Start Strong

Report to the European Commission on the Country Specific Recommendation for Ireland on 'Childcare'

November 2015

Start Strong is a coalition of organisations and individuals seeking to advance high quality early care and education for young children in Ireland. A list of Start Strong's 65 Supporter organisations is included at the end of this submission.

Start Strong welcomes the opportunity to make a submission to the European Commission on the Irish Government's progress in responding to the 2015 Country Specific Recommendation (CSR) on 'childcare'. (We use the term ECEC – 'early childhood education and care' – in the rest of this document, in line with the European Commission's 2011 Communication on *Early Childhood Education and Care*, COM (2011) 66 final).

This report follows an earlier report we submitted to the European Commission in January 2015, and examines progress since January, focusing particularly on measures announced in Budget 2016. We look at measures to improve the affordability and accessibility of ECEC – as referenced in CSR 3 of 2015 – and we also look at measures to improve its quality, which was examined in the EC Country Report in February but unfortunately was not mentioned in the 2015 CSR. We conclude with recommendations for the 2016 CSR.

Conclusions on CSR 2015

1. As a result of Budget 2016, ECEC investment will rise significantly (€85m in 2016, with a full-year increase of approx. 0.1% GDP) but will still be well below the OECD average. 2016 will see extended access to free pre-school and some additional support for quality. The Government has also committed to introduce a reformed childcare funding scheme in 2017.

2. The Inter-Departmental Group (IDG) report set out options for future childcare funding, while strongly recommending a supply-side funding framework. If this framework is adopted, the 2017 funding scheme will make childcare more affordable to lower-income families while facilitating quality improvements.

3. While Budget 2016 is welcome, further improvements in quality and affordability will depend on the Government following through with the IDG recommendations. Additional action on quality will also be needed, as the IDG report does not address all key issues.

Recommendations for CSR 2016

1. The CSR 2016 should refer to the need for **more action by the Irish Government on the *quality* of ECEC**, not just access and affordability.

2. Specifically, the CSR 2016 should urge the Government to **implement the funding framework recommended in the IDG report,** while increasing investments in quality beyond those signalled in Budget 2016.

1. Introduction

CSR 3 of 2015 recommended that the Irish Government should: 'Take steps to increase the work-intensity of households and to address the poverty risk of children by tapering the withdrawal of benefits and supplementary payments upon return to employment and through **better access to affordable full-time childcare**.'

While Start Strong welcomed the CSR focus on ECEC, we were disappointed that the CSR wording did not refer to the *quality* of ECEC in Ireland. We were surprised at this omission, as the Country Report prepared by Commission staff in February had clearly and correctly identified 'variable quality' as a significant concern.

As a contribution to the 2015-2016 European Semester process, we have therefore prepared this submission with a dual focus: (a) to report on the Irish Government's performance in relation to CSR 3 of 2015, and also (b) to report on developments in relation to the *quality* of ECEC since our previous report to the Commission in January.

Section 2 presents recent data on the *affordability and quality* of ECEC services in Ireland. **Section 3** assesses Government progress during 2015, examining the IDG report [1] and the commitments made in Budget 2016. **Section 4** draws conclusions and makes recommendations in relation to the 2016 CSR for Ireland.

2. Affordability and quality of ECEC in Ireland

Affordability

Outside the Free Pre-School Year, ECEC services in Ireland remain among the most costly to parents in all EU and OECD countries. There has been no change in this situation during 2015, as no measures were taken in Budget 2015 to reduce ECEC costs to parents and key Budget 2016 measures will only take effect from September 2016. Furthermore, there has been no change in fees charged by childcare providers, which have been stable since 2011, with a 0.3% increase in the cost of a full-time place in 2014 (the most recent data available).[2]

The EC Country Report in February 2015 correctly observed that 'childcare programmes generally fail to have a significant impact on increasing access to affordable and quality childcare, particularly for low-income families' (p.61). Specific reasons for this include:

- The free pre-school year, while nearly universal in reach, is only available for 38 weeks, three hours a day. Furthermore, it cannot be combined with other subsidy schemes that might reduce the cost of additional ECEC hours.
- The Community Childcare Subvention (CCS) is only available in participating community-based services (which are not present in some areas of the country), is administered on an annual basis (with little flexibility to accommodate families whose childcare needs change during the year), and provides only a limited subsidy (maximum subsidy €95 per week for a full-time place, compared to €159 per week as the average total weekly fee for a place in a community service).
- The Training and Employment Childcare (TEC) programmes are relatively small in scale, with approximately 5,000 subsidised places in total.

[1] Department of Children and Youth Affairs (2015) *Report of Inter-Departmental Working Group: Future Investment in Childcare in Ireland*. http://www.dcya.gov.ie/documents/earlyyears/20150722IDGReportonEarlyYrsInvestmentReport.pdf

[2] Pobal (2015) *Early Years Sector Survey 2014*, Dublin: Pobal, p.47, https://www.pobal.ie/Publications/Documents/Annual%20Early%20Years%20Sector%20Survey%202014%20Report.pdf

Quality

As noted in the EC Country Report earlier this year, the quality of ECEC services in Ireland is 'variable' (p.60). Since our last report to the European Commission in January this year, updated figures have been published by Pobal on qualification levels of staff in ECEC services at the end of 2014.[3] This data indicates that:

- The proportion of staff who have not achieved a Level 5 NFQ qualification remains 13%, unchanged since 2012.
- The proportion of staff who have achieved a relevant tertiary / graduate qualification is still only 15% (up marginally from 12% in 2012 and 13.5% in 2013), well below the 60% level recommended in the EU CoRe study.[4]

In June this year, the Government postponed by a further year the minimum qualification requirement for ECEC staff, first announced in mid-2013. ECEC staff had already had 2 years to achieve NFQ Level 5. The minimum standard was postponed until September 2016. The postponement reflects slow progress in ensuring all staff meet the requirement, as well as the absence of a list of recognised qualifications, which the Department of Children and Youth Affairs only published in September this year.[5]

A particular concern remains in relation to staff who are employed through labour market programmes, primarily Community Employment (CE). Many community-based ECEC services are dependent on CE workers, many of whom are not qualified in ECEC. In total, 21% of staff in community-based services in 2014 were on labour-market programmes (an increase on the previous year), accounting for 8% of all staff in ECEC services.[6]

In supporting services to meet the minimum qualification requirement, it will be important that the Government does not accept lower quality standards in community-based services through allowing an exemption from the minimum qualification requirement. Instead, we recommend that the Government carry out a review of the financial sustainability of early years services (both community and private) and of the cost of delivering quality ECEC, with a view to addressing financial sustainability directly by means of reform of public funding (both free pre-school funding and the CCS scheme).

The Pobal data on staff qualifications also reveals little increase in the proportion of staff with third-level qualifications, in spite of rapid expansion of ECEC degree programmes. Recent research suggests qualified graduates are deterred from remaining in the sector because of low wages and lack of recognition.[7]

The variable quality of ECEC services in Ireland – and also the high cost to parents – reflects the lack of public investment. According to the OECD Family Database, Ireland invests only 0.5% of GDP annually in ECEC, compared to the OECD average of 0.8% of GDP.[8] What is more, school infant classes are included in this calculation, with the majority of children in Ireland starting school at age 4. The level of public investment in *pre-school* ECEC services is less than 0.2% GDP.[9] 1% of GDP is regularly cited as a benchmark for the level of annual investment required to achieve a high-quality system of ECEC services.[10]

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[3] Pobal (2015), *op. cit.*, pp.55-63.
[4] 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*.
[5] Dept. of Children and Youth Affairs (2015) *DCYA Early Years Recognised Qualifications*, published 25 September 2015.
[6] Pobal (2015), *op. cit.*, pp.52-53.
[7] Moloney, M. and Pope, J. (2013) 'Where to Now for ECCE Graduates? A Study of the Experiences of Irish BA ECCE Degree Graduates', *Education 3-13: International Journal of Primary, Elementary and Early Years Education*.
[8] OECD Family Database 2015.
[9] Department of Children and Youth Affairs (2013), *op. cit.*, p.7.
[10] See, for example, UNICEF (2008) *Report Card 8: The Child Care Transition, A League Table of Early Childhood Education and Care in Economically Advanced Countries*, Florence. UNICEF Innocenti Research Centre; and European Commission

3. Government progress during 2015

IDG proposals

The Government's Inter-Departmental Working Group (IDG) report, *Future Investment in Childcare in Ireland*, was published in July 2015. The report set out a range of costed options for Government, while also making a number of recommendations on the direction early years policy should take. The Minister for Children and Youth Affairs gave his support to the report at its launch. Key proposals in the IDG report included:

1. Introducing 6 months' paid parental leave, to give parents 12 months' paid leave in total. The IDG set out options in relation to the speed of introduction.

2. Extending free pre-school provision from whenever children pass a lower age threshold until whenever they go to primary school. The IDG set out options in relation to the lower age threshold (3 or 3.5) and the level of capitation payment to services.

3. Replacing CCS and TEC subsidies with a single, income-related subsidy, paid directly to services, available in all centre-based services (both community and private), with parental fees capped according to parents' income level in order to prevent childcare prices rising. The IDG set out options in relation to universality, the parental contribution at different income levels, and the total payment received by services.

   The proposed reform includes extending the higher capitation rate for services with graduate leaders (currently only for the free pre-school year) to ECEC provision for children of all ages, to incentivise professionalisation.

4. A range of specific quality-raising measures including: a regular audit of quality; a fund for professionalisation and expansion of the Learner Fund; increased funding for mentoring and the inspection system; and the regulation and support of childminding.

Start Strong welcomed the IDG report, particularly the IDG's recommendation to use income-related subsidies instead of tax credits as the means to address affordability. As Start Strong has argued,[11] tax credits do not support quality improvements, do not help those on the lowest incomes (who face the greatest barriers in terms of labour market participation) and can be eroded by price rises. In contrast, income-related subsidies paid directly to services facilitate quality-raising measures (such as higher capitation supplements for higher-quality services), can be targeted at lower-income families, and can – as recommended in the IDG report – be combined with price caps to prevent price inflation.

While we welcomed the overall approach of the IDG report, the report said little about a number of key quality issues, in particular:

- It made no proposals around wages or working conditions for ECEC staff, in spite of their importance for quality.[12] In Ireland, there are no national salary scales which might help recruit and retain qualified staff. ECEC staff are typically paid at or just above the minimum wage, and an estimated 14% of staff are laid off during the summer.[13]
- While the report acknowledged that 'current rates of subvention have limited margin for the majority of providers' (p.91), it did not suggest a review of the cost of delivering quality services or the basis for calculating capitation levels.

Network on Childcare and Other Measures to Reconcile the Employment and Family Responsibilities of Men and Women (1996) *Quality Targets in Services for Young Children: Proposals for a Ten-Year Action Programme*.

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

[12] Quality is closely linked to qualification levels, low staff turnover and effective leadership, all of which depend on wages and working conditions. OECD (2012) *Starting Strong III: A Quality Toolbox for Early Childhood Education and Care*, pp.153-159.

[13] Dept. of Children and Youth Affairs (2015) *op. cit.*, p.23; Start Strong (2014) *'Childcare' – Business or Profession?* pp.76-8.

Budget 2016

A number of ECEC measures were announced in Budget 2016 to implement recommendations of the IDG report.[14] Total investment by the Department of Children and Youth Affairs will rise by €85m from €260m this year to €345m in 2016, with the full-year costs of new measures amounting to approx. 0.1% GDP.[15]

With several measures only taking effect in September 2016 or later, the immediate effect on affordability will be limited and the effect on quality will be even less. While the overall direction of travel is welcome, positive impact will depend on further measures being taken in 2016 to implement – and go beyond – the full proposals set out in the IDG report.

	Budget measure	Assessment
Affordability		
1	***Extension of free pre-school*** (from September 2016), from age 3, with entry at multiple points in the year, until children go to school or reach 5½.	It is a major extension, though it will not reduce childcare costs for children under 3 or for school-age children, and it will not reduce childcare costs for hours outside the free hours.
2	***8,000 additional CCS places in 2016*** (in addition to 5,000 extra places announced before the Budget), raising total CCS places from 25,000 to 38,000. The 8,000 additional places will for the first time be available in some private services, allowing access in areas of the country without community-based services.	The move is welcome, though the number of additional places is limited, and other weaknesses of the scheme remain (see below).
3	***In 2017, a single childcare subsidy scheme*** to be introduced, replacing CCS and the TEC childcare subsidies. A 'Project Team' will be formed in the short-term to drive development and implementation of the reform.	This too is welcome, though details are not yet available. A positive impact will depend on: (a) Following through on IDG proposals: applying price caps to fees for parents to prevent price inflation; and introducing paid parental leave, so that children can remain at home for at least their first year. (b) Going beyond proposals specified in the IDG report, through: making subsidised places available also through regulated childminders; and introducing a 100% subsidy for families with high levels of need.
Quality		
4	***Public funding through supply-side subsidies, not tax credits.*** Budget 2016's overall approach was one of extending supply-side subsidies, rather than childcare tax credits or cash payments.	We warmly welcome the decision to follow the IDG report and use supply-side subsidies as the mechanism to make childcare more affordable. However, further action will be needed to link funding to quality improvements, e.g. through extension of higher capitation payments for higher quality services.

[14] See also Start Strong (2015) *Budget 2016 Analysis*, http://www.startstrong.ie/files/Start_Strong_Budget_2016_Analysis_FINAL.pdf

[15] Dept. of Children and Youth Affairs (2015) *Q&A on Budget 2016 Childcare Measures*, http://www.dcya.gov.ie/documents/childcare/20151103BudgetDayQandA.PDF

5	***Audit of quality*** of ECEC, on a 3-yearly basis.	There is no official data on the quality of services, so we particularly welcome the proposed audit of quality, for which Start Strong has been campaigning for several years.[16]
6	***Limited funding for staff training,*** with an extension of the Learner Fund to support staff to meet the Level 5 minimum qualification requirement.	There is still no public funding for staff who wish to upskill to third-level qualifications (Levels 7 and 8).
7	***No indication of support for salary scales*** for ECEC staff, or of providing funding to allow holiday pay.	With typical ECEC salaries still at or just above the minimum wage, and an estimated 14% of staff laid off during the summer months,[17] the absence of a policy commitment to salary scales will continue to hinder the recruitment and retention of skilled ECEC staff.
8	***Minimal increase in capitation payments to ECEC services.*** The capitation payment to ECEC services for delivery of the free pre-school year will rise by €2 per week per child in September 2016, restoring the payment to the 2012 level.	While the capitation increase is a positive step, the level of funding is often insufficient to deliver a quality service, especially in some areas of the country, and is a major reason for low wages and poor working conditions. Furthermore, there is no change in funding for childcare places in CCS and TEC schemes. We recommend a review of capitation rates.
9	***No payment for non-contact time with children.***	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
10	***Limited increase in funding for Síolta National Quality Framework***, amounting to a portion of the total funding of €3.5m for quality initiatives.	The announcement is welcome, but the reach of Síolta supports will remain limited. Only 47 services (1% of the total) had completed the Síolta Quality Assurance Programme by mid-2013.[18] The Better Start mentoring service launched this year is currently reaching 271 settings, or about 6% of the total.[19]
11	***Major increase in support for children with special needs,*** with a €15m investment in 2016, rising to a full-year cost of €33m from 2017.	The scale of investment is very welcome. It will be important that actions include: • Supports for young children of all ages, not just in the free pre-school year. • Support for the inclusion of all children with additional needs, including Traveller and Roma children. • Monitoring of the profile of children in ECEC services, to establish whether certain groups face barriers in accessing services.
12	***More resources for inspections,*** with some of the €3.5m for quality initiatives going to expansion of inspection teams both in Tusla and in the DES.	We welcome the increased funding. However, it remains problematic that there will be two parallel inspections. We are calling on the Government to merge and reform the inspection process.

[16] E.g. Start Strong (2013) *Shaping the Future*, submission on a National Early Years Strategy, p.4.
[17] Dept. of Children and Youth Affairs (2015) *Report of Inter-Departmental Working Group: Future Investment in Childcare*, p.23.
[18] Department of Education and Skills (2014) *Final Report on the Development and Implementation of the Síolta Quality Assurance Programme*. http://www.education.ie/en/Publications/Policy-Reports/S%C3%ADolta-Final-Report.pdf
[19] Better Start presentation at launch of OECD *Starting Strong IV* report, Dublin, 28 October 2015. https://www.pobal.ie/Publications/Documents/Dr.%20Margaret%20Rogers,%20Better%20Start.pdf

13	***No actions in relation to childminding.*** No commitments have been made in relation to the regulation or funding of childminding.	Home-based childminding remains one of the most common forms of childcare in Ireland, particularly for under-3s, but most childminders are exempt from regulation, raising major concerns about quality and child protection.[20]
Other areas		
14	***Income supports:*** €5 per month increase in Child Benefit.	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 ECEC services.
15	***Paid paternity leave:*** Two weeks.	The move is very welcome, as the State's first recognition of the role of fathers in the care of young children. However, we were disappointed that no steps were taken to introduce paid parental leave.

6. Conclusions and recommendations for CSR 2016

Budget 2016 announced a significant increase in ECEC investment, though investment will still be below the OECD average. 2016 will see extended access to free pre-school and some additional support for quality. Given the high cost of childcare to parents and its variable quality, the announcements in Budget 2016 are therefore welcome, though additional action on quality is needed, particularly on qualification levels, staff wages, and capitation rates.

The Government has also committed to introduce a reformed childcare funding scheme in 2017. If implemented in line with the recent Inter-Departmental Group (IDG) report, the reformed funding scheme will make childcare more affordable to lower-income families, within a supply-side funding framework which could also support quality improvements.

In making its 2016 recommendations, we urge the Commission to **refer to the need for more action by the Irish Government on the *quality* of ECEC**, not just access and affordability.

- We note that the quality of childcare was included in the 2015 CSRs for other countries, including: Estonia, Romania, Slovakia, and the United Kingdom. There is a strong case for referring to quality also in Ireland's CSR in 2016.

Furthermore, we recommend that the CSR 2016 should **urge the Government to implement the funding framework recommended in the IDG report, while increasing investments in quality beyond those signalled in Budget 2016**:

[20] Start Strong (2012) *Childminding: Regulation and Recognition*. http://www.startstrong.ie/files/Childminding_-_Regulation_and_Recognition.pdf

Start Strong supporters

Start Strong is a coalition of organisations and individuals committed to advancing high quality care and education for all young children in Ireland. Start Strong has a growing number of Supporters. We value their support as we work to advance high quality care and education as a right for all young children in Ireland.

Organisations. We currently have 65 organisational supporters:

ABC Childcare
An Gairdín Scoil Montessori
Association of Childhood Professionals
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JAGGO Pre-school
Kildare County Childcare Committee
Lifestart
Little Stars Pre-school, Montessori & Afterschool, Donegal
Meath County Childcare Committee
Montessori Alliance
National Childhood Network (formerly BCCN)
National Women's Council of Ireland
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SpunOut.ie
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