



# Public Consultation on the Future Funding of Early Learning and Care and School-Age Childcare in Ireland

2 October 2020

## 1. Guiding principles

The Expert Group has developed a set of principles to guide them in their work. The draft guiding principles and a description of each principle are set out here.

**Strategic:** The funding model should be based on an acceptance that ELC/SAC is a public good, which embodies both an essential investment in child wellbeing and development, and an important support for economic growth and social equity. It should seek to support the delivery of this public value through the provision of high quality, affordable, accessible, and sustainable ELC and SAC services. Within that framework, it should seek to address the real issues facing children, parents, providers, workers, and the State.

**Child-Centred:** Funding should be allocated in the best interest of children.

**Family-Orientated:** Funding of ELC and SAC should support parents participating in employment, education or training and should, in so far as possible, be cognisant of the reasonable needs and choices of parents.

**Professional and Valued Workforce:** Funding should recognise that the quality of ELC and SAC is centrally reliant on the quality of the workforce delivering those services. Accordingly, it should seek to promote the recruitment and retention of staff with the necessary qualifications; ongoing staff training and development; fair pay and working conditions; and a workforce which feels valued and is motivated to deliver the best possible service to children.

**Competent Sector:** Funding should incentivise continuous quality improvement, innovation, and inter-agency working. The funding model should be evolutionary: it should minimise short-term disruption but also allow for/support desired long-term changes. For example, while respecting the existing diversity of scale and service offering, it should allow for longer-term changes required to support a sustainable sector.

**Development and Implementation:** The funding model should be developed with input from parents, children, providers, the workforce, and other stakeholders. The funding model should be evidence-based, informed by existing data, research, and literature, as well as international models of best practice. It should also incorporate mechanisms for future data collection, evaluation, and review. The funding model should be realistic and capable of practical application. The funding model should be as transparent as possible, incorporating variables that are objective and measurable on a consistent basis across the system.

Please indicate if you agree or disagree with each of the guiding principles.

	Agree	Disagree
Strategic	X	
Child-Centred	X	
Family-Oriented	X	
Professional and Valued Workforce	X	
Competent Sector	X	
Development and Implementation	X	

Please provide reasons for your answers.

All principles are welcomed. However, it is important to highlight that operating in the best interest of children is the most important principle of all. There are tensions between the Child centred and Family Orientated principles. Access to high quality ELC/SAC services supports children’s cognitive, social, and emotional development. This is especially important for children experiencing multiple disadvantages. This way, access to ELC/SAC services should be promoted and facilitated for all children, irrespective of the employment status of parents. In other jurisdictions, such as in most Nordic countries, children have a guaranteed legal right to a place in settings. This policy approach reflects the centrality that the promotion of children’s rights has assumed in EU policy since the promulgation of the UN Convention on the Rights of the Child. It also reflects the recognition that ELC/SAC is a public responsibility, instead of a private commodity.

Please indicate if you think the principles should apply to early learning and care, school age childcare, both, or neither.

	ELC	SAC	Both	Neither
Strategic			x	
Child-Centred			x	
Family-Oriented			x	
Professional and Valued Workforce			x	
Competent Sector			x	
Development and Implementation			x	

Please provide reasons for your answers.

Although ELC and SAC services differ significantly in terms of focus, structure and professional skills, the suggested principles are the general principles that will underpin the development of a new funding model, and they apply to both.

Do you have any additional comments to make on the draft guiding principles, including any suggested changes?

We recommend that a principle of inclusion is added, in accordance with Strategic Action 8.3 in First 5. It refers to ensuring that “ELC (and school-age childcare) provision promotes participation, strengthens social inclusion and embraces diversity through the integration of additional supports and services for children and families with additional needs”.

## 2. Current Approach to State Funding of Early Learning and Care and School-Age Childcare

Thinking about the State’s current approach to funding early learning and care and school- age childcare and its policy objectives of quality, affordability, accessibility...

What are the strengths of the current approach to funding early learning and care and school-age childcare by the State or of individual funding programmes?

- There has been a historical trend towards the strengthening of the universal components within the basket of ELC/SAC policies in Ireland, which is a very positive development. The biggest expression of this is the ECCE scheme. The social policy literature has pointed to the various issues of targeting, which include stigma, the administrative complexities of reaching the target population on the side of the government, and the associated complexities in accessing the benefit on the side of the public. Those factors help explain why targeted policies fail to reach a significant share of the targeted population, which in our case, means that the ELC/SAC sector may largely exclude children from disadvantaged backgrounds. It is no surprise that while most 3- and 4-year olds are enrolled in ELC/SAC services in Ireland – the age group covered by ECCE -, coverage rates of under 3s are significantly below the OECD average;
- Programme support payments, which are a recognition of non-contact time and administrative tasks that are performed in settings daily;
- Wage supports that have been in place since the Covid-19 outbreak. The ineffectiveness of indirect incentives to increase wages, such as the introduction of minimum qualification requirements and higher capitation rates, has been widely acknowledged<sup>1</sup>. The current policy framework has proven that direct government intervention is a realistic possibility;
- Aim model<sup>2</sup>.

What are the weaknesses of the current approach to funding early learning and care and school-age childcare by the State or of individual funding programmes?

- Providers are severely underfunded. By investing only 0.1% of the GDP in ELC/SAC, the Irish government is the lowest spender in the OECD<sup>3</sup>.
- Marketisation. The ability of market-led systems to promote equitable high-quality access<sup>4</sup>, and to promote professionalisation<sup>5</sup> has been increasingly questioned;
- Providers face a severe bureaucratic and administrative burden on a day to day basis – which disproportionately affects smaller settings, which do not have IT and HR departments to rely on. Therefore, providers and staff end up working many hours per week in unpaid non-contact time. The administrative burden is a consequence of an extremely complex funding basket, made of several programmes, associated with online platforms that are not fit-for-purpose and with a lack of appropriate governmental infrastructure to address providers' queries;

---

<sup>1</sup> O'Sullivan, M. et al. 2020. *Pathways to better prospects: Delivering decent terms and conditions for early years workers in Ireland: A literature review* (Forthcoming). Dublin: Early Childhood Ireland and University of Limerick.

<sup>2</sup> DCYA. 2019. *Minister Zappone welcomes international recognition for AIM programme*. [Press release]. Available from: <https://www.gov.ie/en/press-release/c44437-minister-zappone-welcomes-international-recognition-for-aim-programm/>

<sup>3</sup> Early Childhood Ireland. 2021. *Rising to the Challenge - Investing in Our Future. Budget 2021 Submission*. Available from: <https://www.earlychildhoodireland.ie/wp-content/uploads/2020/09/Budget-2021-Submission-WEB.pdf>

<sup>4</sup> Van der Werf, W., Slot, P., Kenis, P. and Leseman, P. 2020. Hybrid organizations in the privatized and harmonized Dutch ECEC system: relations with quality of education and care. *Early Childhood Research Quarterly*. 53, pp. 136-150.

<sup>5</sup> Gambaro, L. 2012. *Why are childcare workers low paid? An analysis of pay in the UK childcare sector, 1994-2008*. Ph.D. thesis, The London School of Economics and Political Science.

- There is currently no central body responsible for quality, information, programme delivery, financial management oversight or strategic planning. The latter includes annual regional assessments of demand, which are used to allocate funds according to local needs. The 2020 Programme for Government has committed to establishing a new single agency called “Childcare Ireland”, but concrete plans for its establishment have not yet been made public.
- Overall, the weaknesses of the current funding model greatly outweigh the strengths. Costs are prohibitive, which limits access; the workforce is poorly paid, and providers are overburdened, which affects quality. Ultimately, the ability of the system to support the development of all children is hindered.

What are the key challenges faced by children and families? If the challenges you identify differ across early learning and care and school-age childcare, please highlight these differences.

- There is no guarantee of places for children. According to Pobal<sup>6</sup>, the number of children on waiting lists has increased by 41% in 2018/2019. The report concludes that there is insufficient supply for the 0-3 age group. For children aged 3+ to 5 years, although supply is better matching demand, there are some pockets of insufficient supply. In the case of older children (8+) there is a bigger geographical mismatch in the supply and demand for places. In general, Cork City, Dublin City and Waterford are considered to be the places with more acute problems of insufficient supply. These geographical mismatches force many parents and children into long commutes and unregulated provision.
- Very little flexibility is offered to parents. Only 39% of services operate 31 hours or more during term time. In addition, more than half of services operate for 38 weeks or less. Few settings offer flexible hours.
- High cost to families. According to the latest OECD data, for couples earning 67% of the average wage, Ireland had the 4<sup>th</sup> most expensive childcare in the OECD, and the 2<sup>nd</sup> in Europe. For single parents earning the minimum wage, Ireland was the most expensive country in the OECD ranking, those parents having to allocate on average 47% of the net household income to cover childcare costs<sup>7</sup>.
- Inconsistent quality must be addressed. Public funding is seen as a necessary condition (although not sufficient) to improve quality, as it increases access for more children and frees up resources to support training and remuneration of the workforce<sup>8</sup>. It is inequitable if wealthier areas have higher quality provision compared to less well-off areas.

What are the key challenges faced by providers and staff? If the challenges you identify differ across early learning and care and school-age childcare, please highlight these differences.

- Within the current funding model, long-term planning is not an option for providers, as the number of children that will be attending in future academic years is unknown and consequently, funding levels are unknown.
- Providers and staff must deal with an immense number of administrative tasks daily, as previously mentioned. This is a significant driver of inefficiency, as it misallocates time that could be spent working with children.

---

<sup>6</sup> Pobal. 2019. *2018/2019 Annual early years sector profile report*. Dublin: Pobal.

<sup>7</sup> OECD. 2019. *Net childcare cost for parents using childcare* (OECD Statistics). Available from: <https://stats.oecd.org/Index.aspx?DataSetCode=NCC>

<sup>8</sup> Start Strong. 2014. *‘Childcare’: Business or profession?* Dublin: Start Strong.

- Due to the non-existence of a single agency, settings face separate and uncoordinated inspections from different agencies with distinct remits. Besides the obvious duplication of public resources, there is evidence of inconsistency across inspections<sup>9</sup>, which means that quality is not being adequately assessed.
- As detailed in the WDP submission, staff are subject to low pay, precarious contracts, and inadequate training opportunities, which fuel turnover rates. The absence of adequate structures results in pathways to professionalisation being narrow and severely limited.

### 3. Priorities for additional investment

What should be done to improve affordability, quality and/or accessibility of early learning and care?

- Three timeframes of planning need to be considered when thinking about the allocation of investment.
- First, the immediate short term. Covid-19 specific supports will be necessary until a vaccine or treatment is widely available. It is imperative that the government commits to continuing the Employment Wage Subsidy Scheme (EWSS) for the ELC/SAC sector, which will allow providers to appropriately plan for next year;
- Second, a long-term time frame. Instead of marginal adjustments to a structurally deficient system, we advocate for a fully publicly funded model. On the one hand, ELC/SAC services are expensive to provide. The sector is labour intensive and there is very limited space for cutting costs via productivity increases. If ‘output per hour’, a standard measure of productivity, were increased by compelling workers to look after more children in each period, the quality of the service would be diminished. On the other hand, if fees are high enough, parents will tend to care for their children at home, which puts a limit on what providers can charge. As a result, providers face low profit margins. This hinders their capacity to pay appropriate wages and leads to more provision in wealthier areas with the consequent impact on quality.
- There will be a medium-term transition period. A process is required that engages with current providers to build this new system of services, underpinned by the reformed funding model.

What should be done to improve affordability, quality and/or accessibility of school-age childcare?

- SAC settings will also be a part of the public system that we envisage. SAC settings face the same structural issues as ELC, and the outcomes are even more challenging. Enrolment rates are even lower. According to the CSO<sup>10</sup>, the share of primary school children aged up to 12 attending a creche, Montessori, playgroup or after-school facility was only 8% in 2016. According to a Eurofound report<sup>11</sup> on out-of-school care across Europe, Ireland was the country that registered the lowest take-up rates amongst countries with data available. In contrast, this rate was 82% in Denmark. In addition, although wage data is not available for

---

<sup>9</sup> Moloney, M. 2016. Childcare regulations: Regulatory enforcement in Ireland. What happens when the inspector calls? *Journal of Early Childhood Research*. 14(1), pp. 84-97.

<sup>10</sup> CSO. 2017. *Module on childcare: Quarter 3 2016*. Available from: <https://www.cso.ie/en/releasesandpublications/er/q-chi/qnhschildcarequarter32016/>

<sup>11</sup> Eurofound. 2020. *Out-of-school care: Provision and public policy*. Luxembourg: Publications Office of the European Union.

the specific case of SAC, SAC staff tend to have the lowest qualification levels, which may suggest that they also receive lower wages.

#### 4. Role of the state and providers

What role should the State play in ensuring early learning and care and school-age childcare is affordable, accessible, and of high quality? Please explain your answer, highlighting, where, if at all, the role of the State should differ across early learning and care and school-age childcare.

Ireland should operate a fully publicly funded ELC/SAC system, in which:

- Providers retain their managerial role over settings;
- Providers receive adequate financial compensation for personal property utilised;
- Providers are paid by the state according to occupational scales that consider their managerial responsibilities;
- Staff are paid according to pay scales comparable to primary school teachers. Permanent contracts of employment are the norm, with access to maternity, sick leave, and pension schemes. Pedagogically, this does not imply a move from care towards education – Síolta and Aistear are to be maintained;
- Compared to the current system, the administrative burden is naturally reduced, as the new system is built on the grounds of universalism. In addition, there would be centralised administrative and IT departments, creating economies of scale;
- The single agency oversees the whole sector and there are governance structures at a local level to support the system;
- AIM supports are available to all eligible children, and cover a broader range of additional needs, to include, but not limited to disabilities;
- It is free-of-charge for parents.

As Providers would have a choice to enter or not the public system it is possible/likely that a fully private system, funded by parental fees would emerge. Purely private systems are known to be more flexible to parents' demands, regarding activities and hours. Parents should have the right to choose this flexibility.

What role should the providers play in ensuring early learning and care and school-age childcare is affordable, accessible, and of high quality? Please explain your answer, highlighting where, if at all, the role of providers should differ across early learning and care and school-age childcare.

ELC/SAC providers will need to play a major role in managing the transition from the current system to the new, as the key operators of a new, fully funded system. Their expertise will be invaluable and essential. They will work in partnership with the single agency, which will be the operational unit of the transition.

The State currently provides approximately €640 million annually to early learning and care and school-age childcare. First 5 commits to, at least, double investment in early learning and care and school-age childcare between 2019 and 2028. What do you think the State should expect in return for

this investment? Please explain your answer highlighting differences across early learning and care and school-age childcare, if any.

It is important to highlight that the state spends much more than €640 million if the whole infrastructure of care is considered. A holistic view is needed. Welfare systems support care work through disbursing cash transfers to families with children, or through public financing of services, or through a mixture of both. Ireland is typically classified as a country which relies on benefits rather than provision of demand led quality services. The system that we are proposing restores balance, as it strengthens public participation in the financing of services, while maintaining support for parents who wish to care for their children at home. With the new system, the state is entirely responsible for setting wages in the ELC/SAC sector, paving the way for professionalisation; it has increased planning capacities, being able to control the level of provision in different regions, avoiding over/under provision, and mobilising public land, if needed, for that purpose; and the increased centralisation makes the system much more conducive to regulatory compliance.

## 5. Further comments

Do you have any further comments to make on the future funding of early learning and care and school-age childcare?

Childminders have an important role to play in the new public system. Childminding is in many ways distinctive of centre-based provision, as it offers a more individualised service, that tends to be more flexible in terms of hours and that keeps strong ties with local communities. Childminders should also be offered the choice to participate in the new public system, in which case they will be employed by the state and be subject to standardised pay scales and contractual arrangements. This way, parents who are not able to pay for private settings will also be able to choose the type of service that best fits the needs of their children.