



SEAS SUAS

**Written Submission to the Oireachtas Special
Committee on COVID-19 Response**

17 JUNE 2020

INTRODUCTION

1. The response to this childcare crisis continues to be short-sighted, confusing and lacking in detail. The crisis in childcare is not about reopening, it is about staying open - funding and sustainability is key. You have correctly identified a number of issues which the Committee is particularly interested in receiving views on. These are all very relevant and central to the reopening of childcare provision in seven short days.
2. However, for us, the **critical issues** to be dealt with as a matter of urgency to ensure ELC centers will reopen and stay open are:
 - **Funding** - the funding package announced falls short. €75 million has been committed, but €130 million for the six months to the end of this year is required (as per Seas Suas's funding model calculated by the sector)
 - **Administration** - the administration burden related to the registration of children cannot be undertaken at this juncture, when children will have to be re-registered in six weeks when the new contracts are issued to services
 - **Cross-Government Response** - a cross-government financial support model is required. There continues to be a lack of understanding as to the true nature of the crisis in childcare, both from a financial perspective in the short term and a sustainability of services in the medium to long term.

CONTEXT TO THIS SUBMISSION

3. The challenge facing independent early learning and care (ELC) providers is stark. COVID-19 has temporarily closed childcare services since 12 March and its impact has created operational complexities and significant immediate financial implications for many.
4. It cannot be over emphasised how the consequences of closure of services extend beyond parents and providers to the wider economy. Any inability of the wider population to return to work due to a lack of childcare support means economic recovery and productivity is blunted, with negative consequences to the overall national challenge. This will impact significantly on exchequer returns.

5. The ELC sector now faces an unprecedented financial hurdle in reopening services with the following challenges:
 - Overheads
 - Deferred costs
 - Recruitment of additional qualified staff
 - Recruiting staff from abroad with two weeks isolation period
 - Significant reduced capacity (we anticipate one in four will return) particularly in certain areas of the country
 - Additional administration burden without logical reason and resources
 - Confusion and the absence of clarity on whether children have to be re-registered prior to services opening and all the additional stresses this will have for both providers and parents

6. The DCYA's Advisory Group has provided a forum in recent weeks to discuss the challenges of reopening services, particularly the practical and logistical implementation of new health and safety requirements around social distancing and cleaning. However, there remain significant outstanding concerns among many providers. We set them out in further detail below.

SOLVING THE REMAINING ISSUES

7. Let us be clear: we wholly recognise and welcome Minister Zappone and DCYA's efforts to provide both logistical and financial support to the ELC sector thus far. Seas Suas recognises the level of work undertaken through our engagement with the DCYA to date.

8. However, the reality of the cost of reopening and sustaining childcare services over the coming year must be acknowledged by all government departments. Seas Suas, being the voice of independent full daycare providers, is urging all relevant government departments to be cognisant of the importance of the sector to the economy and society. As providers, we ask for meaningful financial assistance that is sustainable.

9. Childcare services are highly regulated entities and incur high compliance costs, in addition to the general operating costs of providing a service. Our members have raised their concerns and outlined the challenges with reopening services and staying open – the challenge is a financial one. The funding to date, while welcome, does not come close to meeting the financial costs of reopening and staying open.

Of the almost 200,00 children in daily childcare services, some 70% - 136,598 children - are cared for every day by independent providers.

10. We anticipate one in four may return to childcare, while our operating costs remain, with significantly increased additional costs due to the additional health and safety measures required.

- **FUNDING FRAMEWORK**

11. Seas Suas fully recognises that any support is better than none and is to be welcomed. The extension of the wage subsidy (which is available to most businesses) makes a difference. The following however are issues with the scheme:

- There is a shortfall between the subsidy amount and the actual salary of a staff member
- New staff are not covered under the scheme and will need to be paid from existing resources
- The scheme has a hard stop at the end of August

The following table outlines the Demand v Demand Decrease:

TABLE 1: 2019 v 2020 DEMAND COMPARISON

TIMELINE		NUMBER OF CHILDREN		DEMAND DECREASE	
		2019	2020	Children	%
PHASE ONE	JULY AND AUGUST	136,598	34,149	102,449	75%
PHASE TWO	SEPTEMBER AND OCTOBER	136,598	68,297	68,301	50%
PHASE THREE	NOVEMBER AND DECEMBER	136,598	102,449	34,149	25%

12. As outlined in the above table, Seas Suas estimates an overall demand level collapse at up to 75% in the immediate first phase, decreasing proportionally in the two subsequent phases. This has a huge impact – decreased numbers with increased costs.
13. In our own detailed [Funding Model Submission](#) to both the Departments of Children and Youth Affairs and Public Expenditure and Reform, we estimated that support of €130 million over six months to the end of this year is required.
14. Our proposed framework is founded on a sliding scale to meet the need over the longer-term. With such pressure on the State, we believe that a blanket one-off financial package would not reap the most efficient outcomes for the sector or the taxpayer and strongly advocate for a forward-looking, dynamic approach to supporting the sector, its workers and parents.
15. The table below summarizes the Framework in total over the period 1 July to 31 December 2020.
16. Further detail can be found in our submission document.

TABLE 2: FUNDING FRAMEWORK SUMMARY

PHASE	AMOUNT
One: July/August	€24,595,993
Two: September/October	€71,679,097
Three: November/December	€35,839,049
TOTAL	€132,114,139

17. The advantages of our proposed framework are as follows:

- **Impact:** it meets the short-term financial crisis both immediately and for the next six months as the overall economic recovery journey commences
- **Complimentary:** it is in line with the various existing childcare service types and thus can be applied and verified through existing administrative structures
- **Cost:** the hourly cost rate is in line with existing Government rate applications for childcare service types
- **Responsive:** its reducing scale methodology means that it is responsive to the demand pattern. If demand is higher due to more children returning to creche, then the level of supports can be adjusted downward accordingly
- **Transparency:** as the framework aligns with existing schemes, it means it can be verified, thus ensuring it is transparent to DCYA/Gov agencies
- **Overall recovery:** as we have seen with essential workers to date, childcare services are an enabler. Parents need an income. Employers need parents. The Government needs parents' and employers' taxes. For all of this to be realized, each group shares a core need: Childcare.

- **Unless and until childcare services and stay open, the country's overall ability to commence the recovery journey is dented.**

- **CAPITAL GRANTS**

18. The practicality of capital support for works that may have to be completed in 7/10 days are a concern. Services have no clarity on when they will get reimbursed for this expenditure. All the while, some services require larger re-opening funds and less capital funding. Seas Suas has been advised that this cannot happen. There is also uncertainty around the detail of new contracts and agreements announced by the Minister as conditions for access to grants. We require clarity.

- **ADMINISTRATIVE BURDEN**

19. Providers have significant administrative requirements to meet and we are very accustomed to high levels of paperwork in this sector. It is of the utmost importance to ensure accurate monitoring and reporting where the care of children is concerned. This involves facilitating

many schemes in addition to all of the regulatory reporting mechanisms. The management of government funding is enormous and demands huge resources.

20. We do not dispute the need for robust administrative processes - but there must be a balance. With such a short time from to reopening, we question the DCYA's request of us to re-register all children in our services at a time of enormous operational challenge - the responsibility of implementing health and safety protocols and the induction and training of staff to working in the post-COVID environment is significant.

21. We offer a solution: we propose that the children are reregistered under their current contract and those that leave would be documented. This is already done under the Tusla register. All children will be re-registered in six weeks when the new contracts are issued by Pobal.

22. Seas Suas therefore believes that there is a solid framework for tracking existing children in the system in place through the National Childcare Scheme. This would significantly reduce the burden placed on providers, enabling services to address the practical rearrangements required to meet the health and safety procedures necessary for reopening.

- **PARENTAL COMMUNICATION**

23. Above all else, we must seek to reassure parents that our facilities are safe for their children to return to and that all staff will recreate the safe and welcoming environment that the child had heretofore. This has been facilitated by the various documents from the DCYA and Tusla.

- **CROSS-GOVERNMENT APPROACH**

24. Financial decisions must be taken with a full understanding of the true nature of the crisis in childcare - a crisis which runs long and deep.

25. While Government as a whole has acted quickly to respond to the challenge of the pandemic, there has been a somewhat piecemeal approach to providing ongoing support for the various sectors. In our view, there continues to be a lack of cross-government coordination across a range of matters that impact the ELC sector. Seas Suas has consistently called for the Minister for Finance and Public Expenditure to join the talks to support the sector and to engage in the planning for reopening and staying open.

26. The recovery process is a national one and the childcare sector cannot move in silos from the rest of the country's economic planning. Without cross-departmental consideration and commitment, we risk falling at the first hurdle – a risk that many childcare providers cannot and will not take.
27. The recent government formation talks and subsequent Programme for Government provide a unique opportunity to consider now how to reset our approach to childcare over the next four to five years, recognising the fundamental role it plays in our economy - as well as the role of independent providers.

WHERE DO WE GO FROM HERE?

28. Seas Suas is hopeful that many of its members will be in a good position to reopen from 29 June, though we cannot say for certain. We can also not say for certain how long they will be able to stay open. Indeed, the complex impact of Covid-19 on childcare is not an easy one to resolve. But until we think beyond days, root decisions in financial realities, and grasp how key childcare is to wider economic recovery, this crisis will continue. In conclusion:

Funding

29. The funding package announced falls short. €75 million has been committed, but €130 million for the six months to the end of this year is required - as per our own funding model calculated by the sector.

Administration

30. The administration burden related to the registration of children is not logical and services will not be able to carry them out.

Cross-Government Response

31. A cross-government financial support model is required. There continues to be a lack of understanding as to the true nature of the crisis in childcare – it is a financial one.



32. We urge the Committee and Government to consider our submission and the recommendations outlined that will support providers in both meeting the 29 June deadline head on, whilst also providing the stability needed for these services to stay open in the coming months.

ENDS