

Start Strong welcomes the opportunity to make a Pre-Budget Submission to the Government in relation to Budget 2014.

Start Strong is a coalition of organisations and individuals seeking to advance high quality early care and education for young children in Ireland. Our advocacy is built on evidence of the benefits this brings for children, for society, and for the economy.

In recent months the issue of quality in early care and education has come to the fore through the Prime Time investigation, *A Breach of Trust*. The programme highlighted examples of bad practice and mistreatment of children in a number of childcare facilities.

It is essential that the programme is a catalyst for change. Actions must be taken to ensure that in future no child is in a low quality service.

Responding to the Prime Time programme, the Minister for Children and Youth Affairs has announced a series of measures – the Pre-School Quality Agenda – to address some of the deficiencies highlighted. The measures are welcome, but they are just first steps in what must become an ambitious programme of reform. The problems exposed in *A Breach of Trust* are systemic, and the solutions must be systemic.

The forthcoming National Early Years Strategy (NEYS) offers the Government the ideal opportunity to draw up plans for both short- and long-term actions. The systemic reforms that are needed will require significant public investment. Given the on-going commitment to reductions in public spending, it may seem unreasonable to call for additional investment. However:

- We can move incrementally towards the level of public investment required. Budget 2014 must be the first of series of progressive budgets for young children.
- It is an investment that will repay itself. Cost-benefit analyses offer a clear economic rationale for investment in high quality early care and education.

Key recommendations

1. Provide financial backing for implementation of an ambitious National Early Years Strategy:

- Make a policy commitment to a multi-annual programme of rising public investment in services and supports for young children.
- Increase investment levels incrementally year on year, beginning in Budget 2014.
- Support the additional investment through European Structural Funds for the period 2014-2020.

2. Immediately begin investment programmes to address quality concerns such as those highlighted in Prime Time, including:

- A training fund to upskill staff working in services.
- The national roll-out of the Síolta quality framework and Aistear curriculum framework.
- A closer link between public funding and quality standards.
- Additional resources for the Pre-School Inspectorate.

3. Ensure that Budget 2014 has no negative impact on the situation of children living in poverty:

- Protect low-income households in any reform of Child Benefit, and make no flat-rate cut.
- Make no further cuts to the Community Childcare Subvention or Childcare Employment and Training Support subsidies.
- Support prevention and early intervention measures to ensure long-term savings.

Context

The Government is again faced with difficult decisions to make for Budget 2014, with an expected adjustment in public finances of up to €3.1bn. This adjustment is set to be achieved through tax revenues of €1.1bn and €2bn in expenditure reductions. However, as Social Justice Ireland argue in their *Budget Choices*¹ document, the split between increasing tax revenues and reducing public expenditure is a matter for national policy and not directed by the Troika. Despite a burdensome adjustment, the Government does have choices about Budget priorities.

The Nevin Economic Research Institute (NERI) has advocated 'a *growth-friendly and jobs-rich approach*'². Such an approach includes using the savings from the promissory note expenditure in 2014 and 2015 to make a €2.1bn adjustment, as well as encouraging growth through an investment stimulus. NERI also notes that investment in early care and education could be a priority area.

Recent Budgets have seen families with children disproportionately affected by social welfare and tax measures. Cuts to Child Benefit mean that a family with one or two children has seen the Child Benefit payment reduced by over a fifth, with a reduction of a third in the payment experienced by larger families.

TASC's analysis of Budget 2012 found that lone parents and their children were the most negatively affected through changes to both primary and secondary social protection payments.³ In Budget 2013 a family with three children lost €606 per year in cumulative cuts to Child Benefit and the Back to School Clothing and Footwear Allowance (BSCFA).⁴

While the Free Pre-School Year has been retained, the marginal increases in expenditure have been required simply to keep pace with population increases in the number of young children and do not amount to the real increases which will be needed if quality improvements are to be made.⁵

A number of cuts have been made to early care and education which risk harming the quality of provision. In particular, the adult-child ratio in the Free Pre-School Year has been worsened from 1:10 to 1:11, and the funding for local Childminding Advisory Officers has been withdrawn in nearly all counties.

Also, since 1 July 2013 Maternity Benefit has been treated as taxable income, reducing parents' incomes at a life-stage when they face a considerable increase in their cost of living.

Furthermore, the Government has not yet followed through on the promised commitment to a Scandinavian childcare system. In April 2012, the Minister for Social Protection, Joan Burton T.D. announced in the Dáil that she would only proceed with changes in the One Parent Family Payment should a bankable commitment to the development of Scandinavian childcare be made. Not only has such a commitment not been forthcoming, the announcement of 6,000 after-school childcare places in Budget 2013 for parents returning to work does little to move in this direction.

As was argued in the joint paper last autumn by Barnardos and Start Strong, key features of a Scandinavian childcare system would include:⁶

- High quality services, with a high proportion of graduates.
- Universally available and affordable services.
- Joined-up services, with schools, after-school services and early years services all working closely together.
- Family-friendly policies, with strong work-life balance measures and more than one year's paid parental leave.

Recommendations

1. A multi-annual approach to fund increasing investment in the National Early Years Strategy

The forthcoming National Early Years Strategy presents an ideal opportunity to set out a blueprint for the development of early care and education services for the decade ahead.

If the Government is to implement an ambitious National Early Years Strategy, then the Government must commit now to a rising level of investment in services and supports for young children and their families.

Of course, it will be argued that Ireland cannot afford a large increase in expenditure on early care and education in the current economic climate. But if this expenditure is recognised



as an investment that brings large economic returns, especially in the long-term, we can see that it is an investment that is even more important in a period of recession, as a means of laying the foundations for a stronger economy and a healthier society in the future.

The Scandinavian childcare model in Finland, for example, evolved through the Finnish banking crisis of the 1990s. During this crisis, the Finnish Government committed billions to rescuing the banks and real GDP fell 14%. 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 child poverty and educational attainment are excellent.

Cost-benefit analyses of high-quality early care and education programmes in the US have estimated returns of between \$2.50 and \$16 for every dollar invested.⁷ Similarly, a wide range of prevention and early intervention initiatives, including parenting initiatives, have received very positive cost-benefit analyses, including a recent Irish cost-benefit analysis of the Incredible Years parenting programme.⁸

Reviewing the findings of international research on human capital, Professor James Heckman – the Nobel prize-winning economist – concludes that the economic return to investment in children's early years is higher than the return to investment in later childhood.⁹

Currently, the level of investment in early care and education in Ireland is well below international standards. The most recent data from the OECD Family Database indicates public investment in 'childcare and early education services' in Ireland amounted to 0.4% of GDP in 2009, compared to the OECD average 0.7% GDP. By contrast, expenditure in New Zealand was just over 1.0% GDP and expenditure in the Nordic countries ranged from 1.1% GDP in Finland to 1.7% in Iceland.

What is more, the OECD's 0.4% figure for Ireland includes expenditure on 4 and 5 year olds in the infant classes of primary schools. Considering only expenditure on early care and education services *prior to school entry*, expenditure in Ireland amounts to approx. €300m, or less than 0.2% GDP.¹⁰

Higher investment levels will be needed across all aspects of the National Early Years Strategy, including:

- Improving the quality of early care and

education services, with the aim of raising investment to 1% GDP. The shorter-term aim should be to achieve the OECD average of 0.7% GDP.

- Incrementally increasing the duration of paid parental leave to at least 12 months. The latest research from the Growing Up in Ireland study has shown that the length of paid leave is the main determinant of how soon parents return to work after the birth of a child.¹¹ Extending paid leave to 12 months will require increasing expenditure on maternity (or parental leave) benefit from approximately €300m¹² to €600m.
- Increasing investment in child health services, including an expansion in the number of Public Health Nurses, to ensure that all children receive the full programme of child health screening visits.

To this end, we recommend that Budget 2014 should include a commitment to a multi-annual approach to investment in the National Early Years Strategy, with investment rising year-on-year, beginning in 2014.

The significant additional investment required over the years ahead could be partially covered by European Structural Funds.

As Start Strong argued in our recent submission to the Department of Public Expenditure and Reform on the 2014-2020 round of Structural Funds,¹³ there is a strong case for the Government making early childhood education and care a priority action area in its Partnership Agreement with the EU for 2014-2020.

In particular, we recommend focusing Structural Funds on financial support for the training of the workforce in early care and education services.

This focus would reflect EU priorities,¹⁴ and would make a significant contribution to a number of the thematic objectives identified by the European Commission (investing in education and skills; promoting employment and labour mobility; and combating poverty). It would help to remedy major deficits in Ireland's early care and education services. And it would contribute to the financial investment the Government must make if the forthcoming National Early Years Strategy is to have a significant impact.



Recommendation

Provide financial backing for implementation of an ambitious National Early Years Strategy:

- Make a policy commitment to a multi-annual programme of rising public investment in services and supports for young children.
- Increase investment levels incrementally year on year, beginning in Budget 2014.
- Support the additional investment through European Structural Funds for the period 2014-2020.

2. Investing in quality: responding to Prime Time

The abusive way children were treated in the crèches shown in the Prime Time investigation was deeply distressing. The programme also revealed disturbing figures that showed widespread breaches of regulations, insufficient inspections, and a lack of follow-through on non-compliance.

High quality early care and education can be hugely beneficial for children, and we know that there is much good practice in services across Ireland. However, it is clear that there is also bad practice, which – as Prime Time indicated – can be harmful to children.

While the footage in the Prime Time programme showed individual cases, the causes and the risks are systemic. Taking our early care and education system as a whole, quality is variable, and the lack of assurance is unacceptable.

Much of the focus of attention in the programme and in the discussions that followed has been on the inspection system. We most definitely do need a robust and fully-qualified inspection system. Ultimately, however, it is the skills and competences of those working in the sector that will ensure quality.

In 2011 a major European Commission report was published on competence requirements in early childhood care and education and care, known as the CoRe report.¹⁵ It argued that the key to achieving quality is not just competent practitioners but a “competent system”.

We urge the Government to make Budget

2014 the first in a series of Budgets prioritising investment in young children, with immediate investment to address quality concerns such as those highlighted in Prime Time, through:

a) A training fund to upskill staff working in services

Quality in early care and education lies above all in the interactions between adults and children. Those interactions must be positive, warm and nurturing – supporting both children's well-being and their development. The interactions shown on *A Breach of Trust* were the opposite of that.

The research evidence shows that high quality adult-child interactions are most consistently found where those working with children are highly qualified, and where wages are sufficiently high to reduce staff turnover to a low level and to reward staff for the investment they make in their education and training.¹⁶

The qualification level of staff is a key indicator of quality, and high-performing early childhood systems have high proportions of graduates. The CoRe report specifically set a benchmark that 60% of those working in early care and education services should be graduates and that there should be qualified staff in every room.

In Ireland the proportion of graduates is currently 12%. There is also a concentration of more highly qualified staff in rooms with older age-groups, which raises concerns about the quality of care for the very youngest children.¹⁷

Currently staff have to pay for training out of their own pockets. With low wages, and wages for graduates barely higher than for unqualified staff, there is no financial incentive or reward for staff to invest in their own training.

A recent survey carried out by Early Childhood Ireland found that while the average wage of unqualified staff in the sector is €10.10 per hour, the average for those qualified to FETAC Level 5 or 6 is €10.85, and the average wage for graduate educators (Level 7) is just €11.24, implying a minimal incentive for upskilling.¹⁸

It is therefore essential that in Budget 2014 the Government introduces a training fund to provide financial support to subsidise the cost of training. A central aim should be to support the upskilling of those who are already working in the sector, e.g. through grants for part-time courses.



b) National roll-out of the Síolta quality framework and Aistear curriculum framework

There is no plan for the national roll-out of the Síolta National Quality Framework (published in 2006), or the Aistear curriculum framework (published in 2009). The Síolta Quality Assurance Programme remains a pilot and has been limited to a small number of settings. The roll-out of Aistear has been even more limited and is largely confined to the infant classes of primary schools.

National roll-out must take place at all levels of the early years workforce, not just practitioners but also managers, trainers and inspectors. It must also cater for *all* services, not just those with greater capacity. Indeed, addressing low quality must be a priority.

In Budget 2014, the Government must provide sufficient resources to fund a nationwide panel of trainers and mentors for the continuing professional development of the early years workforce, including in relation to Síolta and Aistear, as well as the Diversity and Equality Guidelines.

Budget 2014 should also provide for the introduction of several days per year of paid non-contact time to be built into the Free Pre-School Year and other public funding schemes. Paid non-contact time, based on the model of in-service training for primary school teachers, is essential to enable staff to take up opportunities for continuing professional development.

c) A closer link between public funding and quality standards

Another aspect of the Prime Time investigation that has rightly raised concern is the way public funds flow into childcare services with minimal regard to quality.

Sanctions for low quality services should include not just bigger fines, but also a mechanism to withdraw public funding. While the contract for participation in the Free Pre-School Year already refers to the need for a 'satisfactory level of compliance' with the Regulations, mechanisms must be developed and used to ensure that low quality standards result in the withdrawal of public funding unless standards are raised within a given time-frame.

Furthermore, there are very few quality-raising

incentives built into the three main funding programmes for childcare services (the Free Pre-School Year, the Community Childcare Subvention, and the Childcare Employment and Training Support scheme). One positive exception is a slightly higher capitation grant in the Free Pre-School Year for services with a graduate leader, but there is no requirement that the higher capitation grant should lead to a higher wage for the graduate.

Public funding offers the Government a lever through which it can influence the quality of services provided by independent operators, whether in the private sector or the community sector. And it is a powerful lever, as many services are financially reliant on public funds, especially the Free Pre-School Year.

New Zealand, which has a similar mix of private and community provision to Ireland, has taken the step of linking the level of public funding to quality indicators (such as the proportion of graduates) – and to the cost of achieving quality.

Salaries for qualified graduates working in early care and education services in New Zealand match salaries for primary school teachers, and services are incentivised to employ graduates through higher rates of funding.

The results are impressive. Between 2004 and 2011, the proportion of graduates in the early years workforce rose from 37% to 69%, and the New Zealand Government now has a target of 80% graduates. (In Ireland the proportion is currently 12%.)

In a similar way, the Government should re-design the contracts for both current and future public funding schemes – including a future second Free Pre-School Year – to further incentivise services to improve quality. For example, it could build on the higher capitation grant to incentivize services both to employ graduates and to reward higher qualifications through adherence to agreed salary scales.

d) Additional resources for the Pre-School Inspectorate

A major feature of the Prime Time investigation was evidence of widespread breaches of regulations, lack of follow-through, and the limited range of questions addressed by the inspection system. While ultimately it is the skills and competences of those working in the sector that will ensure quality, one factor lying



behind the problems identified in the programme is the inspection system.

Firstly, the moratorium on public service recruitment has reduced the size of the inspectorate. Parts of the country have not been adequately covered. It is essential that these gaps are filled.

Secondly, there have been limitations in the nature of the inspection and the types of inspectors recruited. Most of the Pre-School Regulations are concerned with 'structural' dimensions of quality, such as adult-child ratios, and health and safety requirements. There is much less focus on the quality of interactions between adults and children. Linked to this, those who carry out inspections are Public Health Nurses and Environmental Health Officers. They are not required to be trained or qualified in early childhood care and education.

Budget 2014 should provide additional resources to recruit more inspectors. In expanding the inspectorate, it will also be essential to broaden the composition of inspection teams to include inspectors who are trained and qualified in early childhood care and education.

With the pre-school inspectorate moving into the Child and Family Agency, it will be important that an increase in resources for the inspectorate in Budget 2014 should not lead to a reduction in funding for other services provided by the Child and Family Agency.

Recommendation

Immediately begin investment programmes to address quality concerns such as those highlighted in Prime Time, including:

- A training fund to upskill staff working in services.
- The national roll-out of the Síolta quality framework and Aistear curriculum framework.
- A closer link between public funding and quality standards.
- Additional resources for the Pre-School Inspectorate.

3. No negative impact on children living in poverty

Recent cuts to Child Benefit, as well as other Budget measures such as the taxing of Maternity Benefit, have put additional pressures on families whose incomes are already stretched.

Households with children have been badly hit by tax and social welfare measures introduced in recent Budgets. As a result, more and more families are struggling to make ends meet, and more and more children are growing up in poverty. The cumulative impact of cuts in social protection, health, education and housing and the failure to invest in services and supports for children mean that families with children have been disproportionately affected by the downturn.

In particular, Child Benefit has been cut from a peak of €166 - € 203 per month per child to the current rates of € 130 - € 140.

Start Strong along with our colleagues in the End Child Poverty Coalition¹⁹ support the reform of Child Benefit and other child income supports. However, while the End Child Poverty Coalition has advocated the introduction of a two-tier model of child income supports, we are concerned about aspects of the reform proposed by the Advisory Group on Tax and Social Welfare.²⁰ It will be essential in Budget 2014 that low-income households, in particular families eligible for Family Income Supplement, are fully protected in any reform of child income supports.

Given the high cost of childcare in Ireland, the Community Childcare Subvention and the Childcare Employment and Training Support schemes are critical supports for families with low incomes. Changes in Budget 2012 saw significant cuts to subsidy rates for both these payments. For a family with a low income, even a small cut in a subsidy can have a major impact. Budget 2014 should at least make no further cuts to levels of subsidy.

Budget 2014 must also provide further funding for the Area-Based Approach to Child Poverty Initiative, following through on the commitment made in the last Budget to see funding rise from €2.5 million in 2013 to €4.75 million by 2015.

In further developing the Area-Based initiative, the priority must be to ensure the possibility of mainstreaming effective initiatives and approaches. The majority of children from disadvantaged backgrounds live outside



designated disadvantaged areas,²¹ and such children should not be denied the opportunities available to those living in disadvantaged communities.

Recommendation

Ensure that Budget 2014 has no negative impact on the situation of children living in poverty:

- Protect low-income households in any reform of Child Benefit, and make no flat-rate cut.
- Make no further cuts to the Community Childcare Subvention or CETS subsidies.
- Support prevention and early intervention measures to ensure long-term savings.

Start Strong

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

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¹ Social Justice Ireland (2013) [Budget Choices](#). Dublin: Social Justice Ireland.

² Nevin Economic Research Institute (2013) *Quarterly Economic Observer*. Dublin: NERI, p.i.

³ TASC (2011) *Roadmap to Greater Inequality: TASC's Response to Budget 2012*. Dublin: TASC.

⁴ TASC (2012) *Lost Opportunities: TASC's Independent Equality and Economic Analysis of Budget 2013*. Dublin: TASC.

⁵ Department of Children and Youth Affairs (2011) [Minister Fitzgerald Welcomes Securing Future of Universal Free Pre-School Year](#) [Press Release], 5 December.

⁶ Barnardos and Start Strong (2012) *Towards a Scandinavian Childcare System for 0-12 Year Olds in Ireland?* Available at www.startstrong.ie.

⁷ Start Strong (2011) *The Economics of Children's Early Years – Early Care and Education in Ireland: Costs and Benefits*, p.14. http://www.startstrong.ie/files/Economics_of_Childrens_Early_Years.pdf

⁸ McGilloway, S. et al. (2009) *Proving The Power Of Positive Parenting: A Randomised Control Trial To Investigate The Effectiveness Of The Incredible*

Years Basic Parent Training Programme In An Irish Context (Short-Term Outcomes). Archways and NUI Maynooth.

⁹ Heckman, J. (2006) *The Economics of Investing in Children*. Dublin: UCD Geary Institute, Policy Briefing No.1.

¹⁰ Expenditure for 2012 included the Free Pre-School Year (€175m), childcare supports for low-income families – i.e. CETS and CCSS (€80.9m) and funding for childcare workers through the Community Employment Scheme (€22.4m). Other items include County and City Childcare Committees (€11.3m); Voluntary Childcare Organisations (€2.8m) and the Early Intervention Programme (€1.6m). The National Childcare Investment Programme (€1.6m). The total figure does not include some related expenditure by other Departments (e.g. the Early Start Programme).

¹¹ McGinnity, F., Murray, A. and McNally, S. (2013) *Mothers' Return to Work and Childcare Choices for Infants in Ireland*. Dublin: Department of Children and Youth Affairs.

¹² Department of Social Protection, (2013) *Statistical Information on Social Welfare Services*. Dublin: Department of Social Protection.

¹³ Available at www.startstrong.ie.

¹⁴ European Commission (2011) *Early Childhood Education and Care: Providing all our Children with the Best Start for the World of Tomorrow*, COM (2011) 66 final, p.9.

¹⁵ 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*. Available at: http://ec.europa.eu/education/more-information/doc/2011/core_en.pdf

¹⁶ Melhuish, E. (2004) *A Literature Review of the Impact of Early Years Provision on Young Children*, London: National Audit Office, p.55; National Research Council and Institute of Medicine (2000) *From Neurons to Neighbourhoods: The Science of Early Childhood Development*, Jack Shonkoff and Deborah Philips (eds.), Washington D.C.: National Academy Press, p.314-8; Mathers, S., Sylva, K. & Joshi, H. (2007) *Quality of Childcare Settings in the Millennium Cohort Study*, London: Department of Education and Skills, pp.7-10.

¹⁷ Pobal (2013) *Annual Survey of the Early Years Sector, 2012*. Dublin: Pobal.

¹⁸ Early Childhood Ireland (2012) *Early Childhood Ireland Salary Survey 2012*, <http://www.earlychildhoodireland.ie/policy-advocacy-and-research/salary-survey-2012/>

¹⁹ Members of the End Child Poverty Coalition - Barnardos, the Children's Rights Alliance, Focus Ireland, the National Youth Council of Ireland, OPEN, Pavee Point, the Society of St. Vincent de Paul and Start Strong.

²⁰ End Child Poverty Coalition (2013) *Position Paper on Reforming Child Income Supports*. <http://www.endchildpoverty.ie/publications/documents/ECPCPositionPaperReformingChildIncomeSupports.pdf>

²¹ Smyth, E. & McCoy, S. (2009) *Investing in Education, Combating Educational Disadvantage*. Dublin: Economic and Social Research Institute.

