



# Start Strong

## Pre-Budget Submission for Budget 2013

### November 2012

#### Overview

We welcome the opportunity to make a submission to the Government in relation to Budget 2013.

Start Strong is committed to advancing high quality care and education as a right for all young children in Ireland. Our advocacy is built on clear evidence of the benefits this brings for children, for the economy and for society.

We commend the commitment the Government has shown during 2012 to improving the lives of children in Ireland by introducing the Children's Referendum<sup>1</sup> and by announcing the development of Ireland's first National Early Years Strategy (NEYS)<sup>2</sup>. To maintain the momentum set by these historic developments, the Government must, at a minimum, maintain the current levels of expenditure in a number of key areas affecting children's lives. The NEYS is a hugely important opportunity. If this opportunity is to be used effectively, the Budget must ensure sufficient funds are available to implement policy commitments that will be made in the Strategy.

We are acutely aware of the economic difficulties facing the country and the Government's requirement to substantially reduce public spending. Nonetheless we strongly urge the Government to continue to invest in children's early care and education, which is proven to reduce the need for later expenditure in the criminal justice system, health-care and remedial education<sup>3</sup>.

We recommend that Budget 2013 should:

1. Ensure that sufficient funding and resources are in place to make possible the successful implementation of policy commitments in the forthcoming NEYS.
2. Maintain support for prevention and early intervention measures to ensure long-term saving.
3. Ensure all children are supported to reach their potential by addressing child poverty.

#### Key Recommendations

##### **1. Ensure that sufficient funding and resources are in place to make possible the successful implementation of policy commitments in the forthcoming NEYS.**

- a) Maintain existing supports for quality in services for young children:
  - Support quality through ensuring funding is available for the full rollout of Síolta and Aistear.
  - Retain the current supports available to childminders in order to support quality for children who are cared for in this setting.
  - Make no further reductions to the ratio of adults to children participating in the Free Pre-School Year.
  - Retain the current levels of capitation grant for the Free Pre-School Year, including the higher capitation grant for services that employ staff with graduate qualifications, to incentivise professionalisation.
  - Enforce quality standards more rigorously by ensuring that public funding of services is linked to a sufficient level of compliance with all statutory requirements, and by making inspection reports publicly available on the internet.
- b) Move incrementally towards a second, earlier universal Free Pre-School Year through introducing, in Budget 2013, a second free pre-school year for children in disadvantaged communities and/or children with disabilities.

##### **2. Support prevention and early intervention measures to ensure long-term savings.**

- a) Continue to support prevention and early intervention measures, which are proven to provide a long-term return on investment. As part of this, the



Government should prioritise preventative health and parenting supports, including the work of Public Health Nurses (PHN) in relation to young children and their families.

- b) Ensure the Child and Family Support Agency (CFSA) has a broad remit that focuses on prevention and on promoting positive outcomes for all children. Provide sufficient resources to the Agency in order for it to deliver this remit.
- 3. Ensure that all children are supported to reach their potential by addressing child poverty.**

- a) Given the high cost of childcare and the rising level of child poverty, we urge the Government to maintain financial supports for parents with young children:
- Make no further cuts to the Community Childcare Subvention or CETS subsidies.
  - Maintain the universality of the Child Benefit payment, and make no changes to Child Benefit until measures are put in place to protect families with low incomes.
  - Provide a second, earlier Free Pre-School Year for children in disadvantaged areas.
- b) Implement the commitment in the Programme for Government to develop a “new, area-based approach to child poverty, which draws on best international practice and existing services to tackle every aspect of child poverty”.

### **Context**

Budget 2013 is being prepared in a climate of huge economic difficulty. The overall adjustment needed from this year’s Budget is €3.5bn with just over one-third of this to be raised from taxation adjustments and the remainder from cuts in public expenditure. The requirement for this adjustment comes from the current Memorandum of Understanding between the Irish Government and the Troika (EU, ECB and IMF). However, these savings come at a time when families up and down the country are in greater need than ever of additional support. For instance the latest poverty statistics show that that almost one-fifth of all children were living in households

with incomes below the poverty line in 2010, the most recent year for which data is available.

There have already been large cuts to services and supports for young children and their families. For instance, the abolition of the Early Childcare Supplement and the ending of capital funding in the National Childcare Investment Programme (NCIP) led to a 50% reduction between 2008 and 2010 in the budget for the then Office of the Minister for Children and Youth Affairs. In the most recent Budget there have been reductions in the subsidies provided by the Community Childcare Subvention (CCS) and the Childcare Employment and Training Support (CETS) schemes; cuts in the capitation grant and a worsening of the adult:child ratio in the Free Pre-School Year; and a further reduction in the Child Benefit payment.

At the same time, we recognise that there have also been significant steps forward in the provision of early care and education services in Ireland in recent years. In particular, the introduction of the Free Pre-School Year in January 2010 was a breakthrough, establishing for the first time the principle of universal, free provision of early care and education. The commitment by the Minister for Children and Youth Affairs to develop a National Early Years Strategy (NEYS) earlier this year is also to be lauded. This will be our first National Early Years Strategy, and its development is a unique opportunity to set the direction of early care and education policies for the years ahead. It is crucial that the Government gets this right. The Strategy should reflect stronger policies and services during children’s first six years which will save the State money and bring substantial, long-term benefits for children, for the economy and for society.

There is growing international evidence that public investment in children’s early care and education yields large economic returns, making it a sound investment even at a time of extreme difficulty in the public finances:

- In the short-term, public investment in services and supports for young children creates jobs in a labour-intensive sector of the economy and supports parents’ participation in the labour market, boosting employment, incomes and economic growth.
- In the longer term, it enhances economic productivity and delivers wide social benefits including a better educated society and a lower level of crime. Cost-



benefit analyses have consistently shown positive returns on investment, with benefits of up to 16 times the costs.

A cost-benefit analysis of children's early care and education that was recently carried out by Goodbody Economic Consultants indicates the potential returns to investment in the Irish context.<sup>4</sup> Using conservative assumptions throughout, Goodbody's analysis points to a strong likelihood that even a high-cost scenario – i.e. a significant upgrade to our system of early care and education – would bring a return on investment that readily exceeds the level of return typically required in Department of Finance programme evaluations.

In order to ensure that Ireland achieves such an economic return, there must be no further cuts to public investment in children's early years. Research shows that these economic returns only arise where children's early care and education is of high quality.

For the longer term, we support the stated aim of the Minister for Social Protection, Joan Burton TD, to develop a Scandinavian model of childcare in Ireland. We welcome the fact that the Minister has remained committed to this statement, and as recently as 12th October noted on-going work between her Department and the Department of Children and Youth Affairs on the expansion of the current provision of early care and education.

The level of investment required makes the Scandinavian model a long-term ambition rather than a short-term prospect. The forthcoming National Early Years Strategy is the opportunity for the Government to set out the policy direction for the years ahead, and Budget 2013 must not undermine the potential of the National Early Years Strategy before it is even written.

In this context, it should be noted that the Scandinavian childcare model in Finland evolved through the Finnish banking crisis of the 1990s. During this crisis, the Finnish Government committed billions to rescuing the banks, there was soaring unemployment (20%), a halving of asset prices and real GDP dropped 14%. However, despite this, Finland's public expenditure on early care and education is now among the highest in the world, and the outcomes in terms of educational attainment, child poverty and labour market participation are excellent.

## **Detailed Recommendations**

### **1. Ensure that sufficient funding and resources are in place to make possible the successful implementation of policy commitments in the forthcoming NEYS.**

With the National Early Years Strategy due to be published in 2013, the next 12 months will be critical in defining the future of early care and education policy in Ireland. Budget 2013 will determine the level of resources with which the National Early Years Strategy will begin. It is essential that Budget 2013 does not undermine the Strategy's potential.

Start Strong will be making a detailed submission to the Government on the National Early Years Strategy early in the new year.

### **a) Maintain existing supports for quality in services for young children**

If the Government's expenditure on early care and education is to achieve its intended impact, then they must take steps to ensure services and supports are of high quality. We welcome developments to date in the area of quality including the commitment in the Programme for Government to improve quality in the Free Pre-School Year and the development of both the Siolta national quality framework and the Aistear curriculum framework.

The evidence shows that children's experience in their early years has a long-lasting effect on outcomes. Positive outcomes depend on the quality of relationships and interactions between young children and the adults caring for them – both within families and in settings outside the home.

The importance of quality for positive outcomes is a consistent finding of research. For example, the EPPE / EPSE study is a longitudinal study of 3,000 children in England which has tracked children's progress since 1997, when they were 3 years old. The report from the age-14 phase of the study was recently published.<sup>5</sup> It shows that the benefits of high quality early care and education persist to at least age 14 in relation to both academic outcomes (especially maths and science) and social-behavioural outcomes (e.g. motivation, self-confidence, empathy, impulsiveness, anti-social behaviour). As with previous research, the EPPE study has found that the benefits are only statistically significant for children who attended early care and education services that were measured to be high quality.



In order to continue to maintain the achievements to date in terms of quality, the Government must at a minimum retain current measures.

**Recommendations:**

- Support quality through ensuring funding is available for the full rollout of Síolta and Aistear.
- Retain the current supports available to childminders in order to support quality for children who are cared for in this setting.
- Make no further reductions to the ratio of adults to children participating in the Free Pre-School Year.
- Retain the current levels of capitation grant for the Free Pre-School Year, including the higher capitation grant for services that employ staff with graduate qualifications, to incentivise professionalisation.
- Enforce quality standards more rigorously by ensuring that public funding of services is linked to a sufficient level of compliance with all statutory requirements, and by making inspection reports publicly available on the internet.

**b) Extension of the Free Pre-School Year**

Start Strong welcomed the Free Pre-School Year when it was first announced, and we have consistently argued that maintaining the scheme is vitally important as it embodies many elements of good practice in early care and education systems: it is universal and free, it directly supports the provision of services for children, and it involves measures to raise quality standards.

The fact that the scheme is universal and free is essential for its success. The scheme already has a very high participation rate of 95%<sup>6</sup>, showing that parents recognise the value of care and education services for their children. The principle of universal, free provision is important in achieving a positive impact for children for two reasons:

- Research evidence shows that *all* children benefit from quality care and education.<sup>7</sup> In just the same way that primary school is recognised to be positively beneficial for all children and therefore as something that must be available freely for all, so there is growing recognition of the universal benefit of pre-school care and education.
- Its universality makes the scheme effective as a prevention mechanism, providing a non-stigmatising support that

averts the need for additional (more costly) supports for many children and families. Provision on a universal basis also means that pre-school offers a means to identify children with additional needs who require more intensive supports, helping to ensure effective targeting. This model of cascading services on a basis of universal provision is advocated by the OECD in its recent report *Doing Better for Families*.<sup>8</sup>

We call on the Government to extend the entitlement to free provision to a second, earlier year, in line with the evidence from the EPPE/EPPSE study in England that children do better with every additional month from the age of 2 that they spend in a quality pre-school setting. A second, earlier Free Pre-School Year would be good for children – provided it is of high quality – and good for families, helping to offset the high cost of childcare.

A commitment to a second Free Pre-School Year should form part of the National Early Years Strategy. We welcome the comments reported in the media recently from Minister Burton who, when asked about the extension of the scheme to two years, noted its importance in terms of improving the outcomes from poverty<sup>9</sup>. However, we acknowledge the high cost of a second Free Pre-School Year in the current Budgetary climate. We therefore propose that the Government introduce it initially for children in disadvantaged communities and/or children with disabilities.

**Recommendation:**

- Move incrementally towards a second, earlier universal Free Pre-School Year through introducing, in Budget 2013, a second free pre-school year for children in disadvantaged communities and/or children with disabilities.

**2. Maintain support for prevention and early intervention measures to ensure long-term savings**

A large and growing body of evidence has demonstrated that prevention and early intervention are more effective and more cost-effective than remedial interventions. This is particularly true of interventions in early childhood, given what we now know about brain development in children's earliest years. Investing in high quality services and supports for children in their early years can save public funds many times over in areas such as the criminal justice system, public health, and





remedial education.

In January 2011, the Scottish Parliament's Finance Committee issued a report at the end of a major inquiry into preventative spending. The committee concluded that: 'Early intervention...can significantly help to prevent to reduce the likelihood of children developing future social problems that may otherwise have necessitated an intervention by the state. The approach has the potential to save relevant public bodies significant sums of money as the number of interventions that they have to provide is thereby significantly reduced.

Prevention and early intervention approaches should include parenting supports and high quality early care and education services, as well as the further development of mechanisms to ensure effective access routes to additional supports for children and families who need them. We welcomed the statement the Minister for Children and Youth Affairs, made when the Government announced the formation of her Department, that prevention and early intervention would be one of the 'core principles' underpinning the Department.

In particular, the establishment of the Child and Family Support Agency presents a significant opportunity to radically rethink and revision the way we design, commission and deliver services for children and families in Ireland. It is essential that the legislation that establishes the new Agency should explicitly state that the functions of the new Agency include *fostering the achievement of positive outcomes for all children in Ireland*. Only if the stated functions of the Agency refer to *all* children will the Agency be able to act effectively through preventative services that are provided on a universal basis to foster positive outcomes and reduce risks for all children. Of course the functions of the Agency must include early intervention, targeted supports for children and families with additional needs, and the well-being of children taken into care, but it is essential that such supports are delivered on a base of universal, preventative services, which need to have expression in the Agency's founding legislation. Sufficient resources must be made available to the Agency in Budget 2013 to make this broad remit meaningful.

### **Recommendations:**

- a) Continue to support prevention and early intervention measures which are proven to provide a long-term return on investment. As part of this, the Government should prioritise preventative health and parenting

supports including the work of Public Health Nurses (PHN) in relation to young children and their families.

- b) Ensure the Child and Family Support Agency (CFSA) has a broad remit that focuses on prevention and on promoting positive outcomes for all children. Provide sufficient resources to the Agency in order for it to deliver this remit.

### **3. Ensure that all children are given the opportunity to participate in society by addressing child poverty**

#### **Financial Supports to Parents for Early Care and Education**

Given the high cost of childcare and the rising level of child poverty, we urge the Government to maintain financial supports for parents with young children.

In 2011 the Department of Social Protection made Child Benefit payments to almost 600,000 families containing over 1.13m children, 416,425 of whom were under 6 years of age. The total expenditure on Child Benefit was in the region of €2.2bn.<sup>10</sup> While this is one of the largest items in the Budget, recent Budgets have already seen a series of cuts to this payment.

At the same time child poverty has continued to increase during the recession with the latest poverty statistics<sup>11</sup> showing that 224,000 children, or almost a fifth (19.5%) of all children in Ireland, were living in households with incomes below the relative poverty line in 2010, the most recent year for which data is available. Individuals in households with children were almost three times as likely to be in debt arising from ordinary living expenses compared with those living in households without children.

While we acknowledge the potential to re-examine the balance of public expenditure between income supports and services, Start Strong opposes any more cuts to income support that are not preceded by an expansion of those services that would support families with low incomes, such as subsidised quality early care and education.

The cost of early care and education for families in Ireland remains among the highest in EU and OECD countries, amounting to more than 50% of the net income of some families.<sup>12</sup> While the Free Pre-School Year reduces costs for some families, it only provides one year of part-time support. Most families with young



children continue to receive no financial assistance with childcare costs, other than Child Benefit.

A proportion of low-income families receive some assistance with costs associated with childcare through the Community Childcare Subvention scheme (if they live close to a service participating in the scheme<sup>13</sup>). The Childcare Employment and Training Support scheme (CETS), provides free childcare places where the main carer of a child is unemployed and joins a FÁS or VEC training programme.

In Budget 2012 a number of reductions were made to the level of CCS and CETS subventions, changes which impact on the sustainability of community childcare services as parents on low incomes find it increasingly difficult to afford these services.

#### **Recommendations:**

- Make no further cuts to the Community Childcare Subvention scheme.
- Maintain the universality of the Child Benefit payment, and make no changes to Child Benefit until measures are put in place to protect families with low incomes.
- Provide a second, earlier Free Pre-School Year for children in disadvantaged areas.

#### **Area based approaches**

In its Programme for Government, the Government made a welcome commitment to the development of area-based, integrated initiatives for children and families.<sup>14</sup> While we do not yet know the detail of the proposal, we believe it offers great potential for developing integrated approaches in which services and supports for young children and their families are brought together to achieve positive outcomes for children. Such approaches are not fundamentally about spending more money, but about achieving more with the resources we have.

A wide range of services and supports are relevant as young children learn and develop – socially, emotionally, physically, cognitively and in their language development – throughout their daily lives, not just in pre-school services. Public Health Nurses, for example, are in a good position to support not just children's health but also their early learning, through the supports they give to parents.

We agree with the Government that, in developing such initiatives, we can learn from

youngballymun and also from other initiatives such as Preparing for Life and Tallaght West CDI, as well as internationally from integrated early childhood initiatives, such as the Sure Start programme in the UK.

We hope the Government's efforts to fulfil these commitments will be steps on the road to the universal provision of integrated supports for young children and their families. While we believe there is a good case for beginning this type of initiative in disadvantaged communities, the aim should be to move incrementally – as resources allow – to roll out such initiatives to all communities. There are two key reasons for this:

- The majority of children from disadvantaged backgrounds live outside designated disadvantaged areas,<sup>15</sup> and such children should not be denied the opportunities available to those living in disadvantaged communities.
- While the benefits are greatest for children from disadvantaged backgrounds, all children benefit from high quality care and education in their early years.<sup>16</sup>

#### **Recommendation:**

- Implement the commitment in the Programme for Government to develop a "new, area-based approach to child poverty, which draws on best international practice and existing services to tackle every aspect of child poverty".

#### **Conclusion**

Finally, we draw attention to the comments by the Minister for Children and Youth Affairs, Frances Fitzgerald T.D., on the publication of the wording of the constitutional amendment on children, that the referendum will change the Constitution so that it protects children, supports families, and treats all children equally. We urge the Government to apply these principles in Budget 2013.

#### **Start Strong**

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

Start Strong is supported by the Katharine Howard Foundation, the Community Foundation for Ireland and The Atlantic Philanthropies.

November 2012

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<sup>1</sup> Department of Children and Youth Affairs, (2012) [Minister Frances Fitzgerald T.D. Publishes Wording for Children's Referendum](#) [Press Release], 19 September.

<sup>2</sup> Department of Children and Youth Affairs, (2012) [Minister Frances Fitzgerald announces preparation of Ireland's first National Early Years Strategy](#) [Press Release], 6 March.

<sup>3</sup> Start Strong (2011) *The Economics of Children's Early Years – Early Care and Education in Ireland: Costs and Benefits*, Dublin: Start Strong

<sup>4</sup> Goodbody Economic Consultants (2011) *Children 2020: Cost-Benefit Analysis*.

<sup>5</sup> K. Sylva et al(2012) *Effective Pre-school, Primary and Secondary Education 3-14 Project (EPPSE 3-14) Final Report from the Key Stage 3 Phase: Influences on Students' Development from 11-14*, UK Department of Education Research Report DFE-RR202

<sup>6</sup> Department of Education and Skills (2011) *Literacy Numeracy for Learning and Life*. Dublin: DES, p.27.

<sup>7</sup> Kathy Sylva et al. (2010). *Early Childhood Matters: Evidence from the Effective Pre-School and Primary Education Project*. Oxford: Routledge

<sup>8</sup> The 2011 OECD report, *Doing Better for Families* (p.60), argues that "cascading" is one of "the three Cs of efficient service delivery" (along with co-operation and co-location): "Cascaded services are universal, and then focused on families in need at later stages". The cascading model is also reflected in the Agenda for Children's Services – Office of the Minister for Children (2007) *The Agenda for Children's Services: A Policy Handbook*, P.23.

<sup>9</sup> Holland, K. (2012) [Burton keen to extend preschool scheme](#). The Irish Times 13 October [Online], Ireland. Available from: <http://www.irishtimes.com/newspaper/ireland/2012/1013/1224325225844.html> [Accessed 22 October 2012].

<sup>10</sup> Department of Social Protection (2012) *Statistical Information on Social Welfare Services* Dublin: Department of Social Protection

<sup>11</sup> Central Statistics Office (2012) *Survey on Income and Living Conditions 2004-2010. Thematic report on children*. Dublin: Stationery Office

<sup>12</sup> OECD (2007) *Benefits and Wages 2007: OECD Indicators*, Paris: OECD, P.129-130.

<sup>13</sup> In some areas of the county, there are no community providers and therefore no financial support for families receiving social welfare payments who wish to use childcare services. For example, there are no community providers in Swords, which has a population of more than 30,000.

<sup>14</sup> Government of Ireland (2011) *Programme for Government 2011* Dublin: Department of An Taoiseach

<sup>15</sup> E. Smyth and S. Mc. Coy (2009) *Investing in Education, Combating Educational Disadvantage*. Dublin: Economic and Social Research Institute.

<sup>16</sup> Kathy Sylva et al. (2010), *op. cit.*

