



## Submission on the Development of a new Affordable Childcare Scheme in advance of ECI's meeting with DCYA

Thursday 8th December 2016

### Background

On Friday 28<sup>th</sup> October, the Minister for Children and Youth Affairs, Katherine Zappone TD, published the Policy Paper on the new Affordable Childcare Scheme for Ireland and launched an accompanying online consultation process on the scheme. ECI actively encouraged our members, their staff and parents in their services to complete the survey and in order to inform members in advance of the consultation deadline on Friday 25<sup>th</sup> November, we ran a series of regional meetings in Dublin, Cork and Galway. More than 70 members attended these meetings and many others communicated their views by email and telephone. The new Affordable Childcare Scheme (ACS) represents a significant change to the current structure of Government funded childcare provision. ECI and our members feel that a four-week consultation period to respond to a document of this length and complexity is insufficient and that the method of consultation, the restrictive online survey, was designed for parents rather than the sector, who will ultimately be responsible for implementing the scheme on the ground.

In response, ECI sought this meeting with DCYA on Thursday 8<sup>th</sup> December to discuss a number of concerns and challenges identified by our members. In addition to Teresa Heeney, CEO, and Amy McArdle, Policy Officer, our delegation includes seven members of ECI's Policy and Implementation Panel who will expand upon the specific issues of concern raised at our regional meetings. They are:

1. Caroilin Callery, Owner/Manager of Nurture's Best Creche, Tarmonbarry, Co. Roscommon;
2. Karen Clince, Managing Director of Tigers Childcare;
3. Valerie Gaynor, Manager of Creative Kids, Walkinstown;
4. Paula Hilliard, Owner/Manager of Sundancers Montessori, Castlepollard, Co Westmeath;
5. Breda Joyce, Manager of Frenchpark & Districts Childcare Ltd; Co Roscommon;
6. Audrey Kiernan, Manager of Cherish Childcare, Co. Kildare;
7. Gillian Murphy, Owner/Manager of Nourrice Crèche, Clonard, Co Wexford.

ECI sees this meeting as the first step in a period of meaningful and collaborative consultation with DCYA to ensure that the scheme, when commenced, represents a move toward a model of childcare in Ireland that can deliver: the best **quality** care and education for children in the most formative years of their development; viability and **sustainability** for both early childhood services and their staff; and access and **affordability** for parents to childcare facilities and services.

ECI is seeking assurance from DCYA that the voice, opinion, and input of the sector will be fully incorporated into the continuing development of the scheme.

### Quality, sustainability and affordability: the three essential, interconnected pillars of a robust, functioning and desirable childcare system

ECI is acutely aware that the cost of childcare is unaffordable for many parents and given the parallel crisis in the housing and private rental market, many families are struggling to cope. We welcome the efforts by the Minister and DCYA to tackle the problem of affordability through the ACS but affordability cannot be addressed in a vacuum. The sector is beset by a number of interconnected challenges. Well qualified staff are essential for the delivery of a quality early education and care system for children. The increasing difficulty faced by providers in retaining and recruiting well qualified staff will not be resolved without dealing with the low pay and poor conditions in the sector. Low pay cannot be addressed without proper funding models that also support sustainable business models for childcare provision. The viability of services depends on such funding models and ultimately, there can be no positive progression in any of these areas without significant investment by Government. For the ACS to work, it must address quality, sustainability and affordability together as the three essential, interconnected pillars of a robust, functioning and desirable childcare system.

### Overarching Concerns

The stated objectives of the scheme to promote (i) a reduction in child poverty, (ii) positive child development outcomes, (iii) labour market activation and (iv) improved quality are laudable. However, it does not appear to ECI that the focus of the scheme actually reflects the priorities in this order or that the scheme, as currently proposed, is capable of addressing all the objectives. For example, we are disappointed to see 'improved quality' as the last stated objective, especially since it is intrinsically linked to the second objective to improve child development outcomes.

We know that early education and care matters to children and communities and that investment in early years is a cost effective way of promoting economic growth. We also know that there are no returns on investment if quality in early childhood services is not maintained.<sup>1</sup> The early care and education (ECE) workforce is one of the most influential determinants of quality in the ECE sector.<sup>2</sup> It is the quality of relationships, the nature of the interactions and the ability of the adult to support children’s early learning that matter and impact on children’s social, emotional and cognitive outcomes. High quality adult-child interactions are most often found where the people working with children are highly qualified and where wages are sufficiently high to minimise staff turnover and to reward staff for the investment they make in their education and training.

The cost model for ACS, as currently proposed, does nothing to address professionalisation and the staff pay and conditions crisis in the sector. Furthermore, it has been conceived on the inaccurate premise that the current financial model operating in the ECE sector is working.

This runs contrary to the findings of two recent studies into the cost of providing quality childcare, ECI’s *Doing the Sums* and the report by South Dublin County Partnership et al. *Breaking Point: The challenge of securing sustainable Early Years Services to support children and families most at risk of poverty*. Both *Doing the Sums* and *Breaking Point* are referenced in support of DCYA’s proposed cost model and are among the research that DCYA’s ‘hourly’ cost of childcare was based. This is extremely worrying to ECI. Our findings clearly show that the current financial models are inadequate and only work where the majority of the sector are breaking even at best and its workforce are low paid and employed increasingly on a part-time/38-week basis.

In *Doing the Sums* ECI found that the average rate of pay for an Early Years Educator in Ireland is €11.12 per hour. Accordingly, an Early Years Educator working in a pre-school service operating a single ECCE session will earn as little as €6,338 per annum and an Early Years Educator working in a pre-school service running two ECCE sessions per day will only earn €12,677.

**Single ECCE session per day**

15 hours per week x €11.12 per hour x 38 week contract = €5,854 per annum

**Two ECCE session per day**

30 hours per week hours per week x €11.12 per hour x 38 week contract = €12,677 per annum

We find it both alarming and unacceptable that an Early Years Educator in a one-parent family with children, where working two ECCE sessions per day is themselves living in consistent poverty according to the analysis by Social Justice Ireland (2016). Furthermore, their children would be entitled to the maximum rate of subsidy toward childcare costs under the targeted scheme.

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<sup>1</sup> Melhuish, E. (2011) ‘The Early Years and Later Development-Evidence and Social Policy’ Presentation to Growing Up in Ireland Conference. Dublin, December 2011.

<sup>2</sup> CoRe Report of the European Commission (2011).

We also note with concern the positive soundings in the Policy Document around the use of an hourly rate for childcare subsidies encouraging providers to charge an hourly rate for childcare. Our findings show this is anything but positive. The use of hourly rates, drop-in services and non-consistent childcare arrangements is at the very core of the sustainability challenge facing the childcare sector.

Getting the cost model right is imperative to the success of the scheme for children, families and operators and the survival of the sector. ECI is very concerned that the ACS is being rolled out before conducting and publishing an independent review of the cost of providing quality childcare in private and community settings, consistent with the principle of ongoing professionalisation of the sector, as per the Programme for Partnership Government commitment in May 2016.

A commitment to the principle of ongoing professionalization of the sector can be shown through the development of an Early Education and Care Workplace and Professionalisation Plan, an agreed salary scale for Early Years Educators and proper provision for non-contact time (a minimum 10% of contact hours) and CPD for staff, all of which ECI advocates for and all of which are absent from the current cost model.

Ultimately, this should be a **scheme for children** with their best interests at the core of its design. Rather, this feels overwhelmingly like a **scheme for parents** (affordability) and **about parents** (labour market activation). While listed as the third objective by DCYA, labour market activation appears to be the overarching consideration in the development of the targeted subsidy. ECI welcomes that exceptions are envisaged under the targeted subsidy to the maximum funding of 15 hours of childcare where a parent is not working or studying, for example where a family is homeless and in unsuitable temporary emergency accommodation or where the primary carer is suffering from a serious illness or disability. ECI advocates that these exceptions are supported/underpinned by legislation or regulation, as appropriate, and that the exception for children in homeless families includes children in hidden homelessness i.e. those in families that are 'couch surfing' and staying with friends and family.

In relation to restricting the access of non-working parents to only 15 hours of subsidised care, ECI supports the recent submission made by South Dublin County Partnership et al to the ACS.

## Specific Issues of Concern

ECI is concerned about the disconnect between the policy development, the practical application on the ground for services and the implications of the scheme's proposals on quality for children and the sustainability of the sector. We believe there is nobody better placed to communicate this disconnect than service providers themselves, who will be charged with delivering the scheme. Therefore, the specific issues of concern identified by members at the ECI's regional meetings will be outlined by members themselves both in this paper and at the 8<sup>th</sup> December meeting.

### The 48-week funding model

"Our creches all open for 51 weeks of the year, in line with working parent's needs. A 48-week model would simply not work. Are we expected to close for 4 weeks at a time and dictate when every parent takes their 21 days' annual leave? The subsidy must be spread across a 12 month/52-week period as per the existing structure of the vast, vast majority of providers."

*-Joanne Lynch, Manager at Fonthill Lodge Childcare*

"Insane and unjust. This model will just serve to confuse parents and have services in endless discussions and explanations. The aim should be for a simple model and cover 52 weeks so services do not have to charge parents for these weeks to enable them to pay for the holidays that staff are entitled to."

*Caroilin Callery, Owner/Manager of Nurture's Best Crèche*

"Full day care facilities charge for 52 weeks because wages, business loans, rates etc are paid for 52 weeks. As with ECCE, parents interpret the schemes as presented by Government and cannot understand why they have to pay for the other weeks, objecting in many cases. This exerts pressure on services towards a 48-week model, further reducing their income and sustainability."

*-Gillian Murphy, Nourrice Crèche*

"Our main concern is the 48-week model when full time services operate for 52 weeks of the year and although staff may be on annual leave throughout the year we still have to pay them for their annual leave and pay staff to cover their holidays, which amounts to paying them for 52 weeks of the year plus the cost of holiday cover. Which period of the year will be the 48 weeks? Why a 48-week model? Parents fees are in 12 monthly instalments over 52 weeks of the year for full- time children."

*-Claire Maguire, Cocoon Childcare*

### Hourly subsidy and hourly fee for childcare

“This is the most worrying aspect for us. We feel that publishing an hourly rate will develop into a “drop -in” mentality among parents. We see with the ECCE scheme, that some parents assume the “additional hourly rate” as permission to leave their child for as long as they like, once they pay the extra money. This is not possible and causes confusion and effects quality negatively. It is almost impossible to staff for ratio on an hourly basis.”

*-Joanne Lynch, Manager at Fonthill Lodge Childcare*

“There is a danger of parents using the service as a drop-in facility and not valuing the service being provided. The hourly rate does not recognise professionalism within the sector. There is a risk that fees won’t be paid. There should be a minimum weekly, monthly contribution. Most services operate monthly and require fees to be paid in advance Monthly.”

*-Valerie Gaynor, Manager of Creative Kids*

### Assumptions around parent's access to and competency with computers/technology

“The implementation of this new scheme will lead to an increase in administrations duties for all providers. Parents must register online to apply for their subsidies. One of the higher-level objectives in DCYA’s Policy Paper is ‘*narrowing the gap in attainment between more and less advantaged children by enabling all children to access high quality, affordable childcare.*’ The Policy Paper also speaks about the clear and straight forward procedures for parents to register online and stresses the benefits of using technology. This scheme hasn’t taken into consideration the barriers that marginalised families will face, such as access to computers, internet access, literacy difficulties, and impact of mental health and addition concerns on a parent’s ability to engage let alone complete the online registration. This scheme must recognise that one size doesn’t fit all, especially for children in families experiencing homelessness. It is incumbent on us all to ensure the most disadvantaged and vulnerable children in Ireland are not penalised by a lack of necessary flexibility in the scheme in recognition of special and specific circumstances.”

*-Cathy Bent, Childcare Supervisor, Sophia Housing Association, Donabate*

“I am computer literate, using computers daily for work, study and leisure. I am undaunted by any task involving computers. However, I must state very strongly that Pobal’s PIP website is unfit for purpose and needs to be replaced immediately, and certainly before parents are expected to navigate it. The entire website needs to be simple to use, with click buttons labelled in plain language which take the user in logical steps from the beginning to the end of the process... I cannot stress enough how vitally important it is to correct this **BEFORE** asking parents to use the system. Pobal simply won’t be able to cope with the volumes of parents calling for support. Literally thousands of parents are likely to be trying to call Pobal support every day. It will crash. There will be bad press. Services will need to be withdrawn until a new system is put in place. Listen to us! Sort it out now!”

*-Karen O’Brien, Woodland Park Pre-School*

### Administrative burden for services

“The ECCE system and PIP have proved to be a huge burden on our business. Chasing parents for paperwork is a nightmare and it worrying that this scheme has been proposed without an actual IT system that works in place.”

*-Joanne Lynch, Manager at Fonthill Lodge Childcare*

“This is a huge issue for us. We operate a large service of ECCE and afterschool and there is a full-time manager completing paperwork, constantly. The quality mentorship is being compromised as the manager is extra anyway and the time being spent on PIP is ridiculous. This is before any other administration tasks are completed. At present the service is responsible for getting paperwork from parents and inputting onto PIP, then there are forms and fees letters to be signed and it is taken weeks for CCSP to be approved. The whole system is tiresome and burdensome. The admin tasks need to be reduced and this time needs to be spent supporting quality interactions with the children, developing quality policies and procedures and supporting staff in the quality delivery of the service.”

*-Valerie Gaynor, Manager of Creative Kids*

### Requirement of providers to police absences and changes in childcare provision

“We are already required to do this and it is frankly an embarrassment. I frequently get comments like ‘you must be joking’ when I question a parent about their 3 year olds absence from preschool. It does not consider all the childhood illnesses that small children get and the fact that some parents are more protective than others. It is not our Job to tell parents when and when not to bring their children to preschool. I already spend a huge amount of time checking registers and calling parents when I see a pattern emerging., asking for notes, etc. etc and wondering if they will be good enough for a Pobal inspection. It is just not fair to expect this.”

*-Valerie Gaynor, Owner of Creative Kids*

### Inadequate cost model from the outset, with no consideration to professionalization

“With increasing staff costs due to qualification legislation and increasing costs of running a business, it is becoming more and more difficult to continue to provide childcare services. How is this subsidy supposed to support providers as the only way we will survive is by increasing our fees which will counteract the financial benefit to the parents?”

-Member

“The universal payments rates are very low. The ECE workforce feels undervalued and underpaid, and currently providers are finding it difficult to retain staff. Many are experiencing a high turnover of staff. As the childcare sector is becoming more professionalised, this needs to be reflected in the new scheme’s payment rates. The scheme doesn’t take into consideration the particular difficulties faced by community providers, such as bad debts. As providers of a specialised early years service for children in homeless families, we see parents on very low incomes struggle to make even modest co-payments of €7.50 per week. We endeavour to make up the shortfall because we know how important the safe nurturing space we offer is to the children in our service. The Policy Paper sets out that where a child is referred to a service by Tusla, that Tusla will cover the co-payment. The Policy Paper does not set out an administration procedure for how this will happen. Will Tusla be allocated a budget to cover these costs?”

-Cathy Bent, Childcare Supervisor, Sophia Housing Association, Donabate

### Conclusion

This submission sets out our initial thinking on the ACS and highlights some of the specific concerns identified by our members during a recent series of regional meetings. As previously stated, we hope that this meeting represents the first step in a period of meaningful and collaborative consultation with the sector to ensure we get the ACS right from the start and ECI looks forward to exploring the implications of the proposed scheme further.