing professional development.

Verdict: Welcome recognition of the importance of quality – need to build on it.

Children with special needs

We warmly welcome the decision to invest €15m in 2016 (and rising to a full-year cost of €33m from 2017 onwards) in supports for children with special needs.

Action was needed on the issue of supports for children with special needs. We know that some children with disabilities have been turned away from early years services because of a lack of resources.⁸ We hope that the measures provided for in Budget 2016 will end this serious problem.

Further details on the plans for supporting children with special needs are expected in the coming weeks, when Government publishes the report of the Inter-Departmental Group established to examine the issue of children with special needs in the pre-school year.

A concern that we hope will be addressed is that the measures will be focused solely on children in the Free Pre-School Year, rather than younger children. While it is important to ensure the Free Pre-School Year is a genuinely universal entitlement, it is also critical to ensure that early years provision for under-3s is also inclusive, particularly as children's first 3 years are critical for their development and for early intervention.

A further concern we have is the need to ensure the aim of achieving inclusive services extends beyond children with disabilities to ensure inclusion of all children, including Traveller and Roma children.

One specific, low-cost action that must now be introduced as a priority is systematic data gathering on the profile of children participating in pre-school provision, to establish whether certain groups of children face barriers in accessing services. Monitoring data on participation and children's demographic and background characteristics is recommended by the OECD.⁹

Verdict: Welcome initiative – awaiting further details.

⁶ Pobal (2015) *Annual Early Years Sector Survey 2014*. Dublin: Pobal.

⁷ University of East London and University of Gent (2011) *Competence Requirements in Early Childhood Education and Care: Study for the European Commission Directorate-General for Education and Care*.

⁸ Early Childhood Ireland (2013) *Supporting Children with Additional Needs Survey 2013*.

⁹ OECD (2012) *Starting Strong III: A Quality Toolbox for Early Childhood Education and Care*, pp.289-290.



Major extension of free pre-school provision

Budget 2016 announced a major extension of free pre-school provision, moving towards a second free pre-school year, changing the basis of eligibility, so that children can access the scheme at different stages in the year (January, April and September), and allowing flexibility in how long children then stay in pre-school (up to 5 years and 6 months of age at the latest).

Start Strong warmly welcomes this aspect of Budget 2016, which we recommended in our Pre-Budget Submission and was first proposed by the Expert Advisory Group on the Early Years Strategy.¹⁰

Research evidence provides a strong rationale for free pre-school provision for 3-5 year olds. The evidence shows that *all* children benefit from high-quality early care and education from the age of 3 years old or even earlier,¹¹ and that part-time attendance is sufficient to deliver the benefits. These changes ensure children can now avail of free pre-school from the age of 3.

The reform will also benefit families through reducing their total childcare costs. According to the Department of Children and Youth Affairs, on average the measure will reduce a family's childcare costs by €1,500 for each child.

The Free Pre-School Year, introduced in 2010, was a major development, but it had a number of limitations:

- The September only entry meant many children couldn't access free pre-school until they were 4 years old. On average, children currently begin the Free Pre-School Year at about 3 years 10 months.¹² A year is a long time in the life of a young child, and 4 is well above the age at which clear benefits of quality pre-school provision have been demonstrated.
- Limiting the scheme to a single year meant no flexibility for children who were not ready for school but who had

completed the Free Pre-School Year – a particular problem for children with special needs.

These limitations will be addressed by the measures announced in Budget 2016:

- Eligibility will now begin from a child's 3rd birthday, and the multiple-entry points will mean children will be less than 3 years 5 months on entry to the scheme.
- If a child begins pre-school at 3 but is not yet ready for school at 4, the child can then remain in pre-school for an additional year until 5 years old.

While the roll-out of the reform will pose challenges in ensuring adequate supply of quality places across all areas of the country – particularly if the issues of capitation grants and workers' wages are not addressed – nevertheless the decision to extend the scheme is very welcome, as a reform that is in children's interests.

The Government has allowed a lead-in time to introduction of the scheme (beginning in September 2016, with the cohort of children increasing incrementally in January and April 2017) to address capacity and administrative issues arising from implementation.

However, there are still a number of shortcomings in the scheme. It is limited to 3 hours a day, 5 days a week, 38 weeks a year and providers only receive funding for those hours, often leading to low wages and poor working conditions for professionals delivering the service. Added to which, the capitation rate, especially in some areas of the country, is often insufficient to deliver a quality service.

A review of funding structures and capitation rates is essential to ensuring high-quality free pre-school provision for all children.

**Verdict: Great progress –
A good move for children and families.
Funding model must now be addressed.**

¹⁰ DCYA (2013) *Right from the Start: Report of the Expert Advisory Group on the Early Years Strategy*.

¹¹ Kathy Sylva et al. (2008), *EPPE 3-11: Final Report from the Primary Phase*, London: Institute of Education, p.2; Edward Melhuish (2004) *A Literature Review of the Impact*

of Early Years Provision on Young Children, London: National Audit Office.

¹² Estimate derived from figures for school entry by birth month. Source: DCYA (2015) *Report of Inter-Departmental Working Group: Future Investment in Childcare in Ireland*, p.124.



Child poverty – some action, but much more needed

1 child in every 8 lives in consistent poverty – more than 138,000 children going to bed hungry or without a warm coat. The rate of child poverty nearly doubled from 6.3% in 2008 to 11.7% in 2013.¹³ Child poverty is both objectionable in itself, and takes a terrible long-term toll in its impact on children's life-chances.

Ireland's high level of child poverty is now one of the priority issues that needs addressing by policy-makers, and it must be a central issue in the next Programme for Government.

The Government stresses employment as a way out of poverty. It is undoubtedly a key issue, but affordable, quality services for children and families are critical too, as are income supports.¹⁴ As high quality childcare can be both a service to support children's development and also an assistance to parents seeking to exit poverty through employment, the extension of affordable childcare for low-income families is a key policy in the fight against child poverty.

The increase in the number of subsidised childcare places for low-income families through the CCS from 25,000 to 38,000 next year will certainly assist some families seeking to get out of poverty, but the number of families that will benefit in 2016 is limited. The success of the proposed childcare subsidy to be introduced in 2017 will be critical in moving children out of poverty.

The €5 per month increase in Child Benefit (from €135 to €140) will be a help to families who are struggling to make ends meet, but the small size of the increase means the impact will be limited. However, while the increase will help families, the impact will be small, and the money could have been more effectively targeted at further investment in quality early years services. For example, the €72m cost of the increase could have nearly doubled the expansion in early years services announced in Budget 2016.

¹³ Central Statistics Office, Ireland: At risk of poverty and consistent poverty rates by age group, 2013; Government of Ireland (2009) Survey on Income and Living Conditions (SILC) 2008, Dublin: Stationery Office, p. 7

Next Steps

Budget 2016 was undoubtedly an election budget. All political parties and groupings, government and opposition, had their eyes on voters and the next election.

It is no coincidence that the increased investment comes towards the end of an election cycle. Early care and education, childcare, early years – whatever you call it – had been historically neglected in Ireland. Governments have failed to invest or provide political leadership. But we, the voters, have failed to make it a political imperative. We too have contributed to the neglect. The lack of investment is the most tangible yardstick, but so too is the lack of recognition or regulation of childminders, the lack of respect for the professionals in the area and the lip service often paid to the importance of quality. All indicators of how we truly regard young children and their important first years.

We are at a 'political moment'. Start Strong want the next election (whenever it may be) and Programme for Government, to be about young children and those important first years. We want the next government to build on this budget. We have a long way to go yet. We need long-term planning, serious investment and political leadership to get there. Within Start Strong our focus is now turning to the general election, and the next Programme for Government. We will be working, campaigning and lobbying to ensure the next Programme for Government has young children at its heart - we would be delighted if you joined us.

Start Strong

Start Strong is a coalition of organisations and individuals seeking to advance children's early care and education in Ireland.

If you would like to become a supporter of Start Strong and join our campaign, please contact info@startstrong.ie

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www.startstrong.ie

¹⁴ European Commission (2013) *Commission Recommendation: Investing in Children – Breaking the Cycle of Disadvantage*, 2013/112/EU.

