

**ICPN,
Budget Analysis,
Supplementary Budget, April 2009.**



The Irish Childcare Policy Network (ICPN) welcomes the Government's announcement in the Supplementary Budget that it is planning to introduce a free pre-school year. The scheme provides one year of pre-school for children aged between 3 years 3 months and 4 years 6 months, with free provision of a 3-hour daily session for 38 weeks of the year, or a 2-hour 15-minute daily session for 50 weeks of the year. We welcome the fact that the scheme is in line with recommendations made in recent years by ICPN, by the members of our network and by the NESF.¹

The fact that this positive measure was introduced at a time when budgets are being cut across all Government Departments demonstrates the Government's understanding of the need to invest in young children and of the value of this investment in laying the foundations for the country's future well-being and prosperity.

Looking to the future, it is essential that the free pre-school year is seen as a step along the road to comprehensive provision of early years education and care, and not as an end in itself. Furthermore, it is important that savings that result from the ending of the Early Childcare Supplement are reinvested in young children.

Vital step on the road to a comprehensive strategy

While the free pre-school year will build on steps taken in previous years to strengthen Ireland's childcare infrastructure, the scheme marks a watershed in childcare provision because it embodies principles we believe should be central to a comprehensive strategy for early childhood care and education (ECCE) in Ireland.

This scheme is a public investment in our young children. Public investment in young children is one of the most cost-effective means of increasing a country's human capital, as the Minister acknowledged when he stated the scheme is a key building block in the plan for a 'smart economy'.

¹ See, for example, ICPN (2007), *Promoting Increased Government investment in Children's Care and Education*, and NESF (2005), *Early Childhood Care and Education*.

The scheme:

1. **Places children and their needs at the centre of policy.** In announcing the scheme, the Government stressed that its purpose was to 'promote equality of opportunity at the most important developmental stage of children's lives'.²
2. **Is universal, subject to availability of places.** The scheme moves towards establishing an entitlement to a free place for all, which is important as all children benefit from quality education and care in their early years.
3. **Establishes the principle of free places.** The scheme promotes equality of opportunity by reducing the financial barrier that disadvantaged children and families face in accessing quality ECCE.
4. **Directly supports ECCE provision.** The capitation grant ensures that 100% of the Government funds provided are targeted at the provision of quality, accessible and affordable ECCE.
5. **Is linked to measures to strengthen the quality of provision.** Services participating in the scheme must work within the Siolta quality framework and must have a lead staff member with a specified level of qualifications.

While the scheme is a major advance, ICPN believes it should not be seen as an end in itself, but as a significant step in a new phase of development of early years education and care in Ireland. Further steps should be taken in the coming years, building on this scheme, to move towards universal provision of quality, child-centred services and supports for all young children and their families. To make this happen, ICPN recommends that the Government should commit itself to preparing a strategy for the development of comprehensive ECCE provision.

International evidence, as presented by the Nobel prize-winning economist Professor James Heckman and others, indicates that the benefits of investment in young children are enormous and are greatest for the youngest children. While the scheme announced in the Supplementary Budget will bring significant benefits, future extension of quality ECCE in Ireland will yield further returns that are possibly even greater. An advantage of the measure now being introduced is that it can be incrementally extended over time – e.g. with the extension of free places to children of other ages, and the extension of the number of hours of ECCE provided free of charge – progressively generating further benefits.

Need to redirect savings to further development of ECCE

ICPN recognises that many families will lose from the phasing out of the Early Childcare Supplement, which was also announced in the Supplementary Budget. This change will particularly hit families with low disposable incomes, for whom the

² OMCYA, press release, 7 April 2009.

Early Childcare Supplement was a valuable source of financial support. Combined with other tax and benefit changes announced in the Supplementary Budget and flagged for Budget 2010, many families with children aged 0-3 will find it increasingly difficult to pay for childcare.

Nevertheless, we think the Government was right to target its funding directly to services for the provision of quality early childhood care and education. The decision to introduce the free pre-school year will be of great benefit to 3-4 year old children and their families, in particular those who are disadvantaged, many of whom would not otherwise have been able to afford quality ECCE.

We would, however, urge the Government to redirect the substantial savings made as a result of the change (€180 million per year from 2010 onwards ³) into a further increase in targeted investment in young children.

Working towards successful implementation

ICPN is committed to supporting the successful implementation of the free pre-school year. There will undoubtedly be challenges ahead in rolling out the scheme by January 2010, and in helping it to meet the needs of children, parents and childcare providers. It will be of great assistance that the scheme builds on prior measures, including substantial capital investment over the last decade to increase the number of childcare places. We congratulate the Government on its determination to overcome obstacles to put the free pre-school year in place rapidly. ICPN looks forward to working constructively with the OMCYA and with childcare organisations and providers in relation to policy developments that may facilitate the successful implementation of the scheme.

³ Department of Finance (April 2009), *Summary of Supplementary Budget Measures: Policy Changes*