

SUPPORTING AND SECURING THE FUTURE OF IRELAND'S CHILDCARE SECTOR



INDEPENDENT EARLY EDUCATION AND CHILDCARE PROVIDERS

BUDGET SUBMISSION 2019

Foreword

The continued viability of Ireland's early education and childcare (EEC) services sector is at risk.

Inadequate State supports, difficulty recruiting and retaining staff, excessive regulations and rising costs all threaten the sustainability of EEC services.

Quality EEC services have the potential to make a significant contribution to the wellbeing and development of our youngest children.

While we acknowledge the reforms and investment that Government and the Minister and Department of Children and Youth Affairs have introduced in recent Budgets to increase access to EEC services and to enhance its affordability, there is an urgent need for more reforms. Maximising this sector's potential will require significant and sustained investment from Government.

The piecemeal, incremental approach to reform is failing our children, families and all those who work in the sector. We need a radical overhaul of the early years sector, an ambitious plan for extensive long-term investment, and a Government commitment to prioritising early education and care.

Ireland has shirked responsibility for the cost of EEC for decades. We are seeing the results, with embedded problems around affordability, access and staffing affecting parents at all socio-economic levels, particularly lower income families.

Parents are under incredible pressure to provide for their children in the absence of sufficient supports from Government. For many working families whose children are in full day-care, the cost of EEC represents a second mortgage. This is a particular disincentive to women considering returning to work after becoming a mother. As a society, where mothers or fathers choose to participate in our workforce, we should support them.

As Ireland's independent childcare providers at the coalface of the provision of EEC services across Ireland, with tens of thousands of children under our care, Seas Suas's primary goal is to develop a better system of EEC services that benefits children, their families, our staff, and our members.

Putting the earliest years of our children first will give them the best possible start in life, while also supporting families and society at large. For this reason, early years care and education should be a central Government concern.

In this Submission, Seas Suas puts forward four priority areas for the Government to put front and centre of spending on quality early years care and education as part of the annual Budget.



In short:

1. A level of **state investment** that demonstrates the Government's commitment to early education and childcare, providing adequate supports for children and parents and facilitating an increased role for women in Ireland's workforce.
2. A commitment to **fund the sector** adequately in order to improve pay and conditions for staff. This is the only long-term solution to the current staffing crisis faced by the sector, making childcare an accessible and attractive career.
3. A **fair and level playing field** for all childcare facilities in Ireland by removing State-imposed charges (particularly commercial rates) on private entities delivering public schemes.
4. In consultation with active provider representatives, particularly those providing full day-care, **align policy** across sectors to include childcare as a core part of social legislation.

To be clear, Seas Suas's comments and proposals are made in respect to the regulated childcare sector.

We look forward to continued engagement with the Government on the development of childcare policy and increased public investment to ensure that we are reaching the right areas and people who need the support.

Regina Bushell

Chairperson of Seas Suas

Priority Proposals

1. State investment

Government to commit to spending 1% of GDP on early education and childcare services within five years.

A start could be achieved by increasing the subvention on introduction of the Affordable Childcare Scheme (ACS), in addition to the widening of the bands which determine the level of supports to parents.

Ireland is one of the most expensive countries in Europe for parents using EEC services with 35% of a family's average income spent on it. This is due to a lack of Exchequer funding in the sector in comparison to other countries.

A 1% GDP investment would bring us into line with European norms. Today, we spend just 0.2% of our GDP on our youngest children making Ireland a notable outlier for its EEC costs, which vastly exceed Government subventions.

This has a broad economic impact on our attractiveness to highly skilled workers and companies considering setting up in Ireland. It also affects our ability to support low-income families and mothers entering or re-entering the workforce, as well as causing economic hardship to working parents.

Without affordable, accessible, high-quality EEC, many parents will not be able to enter, remain in, or re-enter the workforce. At a time of a squeezed labour market we need to keep parents in the workforce – not drive them from it!

Give women the option of returning to work.

Lack of investment particularly inhibits female participation in the workforce which hurts economic development and productivity.

According to the most recent Quarterly National Household Survey (QNHS) figures from the CSO, the gap between male and female participation stands at 14.2 percentage points (67.8pc vs 53.6pc).

In 2016, the employment rate in Ireland for women was 59.5%, below the EU average of 61.4% and the eleventh lowest in the EU.

The employment rate for women was above 70% in Sweden, Denmark, Germany and the Netherlands, which also have high levels of State investment in childcare.

While increases in childcare subsidies will impose a net budgetary cost, they are partially self-financing as the resulting increase in female labour market participation also leads to higher revenues.

Reduce costs for parents.

Without quality and affordable childcare services that parents want to use, it will be difficult to lift the female participation rate without reducing the male participation rate, negating the positive macro-economic impact of having more people at work outside the home.

Childcare represents the largest additional cost associated with taking up employment, thus acting as a disincentive to work, especially for second earners in dual-earning couples.

According to IBEC, when you factor in childcare costs in Ireland, a second family income is diminished by an average of 92%, resulting in massively reduced incentives to participate in the workforce.

Many mothers have no option other than to leave their career or take an extended, unwanted career break. This forced absence from the labour market contributes to a gender pay gap, career earnings gap and less gender balance in decision-making roles.

As Ireland now reaches full employment, access to affordable childcare is not just a concern for women or families, but a significant societal and economic issue that will impede our further growth unless meaningfully addressed through increased State supports for families.

Seas Suas calls for the Affordable Childcare Scheme subsidy to double to €40 per week (from the current €20 per week).

The universal element of the More Affordable Childcare Scheme provides a subsidy of €20 per week per child to help parents cover the cost of childcare. This amount represents less than 10% of the average national monthly cost of EEC.

We are calling on the Government to double this subsidy to €40 in the Budget 2019 and implement it in November 2018, rather than postponing until September 2019 as has been happening with increases in recent years. Increasing this from €1,040 to €2,080 per annum to assist parents with EEC costs would boost access to high-quality, affordable EEC services for all children irrespective of background or social status and bring it more in line with the current ECCE payments.

Reforming the AIM Scheme.

Funding in the Budget 2019 should address anomalies that have arisen that prevent children with greater needs attending ECCE sessions and availing of AIM/Better Start supports where these children attend special units outside of ECCE. This runs contrary to the whole thrust of AIM which is to include children where at all possible interacting in a mainstream setting. This would involve additional Level 7 staffing supports, allowing for more one-on-one staffing allocation time for children with specific learning and care requirements (see Section 2).

Consideration should be given to increase funding by extending AIM support to children attending full day-care and not just restricted to ECCE sessions, which in some cases is not for the full duration of the ECCE session and therefore does not meet the individual needs of the child.

We would propose an increase in the maximum capital grant for alterations above €7,000 to make EEC facilities more accessible for children under the AIM Scheme. The current levels do not allow for effective changes and adaptations to facilitate the intake of children who require specific arrangements. Children should not be left outside the system due to their disabilities.

Over the longer term, Government must commit to achieving the target of annual spend on EEC reaching 1% of national GDP within 5 years.

2. Salary subvention to address staffing crisis

A Government commitment to subvention of staff salaries must form part of the wider initiatives to improve wages for EEC workers.

With employment growing and more parents returning to full-time work, the growing problem of staff shortages will worsen. In many parts of the country, staff shortages are now placing the continuation of some services at risk. This will undoubtedly result in an acute reduction in available provision.

For our members, pay is the most important issue for attracting and retaining staff. Low wages are a barrier to entry in the sector which contributes significantly to the staffing crisis.

While Seas Suas supports the concept of pay scales, however, neither providers nor parents are in a position to fund such pay increases. A recent Seas Suas survey, found that 94% of our providers stated that their parents couldn't afford substantially increased fees of the order that would be required to implement increases in pay.

It is therefore vital to the future of EEC in Ireland that the Government commit to subvention of staff salaries.

As a country, we have been slow to invest in our children's' earliest experiences and development, with a big difference between what we invest for primary school children and pre-school children.

The Government spent €3.71bn on the salaries of teachers in primary, secondary, comprehensive and community schools in 2018. They recognise the value that this investment in our children provides to society.

Contributing to the salaries of early education and childcare staff would be an extension of this principle and recognition that our children's earliest years are vital to their health, socialisation and well-being ensuring each child meets its full potential.

The AIM Scheme is also negatively impacted by the lack of available staff. The scheme has been a very positive development in early education, as getting supports to children who need extra help in childcare and early education is hugely important.

Ensuring that children with disabilities get the supports they need, and that every family has access to their choice of affordable childcare and early education, should be priorities. However, the staffing crisis undermines the pursuit of these goals.

3. Reduce the burden of State-imposed charges on EEC providers

Exempt EEC providers from commercial rates.

Some EEC facilities are charged local authority rates while others are not. Rates also vary throughout the country depending on the local authority involved. This creates a situation of inequality among EEC providers. In fact, services conducted in higher quality purpose-built facilities are penalised even further, as these are rated higher by the valuation system.

EEC is not the same, and cannot be treated the same, as other commercial enterprises. In many cases, independent EEC providers are administering and delivering publicly funded services, provided for under public sector schemes, such as the CCSP and TEC schemes, as well as the ECCE scheme.

The sustainability of the economy depends on a healthy, functioning EEC sector which supports working parents. Charging rates undercuts the purpose and effectiveness of EEC sector.

Furthermore, EEC providers who provide only the ECCE scheme, or those located on the grounds of primary schools, are exempt from commercial rates, while those on private sites continue to pay full commercial rates. They are more often than not private providers in both scenarios. This is anti-competitive and against the spirit of EU competition law.

This difference in treatment gives an unfair advantage to some providers.

A level playing field where all EEC providers are exempt would ultimately benefit the State and the wider economy, as it would eliminate a significant, contributing factor to high costs.

We welcomed Minister Zappone's recent submission that cutting rates for childcare facilities should be applied across the board. We now look to the Ministers of Finance and the Environment to follow up on these calls in Budget 2019.

Timeline for the capital funding process.

The Department of Children and Youth Affairs must develop a strict eligibility requirement and timeline for the completion of the funding application process.

Capital funding opportunities should be advertised no later than January of the relevant year, with an application deadline in March and decisions about funding finalised and published no later than May.

It is essential that services are given the information they need before the summer to plan effectively for the next programme year (September), and are given a minimum of 12 months after grant approval to complete the proposed capital project.

4. Aligning cross-sectoral policy

When formulating planning guidelines, ensure joined-up thinking on new housing and school developments and existing EEC providers.

The current planning standards which require 20 EEC spaces for every 75 new residential units do not take into account existing EEC capacity in the vicinity of such developments.

While Seas Suas agrees that ensuring adequate EEC facilities is fundamental to sustainable urban development, this requirement at planning stage is too rigid and is creating problems of its own.

Too often, developers are installing purpose-built EEC facilities to satisfy the rigid planning requirements as a box-ticking exercise without proper consideration for the capacity of well-established and experienced existing EEC provision to meet new demand. The requirement also leads to the proliferation of small, financially unviable childcare facilities instead of well-planned sustainable provision.

Seas Suas proposes that a review of existing capacity in early years care and education must be undertaken by the relevant planning authority, with additional capacity needs assessed on a case-by-case basis as part of the planning process and not an ad hoc rule of thumb as is currently the case.



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About Seas Suas

Seas Suas is the voice for independent early education and childcare providers in Ireland.

Working on behalf of early education and childcare providers, Seas Suas seeks to bring constructive reform to the sector and ensure that sustainable, quality services are available to parents and children throughout Ireland.

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