This report was written by Susan Brocklesby.

It was commissioned by the following:

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Kathryn O’Riordan, Cork City Childcare Committee

Jacqui Sweeney and Catherine Sheehan, Cork City Partnership

Rachel Kielthy, South Dublin County Childcare Committee

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Noel Kelly, Education Welfare Manager, Tusla and board member of Jigsaw Community Childcare, Darndale
Valerie Maher, Programmes and Policy Manager, One Family
Teresa Heeney, CEO, Early Childhood Ireland
Pauline Mangan, Blanchardstown Area Partnership and the collection of community Early Years Services within the Blanchardstown-Mulhuddart-Corduff area for piloting the online survey.

Finally, Catherine Sheehan who was one of the 4 instigators of this report retired just as the report went to print. Catherine has spent her working life dedicated to Community Childcare. She worked as a qualified practitioner for many years in Blackpool in Cork city before becoming one of the first support workers to services in the country. Most recently Catherine has worked for Cork City Partnership where for the past 17 years she has fought for services to keep their doors open. Catherine is a founder member of the Association of Childhood Professionals and has served on the board of Cork City Childcare for the past 15 years. Her dedication to the children and families attending Early Years Services in disadvantaged communities in Cork city is unrivalled and she will be greatly missed.
Foreword

Those of us involved in commissioning this report have had concerns about the community early years sector for some time. We’ve seen the gradual shift from a community supportive service working with children and families in the local areas of disadvantage to a sector driven by the goals of a competitive market system. We are all at the front line of delivering a community Early Years Service and are advocates for an efficient and value for money sector, but not at the cost of a service that can’t respond to need, that is continually firefighting and tied up in multiple regulations and reporting requirements. Our biggest concern is the risk to quality of service delivery if the sector continues on its current path.

This report gathers the evidence behind these concerns and outlines a sector that is at breaking point.

The recommendations made call for urgent attention to the current model of funding within the sector to prevent further closures and protect the sector against growing financial risk. They aspire to establishing the sector on a proper footing with consistent, multiannual funding based on sound criteria. They recognise the additionality and the opportunities within the sector when integrated in a wider infrastructure to do more to effect better outcomes for children and their families in disadvantaged areas. Finally they call for the early years sector as a whole to be valued through the revitalisation of the Work Force Development Plan as a first step in ensuring early years practitioners are paid adequately with appropriate terms and conditions, to secure a sustainable workforce delivering Early Years Services of the highest quality.

To conclude our foreword, we asked for contributions from many organisations and individuals who work within the sector and they are outlined below.

Larry O’Neill    Kathryn O’Riordan    Rachel Kielthy    Jacqui Sweeney
SDC Partnership    Cork City and South Dublin Childcare Committee    Cork City Partnership

Contributions from key stakeholders

Community Early Years Services form a critical support to parents whilst also providing early learning opportunities to young children. However, ‘it is a service at breaking point’. This timely and well-researched report contextualises the sector’s difficulties highlighting the survival challenges it faces amid increased demands and expectations. This is a report that calls for more than investment – it calls for reform. Policy-makers should read it and act.

Noirin Hayes, visiting Professor at Trinity College Dublin and Professor (Emeritus) Dublin Institute of Technology
The Irish Local Development Network (ILDN) welcomes this report as it recognises the importance of a strong, viable community early years sector. Community services provide a vital role in addressing disadvantage in urban settings; providing children with quality early years education, allowing their parents the opportunity to take up education or employment and offering access to additional family supports. We are pleased that the report names the current challenges facing the sector as well as offering positive solutions to overcome them. ILDN will proactively assist and promote the adoption of the report recommendations.

Brian Carty, Director, Irish Local Development Network

This report highlights a really important issue in children’s services; the lack of a secure financial foundation for early years centres, particularly in communities of disadvantage. Community-based Early Years Settings, and the dedicated practitioners who work there, make an enormous contribution to the lives of young children and their families. Unfortunately however, services operate on a shoe-string and it has become increasingly difficult to make ends meet. In our area, we have seen a number of settings close in recent years. This report is particularly valuable in its analysis of evidence from a large number of Early Years Settings that presents the stark reality.

Hazel O’ Byrne, Project Manager, Young Ballymun, Ballymun

Mothers rely on community based Early Years Services as a critical support for their families. Based on clear evidence, this report shows unequivocally the unique role these services play in providing a positive learning and development environment for children and in supporting mothers to participate in their communities and in employment. However the services are provided with inadequate funding and a workforce that is both poorly paid and without appropriate recognition. NWCI fully endorses the recommendations of this report, the immediate prospect of losing these vital services in our communities is alarming and requires immediate investment and prioritisation by Government.

Orla O’Connor Director, National Women’s Council of Ireland.

This Report provides very valuable insights into the overwhelming challenges facing Community Childcare services, who provide vital support to families, including early childhood education and care for children. It makes a very compelling case for a radical re-alteration of the current funding system, to ensure the quality and sustainability of these essential frontline services within marginalised communities.

Emma Byrne-MacNamee, Programme Manager, Preparing for Life, Darndale
We, at the DCU, Institute of Education, are fully endorsing this report entitled *Breaking Point*. The report should inform and galvanise those in positions of power to revalue, reform and rebuild the community sector before it is too late. We value community early childhood settings as spaces of local connection and possibility for children and families. We must understand and appreciate the unique complexities of that provision. With that understanding we must then commit sufficient investment for their sustainability and quality. We congratulate the authors and those who participated in the study. This report lays bare the current challenges facing community settings. The report provides a current and robust overview of the financial operating context for community settings in two major urban areas. In addition, the report provides solid evidence of the imminent demise of community provision, should investment and reform fail to materialise in the short term. Action is required to sustain this valuable resource, that is the community early childhood sector.

Marlene McCormack and Geraldine French, Dublin City University, Institute of Education

Community Early Years Settings provide hugely valuable services for children and families in many of the disadvantaged communities in Ireland. These supports often mean that children get at least one solid meal a day or that their parents get to take up employment and thus move their family out of poverty. Unfortunately the funding available to these services is grossly inadequate. The loss of the staffing grant meant that the pay and conditions of the workforce have been steadily eroded for nearly a decade with the result that many are now seasonal workers who earn less than the recommended living wage and, indeed as this report highlights, many are on minimum wage despite the increased qualification requirements and the increased responsibilities. Children and families in disadvantaged communities need supportive relationships with early childhood professionals if they are to break the cycle of poverty but this will not be possible if community provision and funding is decimated. Staff will be forced to leave and centres will be forced to close. This report provides a wake-up call for elected representatives and policy-makers. Immediate action is required if we are to save these vital services.

Marian Quinn, The Association of Childhood Professionals

This report provides a very useful analysis of the challenges facing community childcare providers. The findings show clearly that the sector is stuck in a trap, where low subsidies from the state mean that services are not financially viable, keeping wages low and providers on a knife-edge as they try their utmost to provide the best quality experience for children, many of whom are suffering from multiple disadvantage. The dominance of the ECCE Scheme and the emergence of the 38 week only model is impacting significantly on the recruitment and retention of well qualified staff, staff who are more likely to seek work in settings which offer employment all year round. This has the potential to seriously impact on quality. The funding schemes are clearly not fit to support community providers at a time when greater regulation, reporting requirements and curriculum changes are all becoming more and more demanding. This report and its recommendations are a must read for early education and care policy makers who must recognise that many community childcare settings are providing much needed family support which will, de facto, require greater levels of support.

Teresa Heeney, CEO, Early Childhood Ireland
This well-researched and cogently-argued report, *Breaking Point*, provides new evidence on the unique role being played by community Early Years Settings in fostering positive child development and well-being. The community settings in this research provide early learning opportunities for children in low-income families who might otherwise not benefit from early education; they support low-income parents’ to take up and keep employment; and they provide family support, which is evident in the level of referrals from Public Health Nurses and TUSLA to their services; they support children with additional needs, whether diagnosed or not.

However, a key message of the research is that Ireland’s community early years sector is running on borrowed time. The sector’s unique contributions to early learning, early intervention, and family support is not included in the design and implementation of national early years policy or early years funding model. Ireland’s current funding model, for both universal and targeted care and education programmes, is insufficient in terms of subsidy level and in not including a reliable core funding stream that supports working with disadvantaged children. Should the community sector’s size and capacity reduce in the coming period, we have to ask ourselves what will happen to children in low-income families if the only early learning and care available is through private, for-profit Early Years Services.

This report provides the Irish Government, and all working to make Ireland one of the best places in the world to be a child, with a call to action, to ensure that our community Early Years Services are operationally sustainable and are resourced to provide high-quality care and education to a cohort of young children who, research tells us, can benefit the most from intervention in their early learning, but who are the least likely to receive it. Any new model to guide and resource early years community settings should place children’s right to quality early care and education at its centre, understand and fund the unique role played by community settings in early learning and intervention, and really value the people that work in these settings. Ultimately, we need a national early years strategy that embeds the community early years sector within a wider integrated structure that supports young children to reach their fullest potential.

**Liz Kerrins, Early Years Manager, Children’s Rights Alliance**

We are a Nation which aspires to cherishing all our children equally; we have a Government with a stated commitment to improving early years provision; we are a sector with a growing evidence base to support our instinctive belief that how we nurture our children from birth will shape them as they become adults.

And yet, we have families who struggle to meet their children’s most basic needs; we have children starting school already disadvantaged; we have services which survive only through cheap labour, consistent insecurity and the provision of minimal staff supports; and we have a governance and Finance system whose complexity and multiple layers is not fit for purpose.

This report tells us what many have known for some time: that Early Years Services require investment and appropriate funding if they are to achieve the impacts and outcomes we know they are capable of. Well done to those who undertook this study. You have shone a much needed light in a very dark corner.

**Marian Quinn, CEO of Tallaght West Childhood Development Initiative and Chair of the Prevention and Early Intervention Network**
One Family welcome this report regarding community childcare provision in Ireland. As the report highlights, a significant proportion of lone parents avail of community based childcare and it has provided an essential support to these families and their children. In the context of recent reforms to the One-Parent Family Payment and the increasing pressure on lone parents to enter work or education, the availability of quality, affordable and accessible childcare is imperative. We call on government and policy makers to take note of the findings of this report and take definitive action to implement the recommendations in a timely manner.

Valerie Maher, Policy & Programmes Manager, One Family

This is a significant report for the community early years sector in Ireland. The need to support all children at the earliest stage of their learning and development is essential, but what this report highlights is the shocking inequality that those children who are at most risk of disadvantage experience. Children and families attending the services that participated in this report have additional emotional, behavioural, learning and support needs. The importance of prevention and early intervention in order to ensure that these children achieve their full potential is well argued and is understood by our government and society and yet these children continue to receive inadequately funded and resourced services.

Children and families attending Community Childcare Services and staff working in the sector deserve better. A coherent, securely funded infrastructure of prevention and early intervention services with high quality community based early years provision should be the most essential part of our national strategy in achieving better outcomes for children. This report evidences the critical challenges faced by the community early years sector and as a sector quite literally at Breaking Point, the first victim is inevitably quality of provision.

There is an urgent need to revise the current structures and commit sufficient investment, so that all children, families and communities have an equal experience of quality early childhood education, and children regardless of their background are given a fair opportunity to learn and develop

Fergus Finlay, CEO, Barnardos
Terminology and Acronyms

Terminology

Early Years Practitioner – This term is used throughout the report to reflect all staff working with children within an early childhood education and care facility. Other terms used within the sector are Childcare Worker and Early Years Educator.

Early Years Services – This term is used throughout the report instead of the term early childhood education and care (ECEC). This is to resolve any confusion between the terms ECEC (Early Childhood Education and Care) and ECCE (Early Childhood Care and Education scheme), which is the funding scheme responsible for the universal free preschool year.

Free Pre-School Year (FPSY) – This term will be used when referring to the funding initiative ECCE which is more commonly known as the universal FPSY.

Second Free Pre-School Year (SFPSY) – Where it is necessary to discuss the newly expanded FPSY which now offers 2 years of free pre-school the term SFPSY will be used.

Acronyms/Definitions

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<th>Acronym</th>
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<td>CCCs</td>
<td>City/County Childcare Committees</td>
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<td>Community Childcare Subvention</td>
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<td>CLG</td>
<td>Company limited by guarantee</td>
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<td>Central Statistics Office</td>
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<td>CSP</td>
<td>Community Services Programme</td>
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<td>CPD</td>
<td>Continuous Professional Development</td>
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<td>CYPSC’s</td>
<td>Children and Young People’s Services Committees</td>
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<td>DCYA</td>
<td>Department of Children and Youth Affairs</td>
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<td>DES</td>
<td>Department of Education and Skills</td>
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<td>DECLG</td>
<td>Department of Environment, Community and Local Government</td>
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<td>DEIS</td>
<td>Delivering Equality of Opportunity In Schools – Education programme for schools within areas of disadvantage</td>
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<td>DSP</td>
<td>Department of Social Protection</td>
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<td>ECCE</td>
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Definitions

Local Area Pathways ‘A collaborative network of community, voluntary and statutory providers so as to improve access to support services for children and their families. It has a role in the commissioning process by identifying resource needs and collectively supports the ‘Meitheal’ approach with an identified lead agency’ (Tusla, 2013).

LDC or Local Area Partnership Local Development Company or Partnership Company is a not for profit company limited by guarantee with statutory remit. They have a bottom up approach, with a focus on local economic development, social exclusion and inequality (Irish Local Development Network (ILDN), 2016).

Meitheal A Tusla’ standardised approach where a service ‘identifies a child’s and their families’ needs and strengths and then, if the identified needs require it, brings together a team around the child to deliver preventative support that is outcomes-focused, planned, documented and reviewed over time’ (Tusla, 2013).

Pobal A not for profit company limited by guarantee with a primary role of acting as an intermediary for programmes funded by the Irish Government and the EU.

Tusla The child and family agency funded through the DCYA
Executive Summary
Background and need

The provision of early intervention and preventative services for children aged 0-5 within areas of disadvantage are predominantly delivered by the community and voluntary sector. Early Years Services\(^1\) respond to local needs but operate in an increasingly competitive funding environment as state grants are inadequate to secure sustainability. Outside of the statutory and universal Public Health Nurse, GP and Maternity services, these services have considerable access to children and families from areas of disadvantage.

There is now a substantial body of evidence supporting the impact that Early Years Services can have on improving outcomes for children from disadvantaged backgrounds. Early intervention has been shown to be cost effective, saving money in the medium to long term. Ensuring better outcomes for children is complex and it would be a mistake to presume Early Years Services are the ‘magic bullet’. However, within a coherent infrastructure of prevention and early intervention services, and with appropriate and secure funding levels, high quality Early Years Services can play a significant part in addressing better outcomes for children.

Community Early Years Services have historically been funded through a range of government departments all with a different focus, resulting in a disarray of services with varying remits securing whatever limited funding is available. The majority of funding has had a labour market focus rather than a focus on child outcomes\(^2\). Exchequer funding commenced in 2007 with a means tested capitation subsidy for parents which resulted in greater levels of financial insecurity and forced not for profit services to operate within a ‘market system’ (Penn & Lloyd, 2014).

Since 2007 these services have only experienced cuts in funding despite parallel attention and regulation in relation to the quality of service delivery.

This financial instability was exacerbated by the universal free preschool year (FPSY) which forced term time opening, with reciprocal staffing arrangements. This has resulted in many staff having to ‘sign on’ during the summer months. It also devalued the average cost of service in urban areas by €10 per child per week (Early Childhood Ireland, 2014).

Budget 2016 announced the introduction of a second free preschool year (SFPSY). The principle of this is to be welcomed and its extension to include younger children is in line with securing better outcomes for those from disadvantaged backgrounds, however extending it to two years on the same funding basis as the first year is extremely alarming.

Additionally 2016 saw the enactment of the new Child Care Regulations. They require all staff to have a qualification if working with children from January 2017. Arrangements have been put in place for those staff members who don’t have a qualification\(^3\). This requirement has resulted in a

\(^1\) More commonly referred to a childcare services
\(^2\) An exception to this is a minimal and ‘ad hoc’ grant scheme through the Health Boards in the 1980’s and used to address concerns around deprivation in disadvantaged areas.
\(^3\) Grandfathering agreement and the provision of Learner Fund grants for those seeking to secure their qualification (Department of Children and Youth Affairs, 2015)
secondary financial sustainability concern for community providers in relation to Community Employment (CE).

Community services were used as a mechanism to offer CE placements⁴. Some community services rely on CE participants for a full staffing complement. This will no longer be possible for services, unless the participant has secured a qualification.

It was against this backdrop that a consortium of organisations came together to commission a report. The following organisations play a significant role in supporting the early year’s sector within their local areas:

- South Dublin County Childcare Committee;
- South Dublin Partnership;
- Cork City Childcare Committee; and
- Cork City Partnership.

They proposed the following review questions:

1. What is the unique role of community Early Years Services? How is this role funded?
2. How financially sustainable are Community Early Years Settings given current levels of funding?
3. What is the likely impact on finances and service delivery of two forthcoming changes:
   a. change in Child Care Regulations preventing unqualified CE participants from being in ratio
   b. change through the introduction of the second free preschool year?
4. Recommendations

**Methodology, sample and response rate**

Qualitative and quantitative methods were used. Services received a phone call and completed an online survey (Appendix 1).

Each service provided most recent set of audited accounts; income and expenditure; fees policy; Pobal returns for end of December 2015 and additional service details (Appendix 2).

A return of 67-71% was secured with 49 services participating in all elements of the review.

**Background information**

The majority of participants are delivering community services in disadvantaged areas and all in urban areas. They are managed by a community and voluntary Company Limited by Guarantee (CLG). Services had the following profile:

- 511 staff (including 128 Community Employment Participants)
- 2,492 children attending the services
- 2,318,644 hours of Early Years Service provision⁵

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⁴ A Department of Social Protection (DSP) scheme whose aim is to target those in long term unemployment.
Additional background information is contained in the main document, including information on qualifications etc.

Key findings

1. The unique role of community Early Years Settings

Community Early Years Settings in urban areas of disadvantage have a unique role by providing a service that is inherently different to private settings.

Additional to early learning for children aged 0-5, they provide a crucial family support role and support those in unemployment to access the labour market. However these essential roles are not sufficiently funded to respond adequately. They maximise their income from current models of funding thereby distorting the type of service they would like to deliver.

They are uniquely placed to respond to these roles given their location, the profile of families attending the services, and their role in activities supporting families to access additional supports. The following profile of families was highlighted by the review:

- 34% of children attending are from a lone parent background. This is twice the national average and higher than the 22% found within a national survey of providers (Pobal, 2015).
- 35% of children attending are from a household where there is no adult working. This is twice the national average.
- 52% of services reported having a child attending from a Traveller background, higher than 31% found in a national survey of providers (Pobal, 2015).

Children attending also presented with complex needs:

- 16% of children attending had English as a second language
- Services received 411 referrals from the public health nurse and from Tusla the Child and Family Agency
- Services made referrals for 537 to the HSE, Tusla and to services supporting families experiencing financial and housing difficulties
- 17% of children present with additional needs.
- 67% of all children attending services transfer to DEIS7 status primary schools

The profile of children attending the participating services represented many children and families who have been identified by many as being at risk of poverty8 (CSO, 2015; EU Commission, 2013).

Until 2015 community settings represented the only mechanism for low income families to get subsidised childcare to support access to employment and training through the Community

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5 Services provided the exact length of services they offer, the weeks of the year they are open and the current number of children attending.
6 They either have a diagnosis, are on the waiting list to be seen or are have been identified by the service as requiring additional supports.
7 DEIS – Delivering Equality of Opportunity In Schools – a Department of Education Programme for schools within areas of disadvantage
8 Children from a one parent household, or/and a household with no adult at work are more likely to experience consistent poverty (Central Statistic Office, 2015)
Childcare Subvention (CCS) scheme. The findings from our review outline that as currently funded community services cannot adequately support such families. Participating services indicated that:

- 51% of all early years’ places are sessional and not suitable to support full/part time working;
- 39% of services offered full time places; and
- only 17% of these were of a suitable length to support working families i.e. weeks open per year and hours greater than 8.5 hrs per day.
- 1% of all places were occupied by children aged 0-1 year, despite evidence to suggest low income mothers are less likely to avail of the full paid and unpaid maternity leave.

Under the CCS scheme, subsidised fees at the highest rate of subvention are not affordable for families on the minimum wage. Case study analysis of 6 family types on the minimum wage showed 4 of the 6 families could not afford the subsided fees required (Mc Mahon et al, 2016).

**How is this unique role funded?**

- 50% of all income into participating services came from the Department of Children and Youth Affairs (DCYA) as childcare specific funding (€4,629,578).
- Additional state funding from Tusla (the child and family agency), the HSE and other government departments, increased the total state investment to 66%.
- Parent’s fees contributed 28% of all funding.
- Additional income from charitable donations/fundraising (6%).

An analysis of the return on investment at a macro level was carried out using: the total hours of service delivered per annum (2,318,644 hrs) and the levels of funding received per annum. The results showed the following hourly rates of return:

- DCYA investment of €4,629,578 - €2.00 per hour
- Total state investment of € 6,041,875 - €2.61 per hour
- Total investment including parents fees and donations of € 9,202,069 - €3.97 per hour

This rate of investment was benchmarked to state delivered comparable preschool services within areas of disadvantage e.g. Early Start. It is clear, from this comparison, that this level of funding is extremely inadequate.

- Early Start Pre- School Service (Delivery Equality of Opportunity in Schools Programme, DEIS) has an hourly rate of state investment of €9.42 per child
- Mainstream Primary Schools has an hourly rate of state investment of €7.82 per child

1. **Summary:** Community Early Years Settings are expected to provide a service to address the many complex needs of presenting children and families and at the same time provide an affordable service for low income working families.

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9 Early Start is a Department of Education Pre-school Programme delivered through schools located within areas of disadvantage under the DEIS programme. It is a 2 hour 15 minute provision led by a primary school teacher and assisted by a DES Early Years Practitioner.
Family Support’ was reported as a primary aim in addition to supporting access to employment and training for parents. Both play a considerable role in addressing child poverty, for which Ireland is the only EU country to receive a country specific EU recommendation.

These services are often the only service with considerable access to children and families during a crucial period of early intervention and child development. There is a considerable expectation on these services, to address an unmet need within Tusla’s models of ‘prevention, partnership and family support’ (Tusla, 2013). However services are funded to levels that are entirely inadequate for them to be viable, let alone respond to these expectations.

2. Financial sustainability of Community Early Years Settings

All services are financially unsustainable on analysis of accounts and profile of operation¹⁰ and a majority operate at considerable levels of financial risk. They are all reliant on the following unsustainable operating practices:

- Limiting expenditure on direct delivery and maintaining a service that is underfunded
- Keeping staffing costs to a minimum through: extremely low wages; poor terms and conditions; the use of Community Employment and under resourcing of key positions within the setting.

Financial Risk

During the course of the review 2 participating services closed and a third delayed closure until October by requesting a funder to front load their grant.

98% of services are experiencing financial risk with 49% experiencing moderate to extreme risk. Only 1 out of all 49 services demonstrated no immediate risk. Financial risk was assessed using the following components:

- 51% of services recorded a deficit in the year of accounts provided to the reviewer.
- 59% of services had a deficit in their previous set of accounts
- 31% had a recurring deficit in the last two years of accounts.
- 29% had access to only 90 days of cash.
- 28% of services had payroll costs between 96%-120% of their income
- 22% of standalone Community Early Years Settings are too small to sustain change. They have on average 2 staff and a turnover of less than €75,000.
- The majority of services were either ‘not sure’ or not confident about their long term or short term viability.

¹⁰ A relatively healthy set of accounts may not be sustainable if the service is heavily dependent on unsustainable supports – e.g. CE; manager out of rooms; reliance on voluntarism; dependence on low wages. All participating services had some of these elements thereby influencing their financial sustainability. See introduction in main document for definition of financial sustainability.
Reliant on unsustainable operating practices

Limiting expenditure on service delivery resulting in an underfunded service

26% of community early years is delivered for less than €4 per child per hour. The average expenditure was €4.47 per child per hour for all services. 10% of services are delivering it for less than €2.99 per child per hour. It is proposed herein that expenditure is falsely maintained at a low basis due to the model of funding imposed through the Community Childcare Subvention Scheme (CCS), where any additional cost is passed onto the parents.

63% of services are spending less than €4.47 per child an hour on delivery.

In 2007 expenditure within Early Years Services per child per hour was estimated to be between €4.01 - €4.75 (Fitzpatrick Associates, (2007), Deloitte and Touche, (2007)). Our findings suggest that expenditure is lower than that suggested 9 years earlier – despite the following:

- increase in minimum wage
- increase in qualification requirements for staff
- longevity of staff service
- increased regulation both at a service delivery level and a corporate level
- increased requirement to release staff for training and upskilling

Keep staffing costs to a minimum

1. **Low wages and poor terms and conditions**

73% of services employ Early Years Practitioners at less than the living wage of €11.50 per hour

4% of services employing staff on the minimum wage of €9.15

Range of rates of pay was €9.15 to €13 per hour with an average rate of hourly pay of €11.12 per hour

39% of services have Early Years Practitioner staff employed on rates lower than that received by Community Employment\(^{11}\) (CE) participants

There is a considerable pay differential between Early Years Practitioners and commensurate state funded posts e.g. Special Need Assistant/Early Start Early Years Practitioner\(^{12}\) in Early Start. At the first point on respective pay scales, Early Years Practitioners are paid €2 less per hour than Special Needs Assistant’s (SNA’s)/Early Start Early Years Practitioners. At the highest point on respective pay scales this differential widens to €9 less per hour.

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\(^{11}\) CE – Community Employment is a Department of Social Protection employment activation programme targeting individuals experiencing long term unemployment.

\(^{12}\) Early Start is a state delivered pre-school programme offering 2 hrs 15 mins of early years delivered by a qualified primary school teacher with support from an Early Years Practitioner. The adult child ratio is 2:15 and it operates 5 days a week – term time (183 days). It is operates attached to schools in disadvantaged areas funded through Delivering Equality of Opportunity in Schools (DEIS). Early Years Practitioners employed in Early Start are on the same pay scales as SNA’s.
27% of services do not differentiate levels of seniority through the job title Room Leader. Instead they use the generic term Early Years Practitioner/Childcare Worker to describe all roles.

14% of those employed as Room Leader are paid less than the living wage. In moving to a graduate lead service, as all the literature suggests is necessary for high quality service provision, settings are looking to recruit at a graduate level\textsuperscript{13} for Room Leader roles. The average range of pay for this role was €14.26 for lowest rate and €16.04 for highest rate per hour. The benchmark internationally is 60% of work force is graduate led. Our report indicated that 14% of staff had a graduate qualification.

When comparing salary scales with SNAs and Primary School Teachers, the package of terms and conditions must be taken into consideration. While beyond the scope of this research, it was apparent from the accounts that only 14% of services paid a nominal minimum towards some form of pension.

The majority of Early Years Practitioners (58%) are part time. Additionally there is a precarious nature to work in the sector with staff often unsure of their hours in September when they finish work on term time contracts in June and are forced to sign on during summer months. Term time working reduces the ability of the sector to attract both graduates and experienced staff who require full time working to secure a mortgage and support a family. Services also reported the following in the last 6 years:

- 29% had negotiations with unions
- 29% reduced wages
- 43% did increase the hourly rate of salary but many reported they had to simultaneously reduce working hours
- 45% reduced working hours
- 22% reduced contracts to term time
- 16% had to make staff redundant
- 9% had to put staff on protective notice

Pay, work conditions and job satisfaction have all been identified as a key indicators of predicting higher quality services and are necessary to resource sufficiently if the sector is to progress to the level of quality of service delivery required to promote better outcomes for children (OECD, 2012).

2. \textbf{Use of Community Employment (CE)}

CE participants represented 25% of the staffing body – 41% of services are dependent on CE for delivery of Early Years Services.

3. \textbf{Under resourcing of key positions}

43% of services do not have an Administrator

53% of services do not have a Cleaner

4. \textbf{Managers are not supported in their leadership role.}

\textsuperscript{13} Level 7/8 on the National Framework of Qualifications (NFQ)
47% of services have a Manager factored into ratio within rooms

59% of Managers worked an additional unpaid 4 hours and 28% worked an additional unpaid 5-9 hours on an average week

28% of Managers worked an additional unpaid 4 hours and 69% worked an additional unpaid 5-9 hours at busy times – once a month.

47% of Managers indicated that they spent excessive time on the area of funding, reporting to funders and obtaining additional funding. It was the second highest demand on their time, second only to managing staff.

42% of Managers play a significant role in governance and supporting the work of the board.

Manager’s outlined a number of supports they required to assist them in their role e.g. administration supports and line management for themselves – see main report for more detail.

The role of manager as leader of the organisation and pedagogical leader has been strongly identified as a key factor for delivering high quality services (OECD, 2012; Siraj-Blatchford & Manni, 2007).

5. Use of voluntary board to carry out operational functions.

20% of services reported that board members carried out executive roles within the organisation.

2. Summary: Services have reached their limit in relation to maintaining a low cost base and yet they still remain financially unviable. There are no options to reduce costs further. Services rely on mechanisms to remain open which are unsustainable in the long term.

3. The impact on finances and service delivery of two forthcoming changes?

Change in Child Care Regulations preventing unqualified CE participants from being in ratio

40% of participating services will be impacted by this change at a combined additional expense of €503,248 to replace CE participants. Of these:

- 19% services will be placed in significant debt and will be forced to close within the year after introduction.
- 38% services will sustain the additional cost (assuming all other income stays the same) for 1 year but will then be forced to close.
- All remaining 43% of services would see their reserves depleted within 2-3 years. However any additional shocks to income or expenditure would see these services close sooner.

Services that are part of a wider organisation could close the Early Years Service in the immediate future rather than placing the whole organisation at risk with ongoing annual losses.

Change arising from the introduction of the second free preschool year (SFPSY)

78% of services reported in the online survey that they anticipated a loss of income.
It is very hard to accurately calculate the impact of the SFPSY given the level of uncertainty regarding demand. Services are likely to see existing children switch from full paying or subsidised paying (CCS) to the SFPSY. Additionally there will be an increased demand for places for children not previously attending a service thereby displacing younger children.

12% of services only open 38 weeks of the year could see a slight increase of on average €420 given the higher capitation in budget 2016.

The following profiles of services are at most financial risk: those that are open more than 38 weeks of the year and offer preschool places for 2.5 years. They could experience a significant impact on their income, with an estimated loss of €20,000 on average.

Two detailed case studies were carried out and they predicted a loss of €34,920 and €13,600 given the profile for this setting.

Key factors contributing to this loss of income as reported by services:

- 31% - reduced occupancy as children won’t start till they are 3 years
- 50% - no income during summer months
- 60% - children no longer on CCS which results in reduced weekly income

3. Summary: The combined impact of both these changes on the financial security of services is considerable given their already precarious nature. The report outlines the following impact on financial security of the sector:

- 78% experiencing significant losses which are unsustainable beyond 2-3 years. Of these services:
  - 8% are at risk of closure within 12 months
  - 22% at risk of closure within 2 years

In relation to service delivery:

- Services to children under 1 are already limited and will be at significant risk
- Services to children 1-3 years will be at significant risk
- 21% of services report reducing staff contracts to term time
- 27% report the need to reduce working hours
- 19% report they are likely to close during the summer months

Finally the move to having 2 years of FPSY funded for only 38 weeks of the year has a significant impact on the sector’s ability to attract and retain highly qualified and experienced staff. Internationally the evidence strongly supports the need for a qualified, experienced staff team to effect best outcomes for children through quality service delivery.
Recommendations

Unique issues facing rural providers or private providers were beyond the scope of this report, notwithstanding the fact they too face pressures and funding related issues. Recommendations are summarised here and outlined in more detail in the main report.

1. **Urgently secure the financial sustainability of community early year’s settings in light of the prospective reforms.**

   **Urgent actions:**

   1.1. Provide services with a multiannual core grant supplementary to CCS/ECCE/TEC to all community Early Years Settings.
   1.2. Pending the establishment of a core grant, the requirement under the regulations to hold a level 5 qualification should not be enforced at the same time as the introduction of the SFPY.

   This report strongly argues for a qualified staff body to promote the highest levels of service delivery. However the combined financial impact of the two changes, outlined within the report, force services into a position of financial risk. This recommendation is only necessary to allow sufficient time for a consistent and regular core funding grant with transparent criteria, to be established to secure the financial position of a service which is not dependent on unqualified CE participants.

   **Medium term actions:**

   1.3. Explore and reactivate the proposal to have DSP CE hubs nationwide with appropriate supports for host services

2. **Recognise the unique role of community Early Years Services in serving children and families from areas of disadvantage, in particular as per this report, urban disadvantage.**

   **Urgent actions**

   2.1. Increase number of fully funded hours of both Free Preschool Years (FPYS) from 3 to 4 per day for community Early Years Settings with weekly rates commensurate with increased hours.
   2.2. Increase the number of weeks per year from 38 to 46 for community Early Years Settings.
   2.3. Radically reform the current model of Community Childcare Subvention Scheme (CSS) in the design of the Single Affordable Childcare Scheme.

      a) Substantially increasing subsidies under CCS within the SACS.
      b) Review the current eligibility criteria within CCS which are too restrictive.
      c) Reform the current means testing mechanism, such that parents availing of a subsidy under CCS secure their eligibility directly from Department of Social Protection before presenting themselves at an ECCE service.
      d) Ensure families can access a CCS placement throughout the year and not just in October.
      e) Subsidies should be based on hours of provision rather than type of provision
f) Reinstate the infant supplement and introduce a supplement for children aged 1-3 years in line with ratio requirements.

**Short term actions**

2.5. Progressively increase the rates of capitation under Early Years Services universally.

2.6. Introduce a ‘€0 parental fees policy’ for those children and families identified as being most at risk.

**Medium term actions**

2.7. Initiate a local mapping exercise of all community Early Years Settings and establish their primary focus for service delivery. Ensure the model of service delivery is based on need rather than funding and this model is integrated within a support structure of all relevant agencies.

2.8. Carry out a review into best practice for the organisation of community Early Years Settings to allow for long term financial and governance sustainability.

2.8. Create a funding mechanism which encourages services to consolidate their governance, finance and management structures. This could be done on a pilot basis, the learning from which could contribute to the creation of long term sustainable structures on a larger scale.

3. Reactivate the Work Force Development Plan (2010) and commence the process of moving towards nationally agreed salary scales.

**Short Term Actions**

3.1. Reactivate and update commitments under the Work Force Development Plan.

3.2. Carry out an independent review into what the cost of a high quality Early Years Service would be with graduate led workforce.

**Conclusion**

The Irish early years’ sector has undergone considerable change over the past 20 years. This became heightened following the Prime Time programme ‘A breach of Trust’ in 2013 (RTE, 2013) with substantial state investment in the development of a range of additional support and regulatory structures e.g. The Learner Fund, Better Start, Access Inclusion Model (AIM), Early Years Childcare Inspectorate, Department of Education Inspections.

Yet throughout this time there has been no additional investment directly into services, in fact funding models saw reductions\(^\text{14}\). Additionally there has never been an exploration as to whether the sector is sufficiently funded on the ground to respond to these external regulatory and supportive services.

The demands on the community early years sector continue to grow from the perspective of:

- regulation (childcare and company law)

\(^{14}\) The FPSY capitation will be fully reinstated in September 2016, but there has been no change in CCS
• funding (applying and reporting on)
• practice changes (curricular, governance, child and family support good practice guidelines)

The findings highlight a community early year’s sector at the end of its limits of creativity and commitment. It is difficult to see how the sector can move to the international benchmark of 60% graduate led workforce under the conditions outlined in this report (Start Strong, 2014). It has exhausted all mechanisms to maintain services on minimal investment with ongoing and increasing expectations and demands. It is struggling to respond to family support needs presented and to provide an affordable accessible service to low income families. It is a sector which is already financially unsustainable with the alarming prospect of closure facing many services in the next 1-2 years. It is a service at breaking point.

The government has since the late 1980s invested in a community early years sector through both exchequer and European funding. The opportunities as a result of this investment should not be ignored and given their location within areas of disadvantage, community Early Years Services could become a substantial piece of a wider infrastructure addressing the needs of children and families at risk of poverty. An increase in exchequer revenues, the clear commitment of the government within Better Outcomes, Brighter Futures and an established commitment to address the pressing issues in relation to Child Poverty, create the foundations for the establishment of a sustainable community early years sector. It should provide clarity of service delivery ensuring children and families have access to a responsive local service which is well governed and adequately funded to provide the highest quality Early Years Service necessary to ensure better outcomes for children and their families in the future.
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Introduction

The Community early year’s sector has its origins in a charitable response to concerns of child welfare and deprivation. One of the first community ‘day care’ services was established by the Quaker Society in the Liberties in 1855 (Corrigan, 2004; Mulligan, 2015). Since then the progress of community Early Years Services has been slow, erratic and inconsistent with multiple government departments involved and multiple structures responsible for the delivery of services.

In the 1980s grants became available through the Health Boards in response to concerns regarding child welfare and deprivation (Corrigan, 2004). The ‘NOW’ (New Opportunities for Women) EU programme available through the Department of Enterprise and Employment from 1992, saw additional sources of funding to support women through childcare provision and these were predominantly based within areas of disadvantage (New Opportunities for Women, 1995).

The development of policy and funding within the sector in Ireland escalated through European funding under the Equal Opportunities Childcare Programme (EOCP) which provided considerable capital grants to all providers and staffing grants to the Community sector. It also marked the first formal investment in supporting structures: e.g. National Community and Voluntary Organisations (NCVOs) and the development of City and County Childcare Committees (CCC’s).

The sector expanded considerably and while there was some oversight in relation to the development of services in line with local need through the CCCs, there was little consideration to a planned approach which would outline clear expectations from services. As demand was high and funding was available, many community services were established in response to a range of diverse needs within local communities. Governance and long term sustainability were not given the foresight or planning required for an area based sustainable infrastructure. Quality was not a key driver, as EOCP was a labour activation measure for women.

The commencement of National Childcare Investment Programme (NCIP) in 2007 marked the first large scale exchequer investment in the sector as a whole and the commencement of the Community Childcare Subvention Scheme (CCSS) resulted in specific concerns for the community sector. It was followed by the establishment of the Department of Children and Youth Affairs (DCYA).

While many services received substantially less funding under EOCP than they received under CCSS, the earlier model of funding provided security, ability to budget and plan and most of all gave services the control with regard to responding to local needs. The introduction of CCSS marked a change of approach, and drove services to a market system where children are valued in terms of the subsidy they may attract with no security as to levels of funding from one half of the year to the next. Ironically the core business efficiency driver of occupancy became the only measure of success and at the same time the programme placed restrictions on services limiting their ability to secure full occupancy.\(^{15}\)

The community sector began to voice concerns regarding sustainability given the limited state investment in the sector in comparison to EU averages. This was compounded by the rolling out of the widely welcomed universal FPSY in 2009. The universality of the scheme has been praised as

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\(^{15}\) Under the CCS funding scheme, parents must present to services with proof of their eligibility during 1 week in October. This is the only time in the year that services can register families under this scheme presently.
removing any stigma or financial barrier to those children who would benefit most from one year of free preschool. However for urban areas, the funding levels of the scheme, devalued the cost of preschool provision by approximately €10 per week per child (Early Childhood Ireland, 2014). The community sector faced greater challenges of sustainability and for the first time community services entered a ‘competitive market’ with the private sector.

Since 2008 the sector has been highlighting these concerns (Rourke, 2008). Financial sustainability has been the primary concern, but considerable concerns have also been raised about governance. Anecdotally, services report they can’t afford the necessary managerial, administrative and board supports required for the highest standards of governance.

These concerns about sustainability have escalated since 2008 as the sector utilised all reserves or voluntary supports to remain viable whilst also chasing funding from any source available. Not only has this distorted the essence of why these services opened in the first place, it demands unreasonable resources and time, just to keep the service afloat. The announcement in Budget 2016, of a second free pre-school year (SFPSY) and the enactment of the Childcare Regulations 2016 propose significant changes for the sector commencing in September 2016 and January 2017, have brought concerns to the forefront again. The commencement of a second free preschool year (SFPSY) proposes universal free access to two years of preschool from the age of 3. However it does so on similar terms and funding levels as the original scheme, which contributed to the financial instability of the sector.

The sector has been preparing for legislation under the Childcare regulations requiring all staff to have a minimum qualification of level 5 on the National Framework of Qualifications (NFQ) through intensive provision of level 5 and level 6 training under the Learner Fund and the guidelines around ‘Grandfathering’ (Department of Children and Youth Affairs, 2015). CE participants by nature of being on a training programme are in the process of securing their level 5 on the NFQ, but they have been, to date, factored into adult child ratios. This practice will not now be possible unless the CE participant has a level 5. This was complicated and blurred by plans to introduce CE Hubs by DSP, which have not to date fully materialised nationally. These services have been operating within a vacuum of information between the two government departments – DSP and the DCYA.

While concerns remained at an anecdotal level, a consortium of organisations heavily involved in supporting community early years within urban areas of disadvantage, came together to quantify and validate these concerns. In February 2016, four organisations agreed to compile a report exploring the current financial situation of the sector and the likely impact of proposed policy and regulatory changes:

- South Dublin County Childcare Committee;
- South Dublin Partnership;
- Cork City Childcare Committee; and
- Cork City Partnership.

All of these organisations have a significant role in supporting the community early years sector within their local areas.
Background and Need

Early year’s provision in Ireland

The Irish early year’s sector has undergone considerable change in terms of funding and regulation with the majority of this change concentrated in the last 10 years. The childcare fees Irish parents pay are one of the highest in the OECD countries with fees in a typical childcare centre representing 27% of the average wage (OECD, 2014). This is second only to the UK and double the EU average of 11.2% (Vincentian Partnership for Social Justice, 2015). The government invests 0.2% of GDP in the sector which is extremely low in comparison to the OECD average of 0.8% (Start Strong, 2014).

Ireland has a mixed model of funding for the provision of Early Years Services. There are currently 4349 early years’ providers in Ireland with the for profit (private) sector representing 75% and the not for profit (community) providers representing 25% (Pobal, 2015). The OECD differentiates this model of mixed private stakeholders from the majority of OECD countries where most service provision is both publicly funded and publicly managed i.e. state run.

Ireland is one of 15 out of 34 countries relying on a private delivery and predominantly privately funded mechanism of early years for children aged 0 to 3 years of age. However it is one of only 8 countries out of 34 with a private delivery mechanism of early years for children over 3 years. With the commencement of the SFPSY in September 2016, to children aged 3 years upwards, this picture will change with early years being predominantly state funded but delivered by private stakeholders.

There has been commentary regarding whether this model of an ‘outsourced’ early year’s sector or a ‘market system’ is the most appropriate (Penn & Lloyd, 2014). Evidence would suggest that when childcare is left to the market that wealthier families secure childcare of higher quality than poorer families. An American study by Mocan in 2001, has also suggested that parental choice is constrained by many factors which don’t always translate into accessing or demanding high quality services (Penn & Lloyd, 2014). This has significant implications for a community not for profit early years sector operating within the same ‘market’ as a profit driven sector.

The expansion of Early Years Services under EOCP saw rapid development of the sector without any area based planning or clarity as to why the services were delivering early year’s in the first place – was it to support woman back to work, to provide early learning opportunities or to provide a level of family support for those from disadvantaged backgrounds? There was also no consideration of a state delivered service, and so any stakeholder willing to establish a setting, be they private or community and voluntary, was enabled to deliver a service. This resulted in a predominantly private ‘market system’ sector without consideration as to what type of sector would work best for Ireland (Penn & Lloyd, 2014).

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16 Family database lists Ireland’s investment as .5% with nearly .4% of this representing investment in Junior and Senior Infants.
17 Excluding Early Start and Junior/Senior Infants - Junior and Senior Infants currently marks the commencement of state delivered primary education; Early Start is a limited targeted ECEC programme offered in areas of disadvantage and attached to schools participating in the Delivering Equality of Opportunity in Schools (DEIS).
Community Early Years Services are delivered by companies limited by guarantee, a requirement since the introduction of NCIP, but who have widely divergent structures and central ethos’. There has been no planned provision ensuring that each area offers appropriate responsive services to the diverse needs of the community.

The unique role of community Early Years Services in urban disadvantaged areas: prevention and family support and child poverty.

Community services anecdotaly support early learning for local children, low income families, families attempting to return to work or education and those availing of family supports either through Tusla or at a local community level. They are run by voluntary boards of management as a not for profit company limited by guarantee.

Community services in 2016 receive no specific funding in recognition of their role, despite their potential for engaging in a child’s life at the earliest possible time. A report by Fingal County Childcare Committee and Blanchardstown Area Partnership in 2008 (Smith, 2008) and a smaller report in 2010 (Blanchardstown Area Partnership et al, 2010) highlighted the additional challenges to the community sector.

Location and profile of families attending

Community childcare services are primarily located within disadvantaged communities. They are also located in rural areas where it would not be viable for a private provider to deliver a service. This report will focus only on those within or serving urban areas of disadvantage as restricted by the demographics of the participating areas.

Community Early Years Settings serve their local communities, which as outlined by Census data have a community profile of high levels of one parent families; high levels of unemployment and intergenerational unemployment; and high levels of ‘deprivation’ (Haase and Pratschke, 2012).

As such it is assumed that there are many additional challenges inherent in the services they provide. Such challenges are the same for state run schools operating within the areas. The majority of these schools have a ‘DEIS’ status (receive additional state funding in recognition of the areas in which they are located through the Delivering Equality In Schools Programme). Reports have indicated that it is not only the socio-economic challenges that the pupils attending face, but that they also have additional emotional, behavioural, learning or additional needs and there has been a recommendation to provide additional supports to address these needs (Smyth, Mc Coy, & Kingston, 2015).

Like DEIS schools, community Early Years Settings appear to have a greater number of children attending with additional needs. The process of supporting a family through the identification of additional need and the onward referral either to the Public Health Nurse, Early Intervention Team or Assessment of Need is complex and requires time, expertise and professionalism.

Further differences in service delivery arise, when supporting families who struggle to pay the weekly fees. Frequently services refer families onto financial support organisations whilst at the same time they waive fees if the need for the child and family warrants it. This often leaves the organisation to absorb unmet parental fees.
An additional factor, which has gained attention in recent years for community services, is in relation to children within communities affected by criminality and violence. Recent media attention has reflected a juxtaposition between the vulnerability of young children attending community Early Years Settings being exposed to criminality and at times violence (Holland, 2016, Murphy, Foy, & Kiernan, 2014).

**Prevention and family support**

In many ways the role of Early Years Services in prevention of risk and social exclusion in a child’s life is overlooked. The need to support children at the earliest stage of their learning is paramount for all Early Years Settings, but more so for community settings. Research points to the greatest gains from early years is to be achieved by children from disadvantaged backgrounds (Sylva et al, 2003; Bennet, 2012; Heckman, 2014; Heckman, Moon, Pinto, Savelyev, & Yavitz, 2010).

Similarly overlooked is the family support role intrinsic in Early Years Services.

“Family support is both a style of work and a set of activities; which reinforce positive informal social networks through integrated programmes; combining statutory, voluntary, community and private services, primarily focused on early intervention across a range of levels and needs with the aim of promoting and protecting the health, wellbeing and rights of all children, young people and their families in their own homes and communities, with particular attention to those who are vulnerable or at risk” (Pinkerton, Dolan, & Canavan, 2004).

The above definition on the DCYA’s website recognises the additionality provided by community early year’s settings. Recognising this, Tusla’s ‘Prevention, partnership and family support’ (Tusla, 2013) approach has considerable implications for community Early Years Settings who may be required to be heavily involved, if not actually the lead agency in a ‘Meitheal’ (Tusla, 2013) process. They could be required to play an active role in newly developed ‘Local Area Pathways’.

This role in relation to family support, early learning and parenting is indicative of service provision at a preventative and early intervention level amongst children at risk of social, economic and educational disadvantage, which all community Early Years Services in urban disadvantaged areas deliver. However many community Early Years Settings would deliver services to children and families with greater levels of need akin to level 3-4 on the Hardiker scale (Hardiker, P. et al, 1991).

Predictors of child neglect have been noted as ‘inadequate parenting skills, parental stress and limited knowledge of child development’ and it has been associated with living in areas of deprivation, low education, domestic violence, poor housing and poverty (Polek & Wach, 2013; Thoburn, Wilding, & Watson, 2000; Action for children: University of Stirling, 2010). Given the importance of early intervention especially in relation to the early detection of child neglect, Early Years Services play a crucial role within a layered network of support services working with vulnerable children and parents. In Ireland the community childcare sector is uniquely placed to deliver such services if appropriate funding levels are in place.

It is not to argue that investment in Community Early Years Settings serving children and families from disadvantaged areas is a ‘magic bullet’ (Hayes, 2016) to address the complex issue of child poverty. There are many complexities and structural barriers to ensuring the equality gap is narrowed. However when embedded within an integrated structure of additional family, health and
housing supports, Early Years Services can play a prominent role supporting children and families at risk (EU Commission, 2013). While services don’t question the nature of the work they do over and above the standard childcare setting, it has not yet been costed.

**Child poverty in Ireland: one parent families, low work intensity households and early year’s settings.**

Ireland is unique within Europe for having an EU commission recommendation addressing child poverty and has received this recommendation for a number of years.

‘Expand and accelerate the implementation of activation policies to increase the work intensity of households and address the poverty risk of children. Pursue measures to incentivise employment by tapering the withdrawal of benefits and supplementary payments. Improve the provision of quality, affordable full-time childcare’ (EU Commission, 2016).

11.2% of Irish children experienced consistent poverty in 2014 (Central Statistics Office, 2015). This has increased since 2011 when the figure was 9.2% (Children’s Rights Alliance, 2016).

Data from the Survey of Income and Living Conditions in Ireland also stresses the risk of poverty for children living within a one parent family with 22% experiencing consistent poverty (Central Statistic Office, 2015).

Living in a house where there is no employment is also a predictor of higher rates of consistent poverty (19%) (Central Statistic Office, 2015). The European Commission has raised a concern about Ireland’s high proportion of people living in jobless households or ‘low work intensity’ households. Additionally Ireland has one of the highest numbers of children in the EU living in jobless households 14.5% (Eurostat, 2015). These later factors compound the risk of poverty for children living in Ireland.

Ireland also has one of the highest percentages of children per population at 25% against an EU average of 19%.

Child poverty has become a central focus for the Government and is a key target area captured within its national policy framework for children and young people, Better Outcomes, Brighter Futures (Department of Children and Youth Affairs, 2014). The establishment of an interdepartmental group with Child Poverty at its core has commenced. This group was to use the EU document, ‘Investing in Children: Breaking the cycle of disadvantage’ as its guiding recommendations (EU Commission, 2013).

In addition it aims to ‘lift over 70,000 children out of consistent poverty by 2020’. It proposes a range of commitments:

- in relation to child and family support income;
- one parent family payments;
- promoting labour market activation;
- specific targets for children experiencing homelessness, asylum; and
- specific youth education, engagement and employment targets and specific targets supporting Traveller and Roma children.
In addition to its commitment to increase investment in the early year’s sector, prioritising families on low incomes, it also commits to ensuring accessibility to Early Years Services to prevent barriers to employment (Department of Children and Youth Affairs, 2014).

The EU document referenced above lays out a road map to address child poverty with early years planning a key role within this plan.

‘Reduce inequality at a young age by investing in early childhood education and care — Further develop the social inclusion and development potential of early childhood education and care, using it as a social investment to address inequality and challenges faced by disadvantaged children through early intervention’ (EU Commission, 2013)

It stresses incentivising families from disadvantaged areas to participate in services and advocates for an integrated approach, with a focus on the rights of the child, which is targeted in disadvantaged areas and has a long term vision.

The current structures of community Early Years Services are not sufficiently funded to take this approach; additionally the governance nature of these structures can leave them isolated from a more integrated service approach focused around the child which is advocated within Meitheal (Tusla, 2013).

**Funding of community Early Years Services.**

Community providers are in receipt of the Early Childhood Care and Education Scheme (ECCE) more commonly known as the free preschool year (FPSY) and the Community Childcare Subvention (CCS).

ECCE is a capitation payment to services to deliver 15 hours of free preschool for 38 weeks of the year. It is the same payment for community not for profit services as it is for private services. There is a built in incentive for services to employ staff at a higher qualification level (Level 7 on the National Qualifications Framework –NFQ) to avail of a higher capitation rate for children in a graduate led preschool room. The rate dropped during the economic crisis to €62.50 at the lower capitation and €73 at the higher capitation rate, but these will be returned to their original rate of €64.50 and €75 from September 2016. Payments are made in advance and at various intervals throughout the year.

CCS is a means tested payment based on a family’s receipt of benefit. Community providers have argued since the introduction of CCS (Rourke, 2008) that this subsidy isn’t sufficient to sustain the operations of a service or to reduce parental fees to ensure access and affordability to the community. Like the ECCE subsidy, CCS is a capitation grant and so if parents are not availing of the limited reduction on fees to take a place then occupancy rates are low thereby impacting on the sustainability of the service. At its highest, CCS subsidises the full time fee for a parent by €95 per week – a full breakdown of subsidies is available in Appendix 3.

Some services receive other grants. A number of services who were in receipt of the original HSE grants have either retained some of these grants or receive them now from Tusla, the Child and Family Agency. A minority of services receive grants through a Department of the Environment Programme, Community Services Programme (CSP).
Local charities or philanthropic organisations also award grants, sometimes on historical grounds, more recently on a commissioned basis for specific service delivery pieces e.g. Parent Care Facilitators role through Childhood Development Initiative (CDI), Tallaght.

Community Employment

The aim of CE is to ‘enhance the employability and mobility of disadvantaged and unemployed individuals by providing work experience and training opportunities for them within their communities’. CE projects are typically sponsored by groups wishing to benefit the local community, namely voluntary and community organisations and, to a lesser extent, public bodies involved in not-for-profit activities. Such projects provide a valuable service to local communities.

Childcare has become a key vocational training element within the CE programme, with some community Early Years Settings being a sponsor and managing the participation of a full scheme of trainees. Community Early Years Settings who are not a sponsor, may also support the placement of a CE participant from a local sponsorship organisation. There are 2,200 places ring-fenced for childcare on community employment programmes.

The Department of Social Protection (DSP) has outlined that it is consolidating and improving the provision of training and work experience for CE participants in particular for those who wish to pursue a career in childcare (Department of Social Protection, 2015). For CE participants who work directly with children, a dedicated programme comprising formal learning and supervised work experience is now a mandatory part of participation.

This formal learning programme leads to a FETAC Level 5 Major Award in Early Childhood Care and Education. In acknowledgement of the training requirements participation on a childcare place is for a maximum of 3 years linked to the successful participation of the CE participant in the training and work experience programme provided. Other CE positions are for a minimum of 2 years.

This programme involves defined standards of achievement, a career progression path, and a structure for CE participants in Early Years Services. These changes are designed to provide a more tailored and valuable support to the provision of community childcare and to achieve greater coherence between participation on CE and the job market.

Financial sustainability within the community early years sector

Financial sustainability for the not for profit sector is substantially different than for those in the ‘for-profit’ sector. Central to this difference is the financial ability to allow the organisation to remain true to its original intent or mission and deliver high quality services (Sontag-Padilla, Staphlefoote, & Gonzalez Morganti, 2012). It has been defined herein as:

- operating with minimal financial risk,
- having secure sources of funding that is stable, suitable and sufficient (The Wheel, 2015)
- having sufficient organisational capacity to ensure relevant financial information for decision making
- having sufficient resources to respond to unanticipated expenditure, developments and reforms
• having the administrative and management ability to generate sufficient funding to deliver the high quality responsive service
• continuously investing in quality of service delivery
• having a financial plan for the services ability to operate long term without compromising the quality of service delivery.

Those delivering Early Years Services in Ireland on behalf of the state argue that current levels of government funding are not sufficient to keep services sustainable whilst also providing high quality, affordable and responsive services to children and families. This has been strongly articulated by the Community Sector.

In 2015, Dublin City Childcare Committee (Dublin City Childcare Committee, 2015) commissioned a detailed report exploring Financial Sustainability in Childcare Services. The results are summarised below:

• All services were at a ‘break-even point’ – however community providers may have shown a ‘book loss’ as depreciation was not factored in as an operational cost
• The most viable model was one which was open 47.5 weeks of the year as wage costs were reduced. However families require a 52 week service.
• Services provided poor terms and conditions to staff – the majority of whom, work part time hours and earn an average hourly rate lower than the Living Wage estimate of €11.45 per hour. Earnings per hour were noted to be less than half those of average Irish worker (CSO statistics) and in some cases less than a third of those within the Education sector.
• That employing staff to reflect their experience and qualifications would result in significant losses to the business resulting in the non-viability of the services. This results in little or no career pathway option for the sector and also fundamentally impacts on the ability of services to attract and retain staff with higher qualifications.
• The considerable impact of occupancy on viability. While attaining higher occupancy would result in greater financial security, this is beyond the control of providers given regulations and considerations for quality provision. A 10% reduction in occupancy results in a ‘devastating impact’ for all providers.

The Annual Early Years Sector Survey 2014 carried out by Pobal (Pobal, 2015) outlined the following reported challenges:

• 54% services reported a reduction in the uptake of full time places and 37% reduction in afterschool places.
• 12% reported that they had to reduce the range of services offered – in particular the option of baby places (higher staff to child ratio) and afterschool. 8% reported the need to reduce the number of weeks open.
• 25% reported having to reduce the working hours of staff. 8% reported that they had to make a staff member redundant.

Many services reported concerns about how they would manage the ongoing costs in 2015 and also noted the following concerns for the future:

• Continued reduction in occupancy
Burden of many administrative demands of funding schemes
• Static capitation rates not meeting rise in costs of operation
• Increasing running costs – rates, insurance and water charges were mentioned in particular
• Training costs of staff whose qualifications don’t meet regulatory requirements
• Supports required for children attending with additional needs, many of whom are undiagnosed
• Ongoing staff costs
• Financial sustainability in general

Both of these reports highlight significant challenges for the sector as a whole. However within the community childcare sector there are additional nuanced challenges which combined with the above negative outlook suggests that the sector requires an urgent review to ensure its sustainability from a financial, governance and service delivery perspective.

In 2015 following the Report from the Interdepartmental Working Group: Future Investment in Childcare in Ireland, it was announced that the CCS scheme would be extended to all services including private services commencing with a pilot group. This is a most welcomed change at a national level in that families regardless of their proximity to a community setting can access a subsidised childcare place. All advocating on behalf of children and families experiencing or at risk of poverty welcome this step. However, the announcement marked an assumption that there should be no difference in funding between the private and community sector as there was no additional funding announced for the community sector. Funding for the community early years sector has in fact has reduced since 2007.

Subsequently an Oireachtas Committee Report on Health and Children in January 2016 recommended that ‘there should be no separation, as far as possible, between treatment of private and community services in delivery of childcare services. All services are governed by the same legislation and same standards, with similar staffing pay scales’. (Houses of the Oireachtas Joint Committee on Health and Children, 2016).

Given the profile of families attending community services, their location and the demands placed on them in relation to family support, this recommendation is very concerning and demonstrates a lack of understanding of the unique role and additionality in the delivery of community childcare services. Furthermore it marks a lack of recognition that community services cannot operate under the same market conditions as private services.

An additional challenge specific to community services is the regulatory requirement for all staff to have appropriate qualifications when in ratio of working with children. Again this is a welcomed change in securing highly qualified staff working with all children in Community Early Years Settings. This will have a significant impact on the placement of Community Employment (CE) participants within Community Childcare Settings. While many are out of ratio, there are some services where CE participants are in ratio. Currently CCI and DCYA are carrying out an audit of the likely impact of this to community providers and the results of this will be considered where possible, within this report.

Finally the sector as a whole is concerned as to the impact on sustainability of the introduction of the SFPSY. It is intended that this will commence from September 2016 and be available to all
children as soon as they turn three. Services have limited awareness of how this might impact on the range of services they offer.

This is a welcomed policy decision as it promotes universal free preschool education for a greater period during a child’s early life. However this has been introduced without full consideration for the impact on the sector as a whole but in particular for Community Services. This only serves to further destabilise an already vulnerable sector financially whilst at the same time, perpetuating:

- poor salaries and terms and conditions through the promotion of services to open only term time, resulting in term time only contracts for staff
- reduced capacity to respond to the high needs of a disadvantaged community
- reduced ability to respond to delivering higher levels of quality service provision.

This change comes at a time when all childcare services believe they are increasingly unviable.

Community childcare must also navigate the ongoing challenges within the not for profit arena of securing, sustaining and supporting a voluntary board of management and fulfil the many regulatory challenges of being a CLG (a requirement of funders to be in receipt of grant income). These governance challenges are unique to the community sector.

Since the 1980s the community childcare sector has delivered a service at low cost to the State in many difficult and challenging situations, driven by voluntary boards and low paid staff. Yet there is a concern that this sector can no longer sustain these challenges whilst also delivering the high quality, preventative and supportive service to the disadvantaged communities and families who avail of it.

The sector has undergone considerable change over the past 20 years. The intensity of regulatory change was building within the sector since 2006 and it became heightened following the Prime Time programme ‘A breach of Trust’ in 2013 (RTE, 2013). This resulted in substantial state investment in sectoral reform and the development of a range of additional support structures e.g. The Learner Fund, Better Start, DES Inspectorate. Yet throughout this time there has been no additional investment directly into services, in fact funding models such as FPSY and CCS saw reductions.

Never has the regulatory and reporting demands on the community sector been as great from the perspective of funding, policy, regulation and inspection, children and family support and governance. Figure 1 summarises the many policy, regulatory and guidance changes since 2006. There has not been an exploration as to whether the sector is sufficiently funded on the ground to respond to this change.

While considerable strides have been made to redress the lack of focus on quality, the same cannot be said about the provision of sufficient funding and supports to secure sustainability both in relation to finances and governance within the community early year’s sector.

Review questions

Against this backdrop the consortium proposed the following review questions:

1. What is the unique role of community Early Years Services? How is this role funded?
2. How financially sustainable are Community Early Years Settings given current levels of funding?
3. What is the likely impact on finances and service delivery of two forthcoming changes:
   a. change in Child Care Regulations preventing unqualified CE participants from being in ratio
   b. the introduction of the second free preschool year?
4. Recommendations.

   It was originally thought that a costing exercise should be carried out to capture the ‘additionality’ facing the community sector e.g. the cost of governance, the costs for engaging in the Meitheal model, Better Start, AlMs process etc. However this was not possible given a limited time frame.

   Additionally there had been the intention to capture the challenges facing the sector from a governance perspective. It was never the intention to carry out a governance audit, more to capture the challenges such an underfunded sector face in securing board members, administratively supporting a board and the additional demands that fall to the manager as the primary individual central to it all.

   Those working within the community and voluntary sector are all too aware that achieving the highest levels of governance is a work in progress with considerable guidance and information now available to support structures towards such a position. What has not been available is funding and resources. This places yet another regulatory requirement on an already stretched sector.
Figure 1 Changes in policy, regulation, practice reform and funding impacting on community Early Years Settings

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18 Work Force Development Plan (Minister for Education and Skills, 2010)
Siolta (Centre for Early Childhood Development and Education, 2006)
Methodology, sampling and response rate

Methodology

Qualitative

Telephone call: All services were contacted by phone and during this phone call, services outlined some of the concerns that specifically impacted upon them. These points of concern were documented and are used throughout the report to elaborate or give a narrative to the findings.

Online survey: An online survey was designed through Survey Monkey. It was not anonymous as information gathered from the survey was cross referenced against additional data returned from each service. An anonymous draft survey was piloted amongst 6 services in Blanchardstown and significant changes were made to the survey. A copy of the online survey can be found in appendix 1.

Quantitative

- Services were asked to return the following pieces of data:
  - Most recent set of audited accounts
  - Most recent approved fees policy
  - Pobal returns for end of December 2015
  - A spreadsheet with additional children/staffing and financial information – appendix 2.

For those services that are part of a wider organisation it was not always possible to use audited accounts as a primary source for the analysis. In these instances income and expenditure accounts and Pobal returns were used. Figure 2 gives a breakdown of the records used within the analysis. The excel spreadsheet had the following additional information captured on it:

- Types of services offered
- Numbers of children attending and type of provision attending
- Age ranges of children
- Funding schemes children accessing
- Number, qualifications, and salary scales of all staff
- Additional financial information not evident from the audited accounts

Spreadsheet analysis and modelling of financial and service profile data was used with support and oversight from a qualified accountant.
Sampling and Response rate

There are currently 88 Community Early Years Settings within South Dublin County and Cork City. These services are defined as such by their not for profit status. Some services were deemed ineligible as they were run directly by the HSE or by a school board of management and therefore not a limited company. The remaining 73 services, deemed eligible, were all written to by the relevant childcare committee (appendix 4) and subsequently approached by telephone to seek their permission to participate. Of these services 64 agreed to participate\(^{19}\).

Services were initially given 2 weeks to gather financial data, return it by post or email and complete the online survey. However it became clear that this was not sufficient as services reported being under significant pressure and the deadline was extended significantly. Concern was expressed prior to the commencement of the review that this was a difficult time for services due to the review coinciding with deadlines from Pobal.

This coupled with demands and pressures on services due to funding concerns, staff shortages, staff leave and urgent issues such as child protection issues, resulted in the following final numbers of participating services.

- 49 services completed the financial element of the review and forwarded relevant data that was accessible to them within their organisation
- 52 services\(^{20}\) fully completed the online survey.

This reflected a high response rate of 49 - 52 (67-71\%) out of 73 eligible services. It represents the experience of 2,492 children and 511 staff\(^{21}\).

\(^{19}\) 2 services were uncontactable by telephone and did not return messages; 4 service had no manager in situ and so it was not possible to contact them; 1 service had closed already for the summer months; 2 services declined to participate; 64 services agreed to participate.

\(^{20}\) 4 services commenced the survey but due to time limitations were unable to complete it

\(^{21}\) Including 122 Community Employment (CE) participants.
Demographics and service profile information

Demographics

The 2011 Census outlined a population of under 5’s in Cork City of 10,774 and in South Dublin of 20,043.

49 services participated in the full review. These provide an Early Years Service for 2492 children and their families and employ 511 staff members.

Location of services

Services were based in urban areas of disadvantage, with 42% of services located in very and extremely disadvantaged areas using small area statistics (Haase and Pratschke, 2012).

Who is delivering community Early Years Services?

49% of participating services were part of a wider organisation, delivering services broader than Early Years Services. This figure was higher for those who completed the online survey at 52%. Those Early Years Services within wider organisations benefit indirectly from non-childcare related funding to cover central operational functions such as management and finance as well as overhead costs. In addition such organisations may have greater capacity to generate and maintain cash reserves but contrary to this is whether these organisations would allow a childcare function to deplete such cash reserves.

This factor needs to be kept in mind throughout this review. In the presentation of figures all non-childcare specific costs and income have been isolated within the analysis. The majority of organisations delivering more than Early Years Services were:

- family centres/resource centres;
- community projects;
- housing associations;
- adult education services;
- Naionraí;
- drugs projects for active treatment rehabilitation and family support; and
• services providing early years for families in direct provision.

It is important to consider the breadth of organisations delivering early years and the rationale behind it as this has significant implications in terms of how services are funded.

![Figure 4: Percentage of services that are part of a wider organisation](image)

**Levels and types of funding**

DCYA funding represented 50% of all income – see table 1. 27% of all funding comes from CCS with ECCE representing 21%. While most services have one or two full fee paying children attending, the majority of parent’s fees (28%) are the linked with CCS, suggesting that just below 55% of all community early year’s income comes from CCS and reciprocal parent’s fees. 20% of services were not in receipt of ECCE at all.

78% of all children attending the services are within the 3-5 age range and the majority of the service provision from participating services was sessional and yet many of these services depend more on CCS than on ECCE.

This could be for a variety of reasons:

- CCS is offered over 52 weeks of the year as opposed to ECCE at 38 weeks
- ECCE only offers 3 hours of early years per day and family support programmes promote a 4 hour session.
- CCS offers greater levels of weekly subsidy when parent’s fees are taken into consideration in addition to the longer year. This later point suggests that community Early Years Settings offering CCS will be considerably impacted by the introduction of the second year of ECCE (see findings).
<table>
<thead>
<tr>
<th>Income</th>
<th>Amount</th>
<th>% of total income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total annual income excluding non-childcare related income</td>
<td>€9,202,069</td>
<td>100%</td>
</tr>
<tr>
<td>CCS</td>
<td>€2,530,568</td>
<td>27%</td>
</tr>
<tr>
<td>ECCE</td>
<td>€1,857,870</td>
<td>20%</td>
</tr>
<tr>
<td>TEC</td>
<td>€146,481</td>
<td>2%</td>
</tr>
<tr>
<td>DCYA Capital</td>
<td>€65,135</td>
<td>1%</td>
</tr>
<tr>
<td>Total DCYA Childcare</td>
<td>€4,600,054</td>
<td>50%</td>
</tr>
<tr>
<td>Tusla</td>
<td>€788,676</td>
<td>9%</td>
</tr>
<tr>
<td>HSE</td>
<td>€245,144</td>
<td>3%</td>
</tr>
<tr>
<td>CSP</td>
<td>€239,549</td>
<td>3%</td>
</tr>
<tr>
<td>DSP school meals</td>
<td>€123,931</td>
<td>1%</td>
</tr>
<tr>
<td>Total state investment</td>
<td>€6,012,351</td>
<td>66%</td>
</tr>
<tr>
<td>Other income</td>
<td>€239,217</td>
<td>2%</td>
</tr>
<tr>
<td>Charitable donations/fundraising</td>
<td>€407,422</td>
<td>4%</td>
</tr>
<tr>
<td>Parents Fees</td>
<td>€2,543,080</td>
<td>28%</td>
</tr>
</tbody>
</table>

Table 1: Levels of funding reported within accounts

DCYA investment represents 50% of total income, with total state income representing 66% of income and parents fees and donations representing 34%. Services are dependent on grants from Tusla, HSE and CSP grants.

**Qualifications of staff and participation in quality initiatives**

Services reported on the levels of qualifications amongst staff and on their participation within quality initiatives.

![Figure 5: Reported levels of qualification amongst all staff including CE](image)

The figure of 22% with no qualification is representative of the number of CE participants (25%) within the services. 14% of staff have a level 7/8 qualification with the majority of staff 35% holding a level 6 award.
Community Early Years Settings have continuously responded positively to quality improvement initiatives. 79% of participating services reported engagement in at least one quality programme. Services have been invited to participate and engage in a variety of programmes led by County Childcare Committees (CCC’s), National Childcare Voluntary Organisations (NCVOs) or local area initiatives such as the NEYAI\(^{22}\)/ABC\(^{23}\) initiatives. Figure 6 outlines the engagement of participating services in these initiatives.

![Figure 6 Engagement in quality initiatives](image)

The establishment of Better Start has been another welcome quality initiative. This is a national quality mentoring programme, which has now been extended to include an ‘Access and Inclusion model’ to support inclusion of children with additional needs within Early Years Settings. This was launched in 2016 and it was too early to capture services participation in this support.

\(^{22}\) National Early Years Access Initiative

\(^{23}\) Area Based Poverty Initiative or the predecessor to ABC in the South Dublin County area was Prevention and Early Intervention Projects such as Childhood Development Initiative Tallaght.
Findings and Discussion

1. The role of community Early Years Services and funding

Figure 7, below outlines the primary reasons services report for delivering an Early Years Service.

![Diagram showing reasons for delivering Early Years Services](image)

56% of services who responded online, were part of a wider local, regional or national service with primary aims of: community and family support; housing; adult education; specific targeted adult populations e.g. one organisation was responsible for the active treatment in the rehabilitation of individuals with drug related addictions and early years provision was to enable the adult participate in rehab and to support the child’s early learning. Early Years Services delivered by these organisations had core aims tied to the wider organisation.

The findings in figure 7 outline the three primary reasons why services feel they are providing an Early Years Service:

- Early Learning
- Family Support
- Supporting access to employment and training.

It was anticipated that Family Support would be a priority for some of the services and it was rated as the second highest reason, giving it equal weight and importance to supporting access to employment/education.

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24 Online survey question – response rate of 56 services answered this question.
Family Support

Original funding linked to core ethos

The distribution of state grants in figure 8 outlines the family support origins of many of these services with 48% of services in receipt of either a grant from Tusla or HSE or both. Many of these services were formerly funded under the Health Board structure prior to the mid 1990’s as a primary state measure to address the needs of children at risk and deemed more vulnerable given the increased rate of referrals to Social Work services (Corrigan, 2004). However, these services have expanded with the growth under EOCP in the 2000’s as more mainstream funding became available.

Services tried to maintain their ethos while applying to funding which was essentially to support women to return to work. With the move from EU funding to exchequer funding, these services experience continuous review of their former HSE grants. They experience year on year reductions since the allocation of childcare functions from the HSE to Tusla. In addition, the establishment of Children’s and Young Peoples Services Committees, with a remit for the commissioning of services, has increased concerns amongst providers that these grants will become difficult to secure and 48% of services will be at extreme risk, if these grants are cut further.

![Figure 8 Distribution of state grants to participating services](image)

Profile of children and families attending community Early Years Settings

The profile of children attending the participating services represented many children and families identified by the Central Statistics Office (CSO, 2015) and others (EU Commission, 2013) as being at risk of child poverty.

Figure 9, outlines the average number of children attending from different backgrounds per service, and table 2, outlines the total number of children attending participating settings. This gives an indication as to the profile of families attending and the range of more complex needs they may present with. In line with the Annual Pobal Survey (Pobal, 2015), community Early Years Settings are more likely to provide a service to the more vulnerable and ‘at risk’ families within their community.
Figure 9: Average number of children per service from different types of family backgrounds

![Graph showing average number of children per service from different family backgrounds]

<table>
<thead>
<tr>
<th>Different family types</th>
<th>Number of children attending</th>
<th>% of total number of children attending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lone parent</td>
<td>760</td>
<td>31%</td>
</tr>
<tr>
<td>Traveller families - including Roma</td>
<td>104</td>
<td>4%</td>
</tr>
<tr>
<td>Families where English is not the primary language</td>
<td>383</td>
<td>15%</td>
</tr>
<tr>
<td>Families affected by substance abuse</td>
<td>98</td>
<td>4%</td>
</tr>
<tr>
<td>Parents with physical/mental health related issues</td>
<td>117</td>
<td>5%</td>
</tr>
<tr>
<td>Households with no adult in employment</td>
<td>773</td>
<td>31%</td>
</tr>
<tr>
<td>Families experiencing homelessness or rehousing issues</td>
<td>70</td>
<td>3%</td>
</tr>
<tr>
<td>Teen parents</td>
<td>35</td>
<td>1%</td>
</tr>
</tbody>
</table>

Table 2: Numbers of children attending participating services from different family backgrounds

Lone Parents

In Ireland,

- 26% families with children are one parent families
- 20% of children living in one parent families (Central Statistics Office, 2012)
- 15% of pre-school children are living in one parent families (Central Statistics Office, 2012).

Additionally lone parents are less likely to be in employment (Central Statistics Office, 2012) with 15% unemployed as opposed to 12% for families with a couple.

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25 As reported by 54 services from online survey
26 As reported by 49 services who completed all aspects of research
Lone parent households have a greater risk of poverty (32%), greater levels of deprivation (59%) and consistent poverty (22%) than other household compositions (Central Statistics Office, 2015).

Services reported that 34% of children attending are from a lone parent family. This is double the national average for preschool aged children and higher than the figure referenced in the Pobal Early Years survey of 7,289 parents out of 32,999 attending community services (Pobal, 2015) of 22%.

Given the consistent statistics highlighting lone parents as a group at high risk of poverty, these community Early Years Settings are working regularly with a significant population of children from lone parent families and this is not frequently acknowledged. Pobal correctly indicate that a primary reason for this might be that community sector offers subsidised fees under CCS for one parent families, which is true. However the location of these services in areas of disadvantage is also a considerable factor, with one area statistic for Clondalkin indicating a lone parent rate of 65% (Haase and Pratschke, 2012).

‘Low work intensity’ households

Services reported that 35% of children attending live in a home where no adult works.

The European Commission has raised a concern about Ireland’s high proportion of people living in jobless households. Additionally Ireland has one of the highest numbers of children in the EU living in jobless households 15% (Eurostat, 2015). Our results are nearly twice that of the national figure of 18% at 34%, suggesting that the Community Early Years Settings are uniquely positioned to work with children who by nature of the their family’s employment status are at risk of poverty.

Traveller Community

52% of respondents indicated that at least 1 child from the traveller community attends their service. This is a higher level of attendance than reported in the Pobal Annual Years Survey (Pobal, 2015) where 30% indicated they had a member from the Traveller Community attending their services. This may be due to the fact that this review was carried out in urban areas where attendance from the Traveller Community is higher. Traveller and Roma Communities are acknowledged as an at risk community and often have specific EU or national targets (Department of Children and Youth Affairs, 2014; EU Commission, 2013; Bennet, 2012).

Children from families where English is not first language

The figures gathered from our data indicates that 16% of children attending are from families where English is not the first language. This is a higher figure than the Pobal (Pobal, 2015) figure of 12% across all service types. However the Pobal report indicates that this figure is higher in private services over community services which could be a result of the development of community services in traditional areas of disadvantage as opposed to newly developed areas where the population of new community families can be higher e.g. North Dublin.

Making and receiving referrals as part of an integrated family support network

Community Childcare Services reported receiving 411 referrals last year for children to attend. Figure 10 outlines these and the sources of the referrals.
These indicate that community settings are recognised as providing an essential service used when supporting families. In addition community settings are also a gateway referrer for some families with services making 537 referrals last year.

It is worth acknowledging that referrals to the HSE represent 36% of all referrals and that in general these are for Early Intervention Teams and Assessment of Need. In addition referrals to Tusla represent 10% of all referrals and are representative of those referrals for child protection concerns. Additionally 31% of referrals were to organisations supporting families in economic stress: MABS, St Vincent de Paul and Local Welfare Officer.
Gateway for Children with Additional Needs within areas of disadvantage

Community Early Years Settings are working with children and families at crucial stage of a child’s development and are often involved in supporting parents in the identification of additional needs. The challenge for allocation of resources to support services in this regard is that many children only have emerging diagnoses and with considerable variation in waiting times for early intervention team services nationally, children only secure a diagnosis on leaving an Early Years Setting.

Services indicated that 17% of the total number of children either have a diagnosis, are on the waiting list to be seen or services are in the process of discussing a possible referral with the parents. This is a hugely significant number.

![Figure 12 How many children have additional needs within your service?](image)

In line with the Pobal Annual Survey (Pobal, 2015), 5% of all children attending had a diagnosis at the time of the survey. However the figure of 17% necessitates the considerable time and skilful expertise to support:

- those children with a diagnosis;
- those who are awaiting a diagnosis; and
- families commencing the process of assessment for additional need.
Supporting access to employment and training

Community Early Years Services has had a long history of supporting access to employment, be it a stepping stone to employment through training and education or employment itself. The original ‘New Opportunities for Women’ (NOW) EU programme under the Department of Enterprise and Employment was the first named programmed to support women’s access to employment and funded some of the older full time services who participated in this review.

Services identified this as a key role but it is not evident that they can fulfil this role. The data showed that the majority of occupied places are sessional and do not support working families.

The current distribution of places occupied by children within community Early Years Settings highlights that the majority are sessional places (50%) and therefore not supporting access to training or employment. Full time places represented only 15% of all places.
It is clear that while community settings provide full time childcare, it is not of sufficient hours or weeks open to meet the needs of working families. 39% of services provide full time childcare (greater than 5 hours in length) with only 17% of all services providing a service that is 8.5+ hrs in length as outlined in figure 14.

Opening hours of services are also inappropriate. In order for families to drop children off and commute to their place of work, an opening hour of before 7:30-8am is frequently required.

A similar picture is evident for closing times with 12% closing before 5pm, resulting in extremely limited options for families working full time.

The availability of services for children 0-3 yrs. is minimal.

49% of participating services are notified to Pobal that they can offer a place to a child less than 2.5 yrs, with 39% of services offering a place to children from 2.5 yrs upwards. 18% reported they could offer a baby place for children less than 1 yr old.
Figure 15, outlines how very few such places are currently occupied by children less than 1 year. Much of the evidence supporting the impact of early intervention highlights the importance of services for children aged 0-3 years, of high quality being delivered in a disadvantaged community with strong parental involvement\textsuperscript{27}. While the universal provision of 2 free preschool years is greatly welcomed, policy has not yet attended to the evidence that the greatest impact high quality Early Years Services can have is for the 0-3 age range in disadvantaged areas. We see from the 2014 Pobal survey that the number of baby/toddler places is dropping within the community sector by 3%. Services are relying on the CCS scheme to subsidise such places which is not sufficient to deliver the high quality early intervention service that many children require.

Only 1% of childcare places are taken up by children under 1 year of age. There could be many reasons for this including greater up take of extended unpaid maternity leave. However cost is a considerable limiting factor as services are less likely to offer a high number of infant places due to the excessive costs as result of low adult child ratios. The increase in cost is passed on to parents.

Those in low income families are most impacted by the lack of affordable infant places as many low income parents cannot afford to take unpaid leave and so return to work after 6 months paid leave (Mc Ginnity et al, 2013). It has been acknowledged that employer’s contribution to maternity leave is less likely within low income positions prompting women to return to work before the 6 months statutory maternity benefit has expired i.e. the statutory entitlement is not sufficient for such households. This would seem to be the case for lone parents as reported in (Mc Ginnity et al, 2013) where lone parents were more likely to be in employment again 4-6 months after giving birth.

When first introduced the CCS scheme initially had a supplement for children under 1yr of age. This supplement has not been in operation for a number of years, but it did recognise the increased costs in delivering baby places within Early Years Settings given the higher ratios required. When asked about the impact of the second ECCE year on places for the 0-3s, 12% said they would no longer be

\textsuperscript{27} Evidence for a strong parental component along with high quality Early Years Services are most important for the 0-3 year age. Some studies have suggested that exclusion of this for those 0-18 months of age, could result in deprivation of maternal care as outlined in ECEC for children from disadvantaged backgrounds: findings from a literature review and two case studies (Bennet, 2012).
able to offer service for 0-1yr. olds and 8% said that they would no longer be able to offer places for children under 3 years. Some narrative feedback from the online survey:

**Comments from services:**

“...if we must guarantee place for a child for 2 years - this will have a knock on to those children under 3”

“We will have to re-arrange our rooms and possibly lose our crèche room”

**Subsidised fees are not affordable to low income and lone parent families**

The majority of the participating childcare services offered Community Childcare Subvention Scheme with only 2 services not offering it. CCS accounts for 27% of total income for community settings, coupled with parents fees this accounts for 55% of income.

Despite being able to access CCS to subvent fees, parental fees remain very high, the subvented fee is directly linked to the fees policy dictated under the scheme.

Services are struggling to maintain sustainability whilst also trying to maintain parental fees as low as possible. The current funding mechanism under CCS does not permit services to have discretion in their fees policy. This at times forces services to have fees which deter parents from taking a place due to the unaffordability of the fees outlined in the fees policy. This can result in lower levels of occupancy. While a full assessment of occupancy was beyond the scope of this report, the Pobal Early Years survey in 2014 reported that only 28% of community services reported being full.

Occupancy in Early Years Services is a key financial driver and services’ ability to be flexible with their fees to ensure competitiveness locally is important. This is a key issue for understanding financial sustainability within the community not for profit sector as there are multiple reasons for reduced occupancy such as:

- inconsistency of parents attending;
- wanting to keep numbers low due to the additional needs of some children;
- costs being prohibitive to the local community and yet services not in a position to reduce costs;
- the location within areas of disadvantage impacts on attracting a wider cohort and greater social mix of children.

Table 3, outlines the average and the range of fees currently in place in participating services. In the 2014 annual Pobal survey (Pobal, 2014) average fees were significantly below that from our study. The Pobal survey included all services nationally; however this study is specific to urban and traditionally higher cost areas in large cities.
Full time averages as reported by participating services

<table>
<thead>
<tr>
<th>Average length of placement</th>
<th>8.00 hrs</th>
<th>45 weeks open per year</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>AJ</th>
<th>B</th>
<th>ECCE</th>
<th>Full Cost</th>
<th>Full cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>€72.38</td>
<td>€112.88</td>
<td>€113.38</td>
<td>€98.24</td>
<td>€174.41</td>
<td>€158.82</td>
</tr>
<tr>
<td>Range of fees</td>
<td>€38-€132</td>
<td>€83-€177</td>
<td>€83-€177</td>
<td>€70-€165</td>
<td>€133-€229</td>
<td></td>
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</table>

Part time

<table>
<thead>
<tr>
<th>Average length of placement</th>
<th>4.11 hrs</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>AJ</th>
<th>B</th>
<th>ECCE</th>
<th>Full Cost</th>
<th>Full Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>€41.75</td>
<td>€43.25</td>
<td>€64.98</td>
<td>€28.23</td>
<td>€90.83</td>
<td>€80.60</td>
</tr>
<tr>
<td>Range of fees</td>
<td>€25-€101</td>
<td>€25-€101</td>
<td>€47.5-€124</td>
<td>€10-€87.50</td>
<td>€72-€150</td>
<td></td>
</tr>
</tbody>
</table>

Sessional

<table>
<thead>
<tr>
<th>Average length of placement</th>
<th>3.03 hrs</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>AJ</th>
<th>B</th>
<th>ECCE</th>
<th>Full Cost</th>
<th>Full Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>€32.54</td>
<td>€32.54</td>
<td>€46.5</td>
<td>€4.56</td>
<td>€66.27</td>
<td>€60.08</td>
</tr>
<tr>
<td>Range of fees</td>
<td>€17-€69</td>
<td>€17-€69</td>
<td>€31-€84</td>
<td>€0-€42</td>
<td>€48-€105</td>
<td></td>
</tr>
</tbody>
</table>

Table 3 Average range of fees charged by participating services for different types of placements

The range of fees highlighted in table 3 demonstrates the challenges in comparing services given the significant diversity within the sector.

The average full time costs outlined are slightly misleading as many services are offering full time that is not adequate to support working families. 37% of services offer full time, however many of these services do not offer sufficient length of session or weeks per year to support a parent in full time work of 35hrs or more. In fact, 46% of these services are utilising the full time session at closer to its minimum level of just over 5 hours for 38 weeks of the year, to provide a family support measure or to support those parents in part time employment.
Extracting the parental fees of those services who offer a minimum of 8.5 hrs per session and 48 weeks of the year the costs rise from €174.41 to €185.63 in table 4. This additional cost is born directly by the parent with the result that a family entitled to Band A has an increase of €18 for a service of sufficient length to support a full time employee. This suggests the current mechanism within CCS tiered fees is not sufficient to incentivise full time working.

<table>
<thead>
<tr>
<th>Number of services</th>
<th>Length of full time place per day</th>
<th>Weeks open per year</th>
<th>Band A</th>
<th>Band B</th>
<th>Full Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>7.23</td>
<td>49.09</td>
<td>81.41</td>
<td>126.41</td>
<td>176.41</td>
</tr>
</tbody>
</table>

Table 4: Parental fees for full time childcare supporting working families

Similarly, the fees increase for those part time sessions that are 5 hours. Less than 5 hours for a part time childcare place, makes it very difficult for a part time parent to pick up and drop off if working a minimum of 20 hours per week.

Case scenarios published by Vincentian Partnership for Social Justice indicate how unaffordable such fees are (Mc Mahon et al, 2016). They use a Minimum Essential Standard of Living (MESL) measure to estimate a household income. Table 5, uses figures from the MESL urban case scenarios but replaces the childcare costs they used with the results from this review for a full time place on Band A and Band B as relevant. Of the 6 scenarios presented below, only 2 of them result in adequate income after paying for childcare at subsidised rates.
<table>
<thead>
<tr>
<th>Description</th>
<th>Two full time working on minimum wage</th>
<th>Two full time working on minimum wage</th>
<th>Two full time working on minimum wage</th>
<th>Two full time working on minimum wage</th>
<th>One parent full time</th>
<th>One Parent Part time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-school and school aged child</td>
<td>€ 497.00</td>
<td>€ 622.81</td>
<td>€ 580.53</td>
<td>854.03</td>
<td>457</td>
<td>443.26</td>
</tr>
<tr>
<td>Two school aged children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 infant, 1 pre-school and 1 school age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 in primary school + 2 in secondary school</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 preschool 1 school aged</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 preschool 1 school</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Expenditure based on MESL + housing              | € 181.30                             | € 271.26                             | 271.95                               | 271.3                                | 181.3                | 48.08                |
| Childcare fees – average                         | € 678.30                             | € 894.07                             | € 852.48                             | 1125.33                              | € 638.30             | € 491.34             |

| Total weekly expenditure                         | € 664.67                             | € 666.27                             | € 664.69                             | € 669.94                             | 337.45               | € 173.85             |

| Income after tax                                 | € 64.62                              | € 64.62                              | 96.93                                | 241.77                               | 292.47               | 425.39               |
| social welfare                                   |                                      |                                      |                                      |                                      |                      |                      |

| Medical card                                     | Full                                 | No                                   | Full                                 | No                                   | Full                 | Full                 |
|                                                 | € 50.99                              | € 163.18                             | € 90.86                              | € 213.62                             | € 8.38               | € 107.90             |

| Adequate                                         | Inadequate                           | Inadequate                           | Inadequate                           | Inadequate                           | Adequate             |                      |

| Table 5: Average full time fees from review as household cost for various family types on minimum wage (Mc Mahon et al, 2016) |

**Funding for community Early Years Services**

State investment in participating services amounted to €2.61 per child per hour per place.

At a macro level, reviewing the return on state investment and the number of places available we see that the participating services delivered 2,318,644 hours of Early Years Service per annum with a total state investment of € 6,041,875. The total amount of state funding received by services results in an investment of €2.61 per hour per childcare place. The following state funding received by participating services was included in this calculation:

- DCYA (CCS, ECCE, TEC, Capital grants and Tusla grants)
- HSE
- Dept. Environment (CSP + localised grants from Councils )
- DSP (school meals+ maintenance grants from hosting CE participants)

Looking at total income, inclusive of parent’s fees, donations, cross subsidisation and fundraising, services were able to enhance funding available to increase this to €3.97.
<table>
<thead>
<tr>
<th>Income description</th>
<th>Total amount reported</th>
<th>% of funding</th>
<th>Total hours occupied</th>
<th>Investment per unit of early years provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total DCYA funding only</td>
<td>€4,629,578</td>
<td>50%</td>
<td>2,318,644.00</td>
<td>€ 2.00</td>
</tr>
<tr>
<td>Total State funding</td>
<td>€6,041,875</td>
<td>66%</td>
<td>2,318,644.00</td>
<td>€ 2.61</td>
</tr>
<tr>
<td>Total income, including parents fees and other income</td>
<td>€9,202,069</td>
<td>100%</td>
<td>2,318,644.00</td>
<td>€ 3.97</td>
</tr>
</tbody>
</table>

Table 6: State investment into participating services and hours of childcare delivered

Delivering quality childcare on a total state investment of €2.61 per hour or a subsidised level of €3.97 per hour is extremely difficult and given that the average cost at a macro level was €4.15\(^{28}\).

A comparison between the level of state investment in community Early Years Settings against other state funded levels of pre-primary and primary accentuates the challenge as to how to deliver high quality services.

Early Start services delivered through DEIS national primary schools, are directly funded at a level far greater than that of Early Years Settings when you compare the hourly rate of €9.42 (Table 7) in Early Start. While there has been mixed feedback regarding the effectiveness of Early Start, it does represent a state commitment to supporting preschool education in areas of disadvantage.

Additionally, these school based settings can benefit from greater economies of scale and so have additional hidden subsidised costs e.g. receptionist/care taker/ lower adult child ratios / sharing of utility bills etc. Early Years Settings are generally considerably smaller in scale with larger services having in general no more than 70-80 children attending the one setting.

\(^{28}\) Findings looking at sustainability in the next section explores expenditure of services. These are looked at on an individual level as it was important to compare above average cost and below average costs. This results in a slight difference in calculation of average unit cost. At a macro level it is €4.15, at the individual service level comparison the average is €4.47.
<table>
<thead>
<tr>
<th>Level of education and care</th>
<th>Funded service</th>
<th>Private/State</th>
<th>Ratios</th>
<th>weekly subsidy</th>
<th>weekly hours</th>
<th>Total hours per annum</th>
<th>Annual investment per child</th>
<th>Hourly state investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-primary</td>
<td>Total state income received by participating services</td>
<td>Contracted to private community stakeholders</td>
<td>highest 1:8</td>
<td>Variable given grant type</td>
<td>Max 50</td>
<td>Average= 930</td>
<td>Average= €4008</td>
<td>Average= €2.75</td>
</tr>
<tr>
<td></td>
<td>CCS Scheme Full Time</td>
<td>DCYA contract to private stakeholders (for profit + not for profit)</td>
<td>highest 1:8</td>
<td>Highest €95</td>
<td>Max 50</td>
<td>2,600</td>
<td>€ 4,940</td>
<td>€ 1.90</td>
</tr>
<tr>
<td>Primary school</td>
<td>TEC Scheme Full Time</td>
<td>DCYA contract to private stakeholders (for profit + not for profit)</td>
<td>highest 1:8</td>
<td>€ 145</td>
<td>Max 50</td>
<td>2,600</td>
<td>€ 7,540</td>
<td>€ 2.90</td>
</tr>
<tr>
<td></td>
<td>ECCE Scheme September 2016 lower rate</td>
<td>DCYA contract to private stakeholders (for profit + not for profit)</td>
<td>1:11</td>
<td>€ 64.50</td>
<td>15</td>
<td>570</td>
<td>€ 2,451</td>
<td>€ 4.30</td>
</tr>
<tr>
<td></td>
<td>ECCE September 2016 higher rate</td>
<td>DCYA contract to private stakeholders (for profit + not for profit)</td>
<td>1:11</td>
<td>€ 75.00</td>
<td>15</td>
<td>570</td>
<td>€ 2,850</td>
<td>€ 5.00</td>
</tr>
<tr>
<td></td>
<td>Early Start (DEIS) 2013/2014</td>
<td>DES directly funded + governance set by DES</td>
<td>1:7.5 (2:15)</td>
<td>€ 117.74</td>
<td>12.5</td>
<td>475</td>
<td>€ 4,474</td>
<td>€ 9.42</td>
</tr>
<tr>
<td>Primary school</td>
<td>Mainstream Primary School</td>
<td>DES directly fund and governance set by DES</td>
<td>1:28</td>
<td>€ 195.54</td>
<td>25</td>
<td>915</td>
<td>€ 7,155</td>
<td>€ 7.82</td>
</tr>
</tbody>
</table>

Table 7: Comparison of unit of state investment in Early Years Services and primary schools
Summary of findings and implications:

The review clearly demonstrates that community Early Years Settings play a role in addressing the issues of child poverty by providing Early Years Services for families requiring support and in supporting access to employment, education and training. The current levels of state funding do not recognise or adequately support Early Years Services to effectively deliver in line with this role and the funding levels are significantly below investment into state delivered pre-primary supports. The findings suggest that at times the funding has dictated the service delivery model regardless of the original ethos and mission of each service.

The findings outline a picture of services, often the first and only service, that parents of pre-school children will encounter outside the Public Health Nurse and GP service. The profile of children and families attending the participating services represents the more vulnerable families and those at greater risk of poverty as outlined by international and national evidence.

All community Early Years Settings offer levels of family support, even those which do not have a specific remit or those who receive no funding from Tusla. In addition many services like family resource centres (FRC’s) do not receive specific funding dedicated towards the provision of Early Years Services, while they do receive core costs from Tusla. This results in family support services having to ask parents to pay for early years, whilst they are trying to engage and promote the family to become involved in wider supports. They too argue that the current DCYA childcare funding is not sufficient to operate a service in keeping with their more extensive family support ethos.

Services report that family support is a primary aim of their service in addition to supporting access to employment and training for parents. Both play a considerable role in addressing child poverty, for which Ireland is the only EU country to receive a country specific EU recommendation.

There is a considerable expectation on these services, to address an unmet need within the area and from other statutory services in view of Tusla’s Local Area Pathways (Tusla, 2013) and the Meitheal (Tusla, 2013) model of child centred planning as a ‘prevention, partnership and family support’ mechanism. However services are funded to levels that are entirely inadequate for them to be viable.
2. The financial sustainability of community Early Years Settings

Whether a service is sustainable or not is complex. Often there are layers of hidden and voluntary supports that are not evidenced on paper but which are sustaining the services financially – the findings suggest this is the case and that not only are services unsustainable on paper, that behind this are additional layers of financial dependency underpinning their current financial position.

The majority of community Early Years Settings surveyed are financially unsustainable and operating at high levels of financial risk

99% of services are experiencing levels of financial risk with 49% experiencing moderate to extreme risk. Services were analysed against a variety of risk factors such as:

- Deficits and recurring deficits
- Access to cash and reserves
- Payroll as a % of income
- Size of operation
- Narrative feedback both through online survey and over the telephone.

Only 1 service demonstrated none of these risk factors. Additionally 7 services were unable to provide sufficient history of information in relation to either their deficit or their cash position. Therefore this analysis underestimates the level of risk they are exposed to.

![Figure 17 Exploring service at financial risk within the sector](image)

In many ways, identifying ‘at risk’ services on paper is a complex task. The above mentioned financial analysis are good signposts, however those working in the community and voluntary sector would acknowledge that year on year they sustain a high level of financial risk given the not for profit nature of the sector.

This raises a challenge for those in a regulatory and supporting role of the sector as such analysis is not always a predictor of services who are likely to close. During the course of this review 2 services have closed. One of these services was classed as moderate risk on paper with one classed as high. A third service had reported the need to close also but has since then secured front loaded funding from Tusla which reduces the immediacy of the decision. Yet there were other services still
operating or not reporting the need to close with similar profiles. For the services that closed there were added risk factors for example, but not particular to any of the services:

- Changes in the demographics of the local community with fewer children requiring a service
- No capacity to increase level of service currently offered due to size of building or staffing levels
- Challenges to secure supports for the role of manager
- Challenges in sustaining or renewing the voluntary board of directors and securing new skills and energy to sustain the project.
- Concerns about future changes in funding
- A dependence on DCYA childcare only grants and parents fees was also an issue that placed them at greater risk. Those services who demonstrated less risk factors were in receipt of additional grants or charitable income beyond that of Childcare funding.

**Deficit and recurring deficits**

51% of services recorded a deficit in the year of accounts provided to the reviewer.

This deficit ranged from €804 to €90,389. The range of surplus to deficit was + €73,384 to - €90,389. This gives an average deficit recorded across all services of - €3,699.

As we had access to audited accounts, it was possible to look over a two year period at services recurring surplus/deficits. For those who had provided audited accounts the results showed that in the preceding year of accounts 59% of services had a deficit. The range of surplus to deficit was + €98,217 to -€50,435, with an average deficit across the sector of -€727.

31% had a recurring deficit in the last two years of accounts.

The average deficit per year was €21,000. Only 23% recorded no deficit in the past 2 years.

![Figure 18 Recurring deficits in last 2 years of accounts](image)

**Access to cash, reserves and the impact of the ‘Appeals’ process.**

29% had only access to 90 days of cash.
16% can only cover costs for 2 months of trading in event of cash flow issues and 4% can only cover costs for 2 weeks – 4% were unable to pay Revenue in last 12 months. From a narrative perspective 39% of services reported cash flow difficulties in the last 12 months and 18% reported such difficulties on 3-4 occasions during the last year.

In an analysis of cash and reserves the following was observed:

- Those services with greater cash reserves were generally part of a wider organisation. While a limited company cannot ring fence reserves in the event of liquidation or payment of debtors, it could make a decision to cease operating an Early Years Service if this service was putting the company as a whole at risk.
- Cash availability was linked to higher turnover and the receipt of grants from other sources in addition to the DCYA.
- Those without additional supports had to rely on bank loans or over drafts in the event of cash flow related issues. This issue raises considerable governance concerns where in the past there have been anecdotal cases of directors personally guaranteeing loan/overdraft facilities.

A key factor influencing cash flow on a day to day basis is the appeals process tied to the eligibility of subsidies under the CCS scheme. A parent must present evidence to the Early Years Setting of their eligibility for a subsidy under CCS. This is then sent to Pobal, who verify this eligibility directly with the DCYA. Services then receive notification of whether this eligibility is accurate and how much funding they will subsequently receive under CCS. This can take some time with some services in the past receiving notification in January of their funding levels. If a Parent feels they haven’t secured the correct subsidy they can appeal this through the Early Years Setting.

![Figure 19: Number of appeals made by services](image)
The majority of services completed the survey in May and a few at the start of June — at this stage of the year 19% of services still did not know the outcome of these appeals. Pobal verified that of the 4,147 appeals made in 2015/2016, approximately half of them were successful. They report the final number of appeals were processed and the majority returned by the end of April 2016. In line with the online feedback, this results in services having to ‘subsidise’ parent’s fees from September 2015 (the usual enrolment date for children) to April 2016, or 8 months of uncertainty and carrying a funding loss which could not be recouped from families in the event that the appeal was not successful.

**Comments from services:**

- The appeals process was not complete until August 2015 - 11 months after the initial registration of the children took place
- Crazy amount of time to wait before we find out what subvention band has been allocated. If parent does not get the band expected they leave!
- Parents had difficulty getting letter from social welfare office?
- Snapshot week in Oct caused serious difficulties for us regarding children starting in January. Families had to make more than one journey to Dept Social Protection to get confirmation on HEADED paper; also where medical cards were renewed after snapshot week and old med cards had been destroyed. We have an ongoing issue where a family with literacy difficulties did not renew medical cards in time so lead time for new cards was during snapshot week and therefore 3 children not eligible for Band A part-time - this has serious implications for the Centre - we will not get the funding apparently but we also will not penalise the children by excluding them from the service. These children were referred specifically for additional support.
- This year was quick, some of 2014 appeals were paid in 2016
Payroll as % of income

28% of services have payroll costs between 96%-120% of their income.

The ability to reduce costs should revenue reduce is an important element of sustainability. However from analysis 65% of services have payroll costs in excess of 75% of their income, with 28% of services having payroll costs between 96%-120% of their income.

Some services that are part of a wider organisation have some wages and overall costs subsidised.

Figure 21: Distribution amongst services of payroll as a % of income
Size of operation

22% of standalone Community Early Years Settings have a turnover of less than €75,000.

Some employ only 2 staff and have no wider organisation as support but report directly to a small board as a limited company.

Nearly half of these depend on small additional grants from either Tusla /HSE. These grants have been diminishing year on year as Tusla reviews its hereditary contractual arrangements with community services.

These services are so small that there is considerable voluntary input from their board members. 67% of these services have no access to administrators and in many cases, board members carry out all financial and funding administration. One voluntary board member sits on 3-4 services and has a key role in completing all financial paperwork. This individual is due to retire leaving these services without this ‘hidden’ support.

The staffing numbers of participating services varied (figure 22) with 40% of services employing 6 or less staff. Separating out those standalone services which do not have wider company support we see this picture again in figure 23.

In figure 23, 20% of all services are standalone with a staffing body of 0-6.
These services are not only placed at greater financial risk, but they can never sufficiently generate enough income to employ the necessary managerial (managers are factored into the ratio), administrative or operational functions. There is no capacity in these services to either free staff to do additional training whilst paying cover staff or be flexible in responding to demands of support organisations in enhancing quality.

**Reported confidence in financial viability and ability to remain open**

Since the commencement of CCS, services have noted an increased level of insecurity regarding their income. Many services couldn’t predict the outcomes of submitted eligibility for families or subsequent appeals. Additionally as income was purely based on how many children enrolled in October, they never confidently knew their annual income from one half of the year to the next. This insecurity, coupled with a depletion of reserves and imminent changes to funding levels results in a sector uncertain about their financial viability. The results of the online survey indicate that.

41% are ‘not sure’ or not confident about their financial viability in the short term

73% are ‘not sure’ or are not confident about their service’s ability to remain open

![Figure 24: Reported confidence in financial viability and ability to stay open](image-url)
Services are limiting their expenditure on direct delivery. They are maintaining a service that is underfunded.

Throughout the community early year’s sector expenditure is directly linked to income. They operate within the limited budget they receive and stretch it to deliver the best service they can. This section is not an accurate reflection of what it costs to deliver high quality Early Years Services, but rather analyses existing unit expenditure. The central argument herein is that services are ‘scraping’ by on their income resulting in low expenditure. The costs outlined below should not be used as a sectoral benchmark.

**26% of community Early Years Services are delivered for less than €4 per hour.**

The average expenditure amongst all services is €4.47 per child per hour\(^{29}\). Taking out those services which have a broader remit (community services, education and family support) this rate drops to €3.92 per child per hour for Early Years Settings. 63% of participating services deliver early years for €4.47 or less per hour with lowest rate of €1.69 per hour.

<table>
<thead>
<tr>
<th>Description</th>
<th>Hourly rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>All participating services</td>
<td>€4.47 (Average)</td>
</tr>
<tr>
<td>Early year’s settings only (51%)</td>
<td>€3.92 (Average)</td>
</tr>
</tbody>
</table>

Table 8 Unit expenditure within community Early Years Settings

These findings highlight the challenge for services in delivering high quality early years when their funding limits expenditure on the delivery of childcare places. The findings suggest that services have no option but to pass additional expenditure onto parents or continuously apply for any small grant open to the community and voluntary sector.

It is a fundamental flaw of the current CCS ‘tiered fees process’ which, while trying to ensure services remain sustainable, maintains this low cost base. In 2007 a review of the Equal

\(^{29}\) Note this figure is an average of the individual services unit costs to explore the implications of above average and below average costs – note the nature of this calculation is different from the macro calculation seen earlier of €4.15 per child per hour.
Opportunities Childcare Programme (EOCP) explored the costs of delivering childcare in Ireland (Fitzpatrick Associates, 2007). NCNA presented a document in 2007 (Deloitte and Touche, 2007) which proposed a full time cost of €227 - €247 per child per week depending on occupancy levels. These documents proposed a full time hourly rate of €4.01 - €4.75 per child in 2007. Our document suggests that expenditure is lower than that suggested 9 years earlier – despite the following:

- increase in minimum wage
- increase in qualification requirements for staff
- longevity of staff service
- increased regulation both at a service delivery level and a corporate level
- increased requirement to release staff for training

An attempt was made to explore why a small number of services (37%) have higher unit costs. This is a difficult area to explore with multiple factors influencing the unit costs and in many cases it is unique to each service and dependent on a number of factors:

- **Higher income levels**: 95% of services in the above average costs received an additional income from DCYA childcare grant compared with 40% in the lower cost. This is the strongest predictor of higher cost provision with average additional income €70,000 more for the higher cost provision.
- **Lower Fees**: Fees as a % of income was used as a measure of comparison with an average across all services of 28% of income. 84% of services in the above average unit cost group had fee income lower than average against 27%.
- **Lower adult child ratios**: 3 times more likely to have lower adult child ratios
- **Administrator**: Over 3 times more likely to have an administrator
- **Less likely to offer Part Time placements** by 50%  
- **Reliance on central management supports**: 13% more likely to have a central management structure
- **Higher starting salaries**: 12% more likely to have higher starting salaries
- **Out of ratio manager**: 13% more likely to have an ‘out of ratio’ manager
- **Delivery of less hours of service provision**: 10% likely to offer less early years hours per annum
- **Slightly less likely to have higher levels of financial risk**: 8% less likely to have financial risk

---

30 This could be due to the structure of CCS and the incentive of offering just over 5 hours giving higher subsidy than part time.
<table>
<thead>
<tr>
<th>Factors influencing cost</th>
<th>Higher than €4.47 unit cost</th>
<th>Lower than €4.47 unit cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low adult ratios</td>
<td>32%</td>
<td>13%</td>
</tr>
<tr>
<td>Babies under 2</td>
<td>42%</td>
<td>43%</td>
</tr>
<tr>
<td>Additional income over €5000</td>
<td>95%</td>
<td>40%</td>
</tr>
<tr>
<td>Central management/admin supports</td>
<td>53%</td>
<td>43%</td>
</tr>
<tr>
<td>Higher than average starting salary</td>
<td>42%</td>
<td>30%</td>
</tr>
<tr>
<td>Has CE</td>
<td>63%</td>
<td>60%</td>
</tr>
<tr>
<td>Dependent on CE</td>
<td>42%</td>
<td>40%</td>
</tr>
<tr>
<td>Rent</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>Out of rooms manager</td>
<td>53%</td>
<td>40%</td>
</tr>
<tr>
<td>cook</td>
<td>21%</td>
<td>17%</td>
</tr>
<tr>
<td>Cleaner</td>
<td>21%</td>
<td>20%</td>
</tr>
<tr>
<td>Administrator</td>
<td>42%</td>
<td>13%</td>
</tr>
<tr>
<td>Hours of ECEC occupied</td>
<td>32%</td>
<td>43%</td>
</tr>
<tr>
<td>Full time</td>
<td>32%</td>
<td>30%</td>
</tr>
<tr>
<td>Part Time</td>
<td>26%</td>
<td>50%</td>
</tr>
<tr>
<td>Sessional</td>
<td>42%</td>
<td>40%</td>
</tr>
<tr>
<td>Fee income below 25% of total income</td>
<td>84%</td>
<td>27%</td>
</tr>
<tr>
<td>Weeks open per year</td>
<td>68%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Table 9: Factors influencing unit cost of early years amongst services
Keeping staffing costs to a minimum through a variety of mechanisms

1. Low wages and poor terms and conditions

Current funding models are dependent on low income work force with 73% of services reporting staff earning below the living wage and terms and conditions that do not support retention or recruitment of experienced and qualified staff.

It is clear from the data that community Early Years Settings are restricted in the income available to them to engage staff at higher levels of both experience and qualification. The sector is being heavily subsidised by a low income work force on poor terms and conditions. Figure 27, outlines the average rates of pay reported by services. 73% of services Early Years Practitioners are being employed at less than the living wage of €11.50, with 4% of services employing staff on the minimum wage of €9.15. The range of hourly rate of pay for Early Years Practitioner is outlined in table 10 and indicates that despite experience or years of service the average highest hourly rate of pay was €13.30.

For many years there have been calls within the sector for national salary scales within the sector. The Association of Childcare Professionals of Ireland has been a leading voice in this regard. The only benchmark comparison for an Early Years Practitioner is the salary scales for Childcare Assistants in the Early Start Programme DEIS, who work alongside a qualified teacher. This position has the same salary scales as SNA positions within the wider DES school provision. The difference in the starting salaries for those working within the DES to those working within community early years is substantial (table 10) and is amplified by the comparison of terms and conditions and the high levels of responsibility an Early Years Practitioner may have in comparison to a Childcare Assistant in Early Start.
<table>
<thead>
<tr>
<th>Job Description</th>
<th>Lowest hourly rate of pay</th>
<th>Highest hourly rate of pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average for Early Years Practitioner from participating services</td>
<td>€11.12</td>
<td>€13.10</td>
</tr>
<tr>
<td>Average for Room Leader from participating services</td>
<td>€14.26</td>
<td>€16.04</td>
</tr>
<tr>
<td>Average for Manager from participating services</td>
<td>€19.84</td>
<td>€21.45</td>
</tr>
<tr>
<td>SNA (31)</td>
<td>€13.15 (€12.06)</td>
<td>€21.45</td>
</tr>
<tr>
<td>Primary School Teacher</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual salary range €30,702/€59,940 (32)</td>
<td>€20.15 33</td>
<td>€39.2 36</td>
</tr>
<tr>
<td>Hourly rate casual qualified</td>
<td>€34.21 34</td>
<td></td>
</tr>
<tr>
<td>Hourly rate casual unqualified</td>
<td>(€26/23) 35</td>
<td></td>
</tr>
</tbody>
</table>

Table 10 Comparative rates of pay Early Years Practitioner; Room Leader; Manager; SNA; Primary School Teacher

The challenge for services that also facilitate CE placements is being mindful of directly employed staff (who may be supervising/supporting CE trainees) on rates less than those received by CE. While CE is not a salaried scheme but an extension of welfare benefits, it does work out approximately at €10.79 per hour (€210.5 for 19.5 hrs). Based on our review, 39% of services have staff employed on rates lower than that received by CE participants.

Services are attempting to recruit staff at NFQ level 7/8 for the position of Room Leader, in line with international evidence in the promotion of quality within the sector. Under the universal preschool year scheme, having staff at NFQ level 7/8 in this role enables services to avail of the higher capitation rate of €75 per child per week. Despite this, 6% of services report an hourly rate that is below the living wage. The lowest to highest range was €10.42 - €20 per hour.

Many services don’t have a position of ‘room leader’ with smaller services having Early Years Practitioners managed directly by a childcare manager. This explains why 27% of services did not report any salary scale under this job title. This suggests that the Early Years Practitioner salary scales are still the primary scales utilised for the majority of staff within an Early Years Service regardless of responsibility.

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31 DES – Cir. 67/2015 Revision of Salaries for Special Needs Assistants (SNA’s) with effect from 1st January 2016 - €21,893 for SNA’s commencing before 1st January 2011. SNA’s work a 32hr week full time. Unit cost therefore €13.15

32 Circular 0032/2013 and Circular 0005/2014

33 Lowest point on the scale is €30,702. Hourly rate quoted is for 52 week salary inclusive of pay during summer holidays. DES report a 28.3 hours per week were reported as minimum full time + 1hr per week under Croke Park, which is 29.3 hours per week. 52 weeks at 29.3 hours per week gives an hourly rate of €20.15

34 Hourly substitution rate primary school teacher qualified - DES Circular 0032/2013

35 Unqualified casual substitution rates for primary school teachers - DES circular 0015/2015

36 Highest point on the scale is €59,940. Hourly rate quoted is for 52 week salary inclusive of pay during summer holidays. DES report a 28.3 hours per week were reported as minimum full time + 1hr per week under Croke Park, which is 29.3 hours per week. 52 weeks at 29.3 hours per week gives an hourly rate of €39.2.
This raises considerable challenges as to how community Early Years Settings are to attract graduate level or newly qualified staff with experience given the rates of pay and the terms and conditions available to offer. Additionally existing staff with considerable experience are not incentivised to stay within the sector – this is evidence by the difference between highest and lowest rates of pay for each position. Many will leave to find employment with higher rates of pay, greater job security and better terms and conditions.

In looking at rate comparisons listed above the following differences must be acknowledged:

- Rates for SNAs rise incrementally each year. This is not common practice in the early years sector.
- The above rates for Department of Education staff (excluding those in brackets) are inclusive of full holiday pay throughout the summer holidays, employer’s contribution to pension, sick leave (3 months at full pay) and maternity leave pay.
- Finally these rates are not inclusive of additional allowance given for the attainment of additional qualifications or for taking on additional responsibility as part of wider role. This would be common practice within Department of Education funded positions.

In addition to the issues in relation to pay and terms and conditions there is also a high rate of part-time working within the sector as figure 28 outlines. It was beyond the scope of this report to capture the number of staff on term time contracts; however 22% of services reported having to reduce contracts to term time within the last 6 years. The poor terms and conditions in comparison to state funded posts only exacerbate the challenge in retaining and recruiting new staff that require full time employment to secure a mortgage or to pay for their own childcare.

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37 The issue of terms and conditions was beyond the scope of this review. Within the sector it is reported that pensions and maternity leave are generally not included as part of general terms and conditions. In addition the rate of 7 days sick leave would appear to be normal practice.
Feedback from the online survey highlights again the precarious nature of working within the sector and the issue of reducing hours and wages. Services outlined the following staffing related changes within the last 6 years:

- 29% had negotiations with unions
- 29% reduced wages
- 43% did increase wages but reported they had to reduce working hours at the same time
- 45% reduced working hours
- 22% reduced contracts to term time
- 16% had to make staff redundant
- 9% had to put staff on protective notice

Comments:

- “...no incentive for staff to stay ..”
- “we just recruited a great girl, level 7 and she was with us since September. I couldn’t offer her summer months. She’s leaving now to work in a solicitor’s office on higher pay for the whole year. She’s just starting out and needs to secure a mortgage”
- “How are we to ever professionalise the sector?”
- “many of us are close to retiring, I don’t know how they’ll replace us – no young graduate would take on our role with the terms and conditions
- “We are losing our only graduate staff member which secured us the higher capitation rate – she’s gone back to full time education as the salaries are just too low. It’s so stressful trying to recruit... to attract staff is so difficult, as soon as they hear the salary they won’t take the job”
- “I find it hard when staff have been with me for over 10 years and I can’t acknowledge their experience and commitment, their loyalty, as there isn’t sufficient funding to pay them what their owed...as for pensions!!”
2. Dependence on volunteerism

20% of services reported that board members carried out executive roles within the organisation. The following executive roles are being carried out by voluntary board members:

- 10% having an operational role in relation to funding returns
- 6% reporting that board members were operationally responsible for payroll
- 2% indicating that board members had a day to day role in banking
- 2% had a role of data entry into the online reporting system managed by Pobal

These roles are beyond those expected from a board member and should be carried out by an administrator or manager. It was beyond the scope of this review to get the views of board members in relation to their role and experience of sitting on boards. Given the voluntary nature of boards, this level of executive functioning cannot be sustained.

3. CE participants represented 25% of the staffing body

40% of services dependent in some way on CE.

Services reported that there are 352 (69%) staff employed across the 49 settings. 6% of staff were employed in supporting roles e.g. administration/cook/cleaner. Strikingly, services reported an additional CE staff body of 128 (25%\(^{38}\)). While in many cases CE participants were out of ratio and services were not dependent on them, this was not the case for 40% of services. This high dependence on CE for 40% services will be explored in section 2 when the impact of the proposed changes to the regulations will be explored.

![Figure 29: Number of staff working in participating services\(^{39}\)](image)

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\(^{38}\) Anecdotally it has been reported that this figure could be as high as 50% in some areas nationally.

\(^{39}\) Data was omitted by 2 services and so this figure would be marginally higher if all response were complete.
Under resourcing of key positions

Other mechanisms for keeping expenditure on wages low are represented in table 29 below.

4. Supports to services

Many services (43-53% respectively) do not have access to an administrator/book keeper or a cleaner. These are duties that fall between management and staff and further detract from a focus on quality in an attempt to minimise wage costs.

5. Managers are not supported in their leadership role

47% of services have a Manager factored into ratio within the rooms. While many services are operating under this restriction, it is not a good foundation on which to develop and maintain a quality service. The Managers role has become increasingly administrative with considerable and divergent demands which are outlined below.

<table>
<thead>
<tr>
<th>Do you have access to the following?</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>An 'out of ratio' Manager</td>
<td>53%</td>
<td>47%</td>
<td>0%</td>
</tr>
<tr>
<td>An administrator/book keeper</td>
<td>56%</td>
<td>43%</td>
<td>2%</td>
</tr>
<tr>
<td>A receptionist</td>
<td>27%</td>
<td>70%</td>
<td>2%</td>
</tr>
<tr>
<td>A quality advisor/staff member to support practice</td>
<td>31%</td>
<td>69%</td>
<td>0%</td>
</tr>
<tr>
<td>A cleaner</td>
<td>45%</td>
<td>53%</td>
<td>2%</td>
</tr>
<tr>
<td>A cook</td>
<td>31%</td>
<td>64%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Figure 30: Outline of staffing as reported through the online survey

The administrative demands on the manager are significant. The Manager’s role is the most challenging role within the sector and yet is the key to delivering high quality childcare.

There is continuous pressure on managers of services to secure additional funding whilst also managing reporting requirements for up to 5 different types grants and Government grantees.

In our online survey managers indicated the following:

- Average working week - 59% worked an additional unpaid 4 hours and 28% worked an additional unpaid 5-9 hours
- Busy times (once a month) - 28% worked an additional unpaid 4 hours and 69% worked an additional unpaid 5-9 hours.
- 47% of managers indicated that they spent excessive time on the area of funding, reporting to funders and obtaining additional funding. It was the second highest demand on their time, second only to managing staff.
This is substantial unpaid additional work that again masks the true cost of delivering childcare.

In relation to administration, funders all have different requirements, different reporting structures and time lines: Tusla, HSE, Pobal for CSP, ECCE, CCS, TEC and Department of Social Protection for School Meals grant. It should be noted that the following were indicated by providers as key pressure points during the year:

- Deadline reporting to all funders
- Quarterly reporting for CCS to Pobal
- Submission of Tiered Fees policy to CCCs
- Snap shot week for submission of children eligible for CCS
- Deadlines for appealing decisions for eligibility of CCS subsidy
- Facilitating and finalising outstanding queries following Pobal compliance visits.
- Submission of annual audited accounts, tax clearance certificate etc. to all funders.

Leadership (Taggart, 2007; Rodd, 2006; O’Dwyer, et al., 2014; OECD, 2012; Siraj-Blatchford & Manni, 2007; Sylva et al, 2003) has been repeatedly highlighted as a key driver of quality within Early Years Settings, yet the picture painted above highlights how a Manager’s time is consistently pulled away from the childcare setting to look externally for funding.

The role of manager is one that is central to all functions of the service with many services reporting ‘burn out’ as a result of the excessive challenges faced by managers. Other reports have explored the challenges inherent in this role (Smith, 2008; Mulligan, 2015).

In relation to governance, services were asked what level of involvement the childcare manager had in the governance of the organisation (figure 31). 43% of participating services report directly to and support the administration of a board of directors and this role falls to the manager.
When asked what supports services would find most useful both in supporting the manager and improving the overall service, the following areas were highlighted as being most important (see table in appendix 4):

- Administration/Bookkeeping
- Line Management
- Cleaner
- Business Advisor
- Family Support Worker
- Temporary staffing cover

Comments from Services:

"...the personal impact is considerable. Many take on so much more responsibility, including paying for stuff from our own personal account"

".. I have to do all the paperwork from home"

"[we are all] disheartened. Good will has been used up"

"[it’s been] very isolating"

".. greatest currency has been good will and generosity, but it has now dried up"

"Manager responsible for everything..."
Summary and implications of finding:

Community Early Years Settings are unsustainable at current levels of funding and are operating at financial risk. They remain open by keeping their expenditure low, relying on low paid staff, volunteerism, CE and under resourced key positions.

The services financial accounts demonstrate that settings are being delivered on very tight budgets with frequent deficits. Payroll costs are too high relative to funding, with some over 100% of their overall income, yet the majority of staff are being paid below the living wage. There is no scope to reduce wages further. The impact of the current working conditions on attempts to recruit a qualified and experienced staff team is considerable.

Funding streams force services to rely on parental fees and to cross subsidise by looking for additional funding to survive. The majority of services are dependent on other non-childcare related grants from HSE, Tusla and CSP all of which have received progressive cuts over the last 4-5 years.

During the period of this review 2 services have closed and a third sees closure as imminent. The impact of this is a loss of 239 childcare places and 59 staff.

One manager reported accurately “any cushion has been eroded” with 21% of services with insufficient cash/reserves. The current tiered fees policy deters the generation of any surplus which could be held in the event of poor performance or unanticipated expenditure. Services were, at one time, actively discouraged to maintain a reserves account; however Pobal has reviewed this process and now has guidance in place as to how to account for a reserves fund in line with best practice for good governance.

This also raises concerns as to how a service in the true sense of sustainability can deliver a high quality service in response to national reforms and initiatives. The issue of quality within the Irish early year’s sector as a whole has been widely discussed at a national level. The findings support the position that services are deeply committed to quality delivery but do not have sufficient resources to:

- establish the relevant organisational supports,
- sufficiently support the role of Manager,
- adequately remunerate staff and recruit an experienced and qualified work force.

The new Childcare Regulations (Government of Ireland, 2016) had not been launched during the data gathering phase of this review. However concerns have been raised subsequently about services capacity, to adequately respond administratively to the requirements within the regulations.

Finally the findings have implications for the current governance model within the community sector. Each service is required to comply with the Company’s Act 2014 to ensure good governance and secure the company against reckless trading. The board must also ensure compliance with Revenue and the Company’s Registration Office through the submission of the annual return and financial audit. Each board is responsible under law to put in place measures to comply with all
relevant legislation from employment law, health and safety, data protection, etc. and specifically the childcare regulations 2014. In addition to the above, the board must also ensure compliance with the Charities Act and submit an annual activity report to the Charities Regulator.

There have been increased pressures on the community and voluntary sector to comply with the Governance Code 2012 and move towards transparent accounting mechanisms such as Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) (Charity Commission for England and Wales et al, 2005). These requirements may be achievable by a large national organisation, but are unrealistic among small scale services where 47% of the group lack an out of rooms’ manager and 43% don’t have an administrator.

The above data indicates a structure at a service level that requires significantly more support than is currently available and given the financial position of these settings it is unlikely to be available in the future. Services are significantly disadvantaged by their size, and their lack of scale and overarching supports.

Finally many of the participating services are operating within close proximity to one another and yet because of their different management structures they operate in isolation. This is a missed opportunity. While services have reported attempts at a local and regional level to share resources e.g. temporary staffing cover, this has often become overly complicated due to the employment and legal responsibilities involved, hindered by the lack of a shared governance and management structure

Some additional manager’s comments summarise the situation perfectly that under current levels of funding community Early Years Settings are not sustainable.

**Comments from services:**

- “This year has been harder than any other”
- “Too much change”
- “Piecemeal funding”
- “... numbers down and costs are rising”
- “greatest currency has been good will and generosity, but it has now dried up”
- “creaking at the seams”
- “Likely to close in September”
- “…we don’t know our funding from year to year..”
- “Concerns regarding Tusla grants now that they are commissioning services within Children’s Services Committees”
- “Pressures on wider organisations, our [especially family resource centre] core funding, this had supported the delivery of our childcare service”

*Figure 33: Comments from services in relation to financial sustainability*
The impact on finances and service delivery of two forthcoming changes

- Change in Child Care Regulations preventing unqualified CE participants from being in ratio
- Change arising from the introduction of the second free preschool year

The impact of the requirements for all staff to be qualified whilst within ratio will have a significant impact on the utilisation of CE participants. Additionally the introduction of the SFPSY will reduce the dependency community Early Years Settings have on the CCS. Both of these changes will have a significant financial impact on an already unsustainable sector.

Impact of change in regulation under Childcare Regulations (2016) necessitating all staff including CE participants, to hold NFQ level 5 when in ratio

This has a significant impact on services with projected additional costs of €469,948 for the 40% of participating services who are dependent on CE.

The range of additional cost is between €9,303 and €86,385 amongst services depending on how many hours of CE staff they will have to replace with paid staff. To calculate this figure, the lowest point on the service’s reported salary scale was used to replace CE staff with paid staff.

The impact of this is to place 4 services in significant debt and risk of closure, as this increase wipes out all cash reserves and results in significant deficits for them.

The remaining 12 services can sustain the loss in the first year due to their cash reserves assuming there are no other changes in income and expenditure. However they will all sustain ongoing significant losses, depleting their reserves with no mechanism to generate replacement income. These services would see their reserves wiped out in 1-3 years and some who are part of a wider organisation could close the Early Years Service earlier instead of placing the whole organisation at risk with ongoing annual losses.

Impact of the introduction of the SFPSY

It is difficult to accurately measure the impact of this forthcoming change. The data analysis process was not refined enough to accurately predict possible implications. 78% of services reported in the online survey that they anticipated a loss of income. Many who said it wouldn’t directly affect them as they don’t offer ECCE currently, had a concern that those children currently attending on CCS for family support reasons might leave and attend a service offering the free ECCE second year. Others were unsure of the impact. For those who were clear about the impact the reasons proposed were as follows:

- 31% - reduced occupancy as children won’t start till they are 3 years
- 50% - no income during summer months
- 60% - children no longer on CCS which results in reduced weekly income
Additionally a concern was expressed that this would impact on the number of places currently available for children aged 0-3 years, as they would have increased demand for the 2 years of free ECCE resulting in less capacity to offer places for children under 3 yrs.

![Figure 34 Anticipated loss of Income from second ECCE year](image)

From an analysis of the accounts it is extremely difficult to put an accurate financial picture on this forthcoming change. Many services heavily depend on CCS rather than ECCE and many services offer CCS on a part time basis to children 2.5 yrs and upwards. It is these places which would likely shift from CCS part-time or sessional to ECCE.

A case study was used to outline clearly the impact of this proposed change on their annual income.
**Case study 1:** Service linked to a school delivering range of before and after school services in addition to part time CCS for 2.5 year olds and ECCE for eligible children. Service had already sustained 2 years of a deficit but had reduced expenditure within these 2 years. Cash position beginning to deplete as a result of deficits.

<table>
<thead>
<tr>
<th>Type of places available</th>
<th>No of weeks</th>
<th>No of children</th>
<th>Before: 2015 capitation rates</th>
<th>After: SFPY + 2016 Capitation rates. Assuming 1/2 part time move to ECCE in September + 1/2 move in January</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECCE higher capitation (3hrs)</td>
<td>38</td>
<td>22</td>
<td>€61,028</td>
<td>€62,700</td>
</tr>
<tr>
<td>ECCE lower capitation (3hrs)</td>
<td>38</td>
<td>15</td>
<td>€35,625</td>
<td>€83,205</td>
</tr>
<tr>
<td>CCS part time -2.5 yrs (3.51 hrs)</td>
<td>50</td>
<td>20</td>
<td>€64,020</td>
<td>€11,640</td>
</tr>
<tr>
<td>Full paying -2.5 yrs (3.51hrs)</td>
<td>50</td>
<td>4</td>
<td>€12,804</td>
<td>€2,328</td>
</tr>
<tr>
<td>CCS Afterschool sessional</td>
<td>50</td>
<td>39</td>
<td>€83,226</td>
<td>€83,226</td>
</tr>
<tr>
<td>CCS Afterschool half sessional</td>
<td>50</td>
<td>71</td>
<td>€75,757</td>
<td>€75,757</td>
</tr>
<tr>
<td>TEC sessional</td>
<td>50</td>
<td>0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>TEC part time</td>
<td>50</td>
<td>0</td>
<td>€0</td>
<td>€0</td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
<td>€332,460</td>
<td>€318,856</td>
</tr>
<tr>
<td>Average 2 year’s expenditure</td>
<td></td>
<td></td>
<td>€374,404</td>
<td>€374,404</td>
</tr>
<tr>
<td>Surplus/deficit</td>
<td></td>
<td></td>
<td>-€41,944</td>
<td>-€55,548</td>
</tr>
<tr>
<td>Impact of CE</td>
<td></td>
<td></td>
<td>€0</td>
<td></td>
</tr>
<tr>
<td>Impact of SFPSY</td>
<td></td>
<td></td>
<td>-€13,604</td>
<td></td>
</tr>
<tr>
<td>Cash position end 2015 accounts</td>
<td></td>
<td></td>
<td>€40,354</td>
<td>€40,354</td>
</tr>
<tr>
<td>Revised cash position before and after SFPSY</td>
<td></td>
<td></td>
<td>-€1,590</td>
<td>-€15,194</td>
</tr>
</tbody>
</table>

Table 11: Case study 1 - Impact of second free preschool year
The findings outlined to date illustrate an early year’s sector experiencing financial risk whilst continuing to manage finances tightly. This additional loss of income is dramatic. Figure 34, demonstrates the possible implications of this loss of income as reported by services through the online survey.

![Figure 34 Reported implications of anticipated loss of income as a result of second free preschool year](image)

The majority of services selected the ‘other’ category and their comments reflected the following:

- Uncertainty of future implications (13%).
- They don’t currently and won’t in the future accommodate ECCE (7%)
- Concerns about implementing proposed changes (30%)

**Summary and implications**

The prospective changes impacting on community early years will see 8% services at risk of closure within the year with an additional 78% experiencing significant loses which are unsustainable beyond 2-3 years.

The impact of both changes has significant implications. Looking at the profile of services it is expected that 18% of services will be affected by both changes. While more services reported they would likely have an impact, it is hard to quantify the impact of the SFPSY on services offering full day or for a range of age ranges less than 2.5 yrs. To clearly outline the impact of both on a setting a case study was used – see Case Study 2.
Case Study 2: Impact of both CE changes and introduction of SFPY. It is a community Early Years Service in disadvantaged area close to local national DEIS school. No Early Start provision in the local school. Open 50 weeks of the year it provides: Sessional and part time preschool places supported by CCS/ECCE and TEC; sessional afterschool services supported by CCS and TEC; summer services. This setting has the cash position to absorb this impact for 1 year but will not sustain it thereafter.

<table>
<thead>
<tr>
<th>Type of places available</th>
<th>No of weeks</th>
<th>No of children</th>
<th>Before:</th>
<th>After:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 capitation applied</td>
<td></td>
<td></td>
<td>2nd ECCE year + increase in ECCE capitation. 10 additional children entitled to SFPY in Sept. + 15 entitled in January + 1 fee paying entitled in April</td>
<td></td>
</tr>
<tr>
<td>ECCE higher capitation (3hrs)</td>
<td>38</td>
<td>0</td>
<td></td>
<td>-</td>
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<tr>
<td>ECCE lower capitation (3hrs)</td>
<td>38</td>
<td>23</td>
<td>€54,625</td>
<td>€102,942</td>
</tr>
<tr>
<td>CCS part time -2.5 yrs (3.51 hrs)</td>
<td>50</td>
<td>25</td>
<td>€100,625</td>
<td>€19,320</td>
</tr>
<tr>
<td>Full paying -2.5 yrs (3.51hrs)</td>
<td>50</td>
<td>1</td>
<td>€4,025</td>
<td>€2,093</td>
</tr>
<tr>
<td>CCS Afterschool sessional</td>
<td>50</td>
<td>26</td>
<td>€62,855</td>
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</tr>
<tr>
<td>CCS Afterschool half sessional</td>
<td>50</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TEC sessional</td>
<td>50</td>
<td>9</td>
<td>€30,600</td>
<td>€30,600</td>
</tr>
<tr>
<td>TEC part time</td>
<td>50</td>
<td>1</td>
<td>€5,660</td>
<td>€5,660</td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
<td>€258,390</td>
<td>€223,470</td>
</tr>
<tr>
<td>Average of last 2 year’s expenditure</td>
<td></td>
<td></td>
<td>€183,318</td>
<td>€183,318</td>
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<tr>
<td>Surplus/deficit</td>
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<td></td>
<td>€75,073</td>
<td>€40,153</td>
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<td>Impact of CE</td>
<td></td>
<td></td>
<td>-€21,319</td>
<td></td>
</tr>
<tr>
<td>Impact of SFPY</td>
<td></td>
<td></td>
<td>-€34,920</td>
<td></td>
</tr>
<tr>
<td>Revised surplus/deficit</td>
<td></td>
<td></td>
<td>€75,073</td>
<td>€18,834</td>
</tr>
<tr>
<td>Total impact</td>
<td></td>
<td></td>
<td>-€56,239</td>
<td></td>
</tr>
</tbody>
</table>

Table 12: Case study 2 - the impact of both the SFPY and CE

40 Is dependent on CE for 35 hrs a week and the lowest rate of pay for an Early Years Practitioner is €11 giving a total replacement cost of €21,319. Using last year’s profile of children.
In reviewing all services and combining the impact of both changes it is estimated that:

**5 services are at risk of closure within a year as all cash reserves are depleted with ongoing annual deficits.**

All services will see their reserves gradually depleted over forthcoming years unless increased income can be secured – as discussed earlier cost cutting exercises are limited with the only option of placing all staff on term time contracts remaining.

It is likely that services which are part of a wider organisation will close as the successive deficits will deplete the whole organisations cash reserves.

All staff involved in the provision of ECCE services will likely be placed on term time contracts and there will no longer be sufficient funding to maintain a summer provision. This will result in all staff being at risk of term time contracts for a majority of services. The move to 2 years of FPSY funded for only 38 weeks of the year has a significant impact on the sector’s ability to attract and retain highly qualified and experienced staff. Internationally the evidence strongly supports the need for a qualified, experienced staff team to effect best outcomes for children through quality service delivery.

**Comments from services:**

‘Staff already on a 38 week year and draw benefit for Summer. Discouragement and lower morale, staff feel undervalued, and some will likely leave. Maintaining highly qualified staff will be more difficult than ever’

‘...unable to hold places for January and April entry points’

‘regs [regulations] re extra staff [arising from CE staff no longer in ratio] in 1-3 room mean a reduction in the number of children we can take. Can only take 10 now because of ratios, not 14. This results in a significant loss of income’

‘When the ECCE scheme was introduced [it resulted in ] LRC negotiations. [with result that] our staff are paid for 12 months of the year. I cannot see our Board agreeing to start this process all over again’

‘I don’t know what to do, we can’t insist that parents pay ‘additional extras’ for the ECCE scheme and yet it’s the only way I can see that we will have sufficient income. The summer is a disaster...’
Recommendations

Recommendations apply only to the scope of this review which had a sole focus on community Early Years Settings. Unique issues facing rural providers or private providers were beyond the scope of this report, notwithstanding the fact they too face pressures and funding related issues.

Additionally, this report acknowledges that the early year’s sector as a whole should be embedded within a wider integrated infrastructure (Barnardos, 2011; Hayes, 2016). It is beyond the scope of this report to detail the position of early years within this infrastructure as the primary focus of this report has been sustainability.

All recommendations proposed contribute to a more stable and sustainable community sector within areas of disadvantage, however they are recommended herein as they secure a high quality, responsive and effective sector supporting children and families from a disadvantaged background.

1. Urgently secure the financial sustainability of community early year’s settings in light of the prospective reforms.

This report highlights the extreme financial risk facing community Early Years Settings before prospective changes. The change in the introduction of SFPSY comes into effect from September 2016 and the impact of the 2016 Childcare Regulations on utilisation of CE participants in ratio commences in January 2017. Both of these changes exacerbate the already dysfunctional financial model underpinning community Early Years Settings. Services are at extreme risk over the next 1-5 years.

While some settings may reduce their services and move their staff to term time contracts this will not come without significant industrial relations challenges. All of this takes time and resources which none of the services have. Additionally moving to term time may not be an option to some services without radical change or reduction of services. As such moving to term time increases risks to:

- Quality of service delivery as experienced and highly qualified staff may seek annualised employment elsewhere
- Efficacy of service delivery as reduced hours or term time opening impacts on the services ability to be responsive to the needs of children and families in the local area. Services previously offering part time will now offer sessional services and the expansion of ECCE through the SFPSY could impact on services to younger age ranges. Yet again, settings will offer services in line with funding rather than need.

Underpinning this recommendation the following urgent actions should be undertaken in line with best practice for services targeting children from disadvantaged areas:

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41 One service reported the process of going through a Labour Court intervention as a result of proposing staff move from 52 week contract to term time contract. In this case the Labour court awarded in favour of the employees resulting in services having to maintain the payment of annualised salaries despite being funded for 38 weeks only.
Urgent Actions:

1.1. **Provide services with a core grant supplementary to CCS/ECCE/TEC to all community Early Years Settings.** This is common practice amongst Community early year’s settings within Europe in recognition of the additionality required to support the highest quality of services to be effective in delivering better outcomes (Eurydice and Eurostat, 2014). This grant should be based on clear and transparent criteria and should consider the cost of:

- Dedicated out of ratio management to provide strong leadership. Leadership is a key component of delivering a quality service, and to support the integration of the setting with other key essential Early Years Services e.g. health, housing, welfare etc. Evidence supports the position that early years within an integrated range of supports is more effective in addressing issues of child poverty and disadvantage (Bennet, 2012).

- Lower adult child ratios within community Early Years Settings as evidenced by international evidence for better outcomes. Again this is a common approach used within Europe (Eurydice and Eurostat, 2014) for settings in areas of disadvantage. Other reports propose an adult-child ratio of 1:10 for children aged 6 to 7 to secure high quality early years (Whitebread, Kuljia, & O’Connor, 2015). Ireland has a ratio of 1:11 for 3 to 5 year olds.

- Access to administration supports. With overly administrative funding systems in place and further changes required under the new Childcare Regulations, services require a more intensive administrative system.

- Auxiliary supports – cleaning and cooking etc., to enable staff to dedicate focus on service delivery.

- Governance - the cost of supporting a voluntary board of management including all the administrative systems required under the Governance Code.

This should be in addition to the grant under the Single Affordable Childcare Scheme (SACS) which is available to all services private and community. It should be a multiannual grant for a minimum of 3 years (Fitzpatrick Associates, 2007) which supports a long term sustainability of community Early Years Settings.

1.2. **Pending the establishment of a core grant, the requirement under the regulations to hold a level 5 qualification should not be enforced at the same time as the introduction of the SFPSY.**

The Tusla website states in relation to the 2016 Childcare Regulations: ‘These Regulations are effective on a phased basis from 30th June 2016’.

- Allow a 12 month grace period during the ‘phased introduction’ to enable alternative increases in funding to reach the services and re-stabilise them. This report is strongly against the position of staff having no qualifications; however the combined impact of both changes will have a detrimental impact on the sector. This ‘grace period’ must be utilised to secure the financial position of community Early Years Settings through a combination of a core grant as above.

Medium Term Actions:
1.3. **Escalate the rolling out of proposed DSP plan for CE Hubs.** This should include appropriate levels of support for ‘host’ services including paid hours of support and supervision for the services supporting the CE participant.

2. **Recognise the unique role of community early years in relation to serving children and families from areas of disadvantage, in particular urban disadvantage.**

This report is not advocating for community early years as a ‘magic bullet’ in relation to child poverty and disadvantage, however it does play a role and could play an enhanced role as part of an integrated service response to the complex issue of educational disadvantage, additional needs and child poverty. This report argues for enhanced models of funding, structural reforms and service realignment to underpin this approach in differentiating community early years while at the same time securing its sustainability. It proposes a universal and targeted response to the issues of disadvantage. To do this the following actions are recommended:

**Urgent actions:**

2.1. **Increase number of fully funded hours of both Free Preschool Years (FPYs) from 3 to 4 per day for community Early Years Settings, with weekly rates commensurate with increased hours.** While this could become progressively universal bringing Ireland in line with the rest of Europe (see appendix 5), it could be introduced to community Early Years Settings first.

Bennet (2012) outlines the general consensus from research that“….. intensity (daily and annual duration) matters: children who have access to a full day, eleven-months experience in a good setting will have a learning – and in many instances - a socio-emotional advantage over children who experience only twelve hours a week, interspersed by absences or by long breaks”42. This recommendation is not just in line with international evidence; it also secures the financial sustainability of services as outlined in appendix 6. This places services on a secure financial footing and for some services could allow for an out of room manager and access to administration supports as in the outlined example.

2.2. **Increase the number of weeks per year from 38 to 46 for community Early Years Settings.** The median number of weeks services are open for within this report is 46 weeks, this was chosen over the average of 45 as many services changed their offerings to 38 weeks in response to the introduction of ECCE rather than in line with community/family support needs.

Evidence as outlined above from Bennet (2012) and from the EPPE study (Sylva et al, 2003)) suggest that longer duration (in months) of attendance has greater impacts on outcomes.

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42 While the EPPE project in the UK suggested that intensity isn’t a key factor, proposing that regularity was more important. American studies, on the other hand, suggest that intensity of the session is important in relation to children from disadvantaged backgrounds and that in some cases full day sessions showed greater impacts (Bennet, 2012).
Similarly the UK approach ‘Every Child Matters’ aimed to ensure children at risk had contact with a service during the summer months (UK Government, 2003). As above the case study in appendix 6 demonstrates the financial impact of this on services.

This recommendation also has implications for staff. A move to 46 weeks with annual leave factored in results in staff being paid for close to 50 weeks of the year. This progressive step supports services in attracting highly qualified and experienced staff who require full time annualised working.

2.3. **Substantially increase the rates of subsidy within CCSC/P under the new Single Affordable Childcare Scheme and radically reform the model both from a parent and a services perspective.** There is a debate as to whether the resulting parental fees should be capped as a % of Early Years Service costs or a % of average or minimum wage (Vincentian Partnership for Social Justice, 2015). Currently there is a lack of clarity around ‘costs’ within the sector as our report suggests costs are unsustainably low and overly dependent on voluntary commitment. Additionally, current expenditure is inadequate to deliver highest levels of quality with remunerated positions of leadership and graduate led workforce.

Given this it would be prudent to choose an alternative mechanism to establish ‘capped’ parental fees; to use a cost mechanism might only perpetuate a low cost service delivery model. The EU average childcare fees are 11% of the Average Wage (AW). Ireland’s childcare fees are 27% of the AW for non-subsidised fees. In addition reform the current:

- Eligibility criteria which are too restrictive. In particular, remove the medical card as primary eligibility criteria for Band A and widen the eligibility for all bands to bring those families currently outside eligibility into the scheme.
- Means testing mechanism, such that parents availing of a subsidy under CCS secure their eligibility directly from Department of Social Protection before presenting themselves at an ECCE service. The current practice of services gathering proof of eligibility and then appealing these decisions needs to be discontinued. The current practice in relation to eligibility exacerbates the ongoing level of financial uncertainty as services do not know their full grant entitlement until 4-6 months into the same trading period. Families may also face excessive repayments of fees if their appeal is not awarded. Anecdotally this is a cost that many services absorb with such families leaving the setting once they are faced with such repayments.
- Access to a CCS placement throughout the year. The currently model suggests that families seeking a subsidised placement must access it in October only. This does not promote access to Early Years Services to support ‘jobless households’. This practice also impacts on sustainability and occupancy of services. It reduces the ability of services to appropriately respond to community needs. If a service takes an additional CCS family post ‘snap shot week’, it must either absorb the government subsidy or pass the full cost onto the parent.
- Subsidy basis to hours of provision rather than type of provision i.e. length of place rather than ‘full time’. Our study showed this distorted range of services available and is a disincentive to offering sufficient length of provision appropriate to working families.
• Infant supplement, and introduce a supplement for children aged 1-3 years in line with ratio requirements. Low income mothers are less likely to take full maternity leave (Mc Ginnity et al, 2013). Additionally they are unlikely to take the unpaid additional maternity leave. The proposed plan of extending maternity leave to 1 year will not impact on low paid mothers unless the rate of maternity leave is raised.

**Short Term Actions**

2.4. **Establish a home visiting family support role with a strong home learning component for all community Early Years Settings in areas of disadvantage.** This should offer a home visit at least once every two weeks. There is substantial evidence for this from the Perry Preschool Study (Schweinhart, et al. 2005) to Irish studies (Geary Institute and Preparing for life, 2016) (Hayes, et al 2013). This role must be:

- clearly defined with specific programme content (as some evidence from the CDI study suggests that lack of clarity regarding roles can reduce confidence of the home visitor);
- embedded within a wider structure such as Tusla, Education Welfare (this enables the home visitor to have a clear remit within a wider structure with expertise in professionally supporting at risk children and families).

2.5. **Extend the DSP School Meals Programme to all community Early Years Settings within areas of disadvantage.** Currently the programme is closed to new grantees. The provision of this grant is in keeping with international practice of providing some form of free meal to children from disadvantaged backgrounds. In the UK this is a means tested process for free school meals and many have argued for making this provision universal (Scottish Government, 2008) (University of Hull, 2008). In Ireland it is not based on the child or family’s means but on the school they attend and this limited grant only extends to covering receipts for food bought and not for the costs of making meals e.g. the salary of a cook. 21% of children in Ireland experience food poverty (Buffinie, 2015) and addressing this at the earliest possible stage within community Early Years Settings is essential.

2.6. **Reduce the administration burden experienced by community Early Years Settings as set out by funders.** Our report highlighted the excessive amounts of time spent on applying for or reporting on funding within the sector. A review of the effectiveness of the current quarterly reporting required by Pobal under CCS is recommended and an alignment to that expected by the private sector. Additionally move to a single reporting mechanism, within the DCYA and then across all government departments e.g. identical process for CSP, Tusla, CCS. Ensure the reporting mechanism is beneficial to business planning within the organisation rather than being extraneous to internal company financial reporting. Consider a standard template for audited accounts and liaise with others in the sector working on a Single Reporting Mechanism e.g. Benefacts

**Medium Term Actions**

2.7. **Progressively increase the rates of capitation under both FPSY universally.**
This ensures services can remunerate staff in line with an acceptable nationally agreed salary scales and deliver terms and conditions such as pension, maternity leave and sick pay in line with the increasingly professional status of the sector.

2.8. **Initiate a local mapping exercise of all community Early Years Settings and establish their primary focus for service delivery.** To date, funding has been the driver of services, forcing settings to modify their service delivery. This is a system that is not fit for purpose. All community Early Years Settings must be recognised as having a role in family support – at a minimum of level 2. All services should be equipped with supporting services at this level and should be integrated with supports from:

- **DSP** both in terms of access to employment/training and welfare supports
- **HSE** in terms of specialist multidisciplinary supports to Community Early Years Settings to promote early detection and referral for additional needs and to ensure the referral process to the HSE is seamless. HSE services should be delivered directly onsite within community Early Years Settings – a practice common in Europe (Eurydice and Eurostat, 2014) and evidenced through Irish studies, in particular through the utilisation Speech and Language Therapy (Happy Talk, 2014; CDI, 2012)
- **Tusla** in relation to Prevention, Partnership and Family Support approach.
- **Education** in relation to prevention of educational disadvantage through inclusion within local School Completion programmes and access to Home School Liaison under Education Welfare Services.

Certain community Early Years Settings may have a specific focus such as Family Support, employment, training or education. Clarity of focus must be attained to ensure a local structure is funded based on the prescribed service delivery model i.e. not a one size fits all. 43 There are examples of community facilities delivering Early Years Services to support women’s access to community education; parents access drug treatment and rehabilitation etc. and the current funding model does not fit the provision of early years to support these activities. Additionally the case for Teen Parents has not been raised as current funding models do not support access to childcare to retain the young mother in school.

2.9. **Introduce a ‘€0 parental fees policy’ for those children and families identified as being most at risk.** Evidence suggests that the uptake of early years is considerably less for those families from disadvantaged areas/target groups (Eurydice and Eurostat, 2014). In

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43It is worth noting here some outliers within service delivery – e.g. those supporting ‘non formal’ community adult education which is an important precursor to formal education e.g. Women’s Groups. Currently parents availing of this must access CCS rather than a TEC subsidy which only recognises accredited training. This is also the case for Teen Parents, where the level of subsidy under CCS is not appropriate to support a young mother’s retention within school. Finally there are other adult supports which require childcare, particularly within the supports for families experiencing substance abuse and undergoing rehabilitation. It is important that these settings are not viewed in isolation, but as part of a local integrated community response to family’s needs with seamless supports and referrals within this structure.
particular early years has at times struggled to engage those most at risk (Bennet, 2012). This recommendation is to incentivise engagement of families.

2.10. **Carry out a review into best practice for the organisation of community Early Years Settings, to allow for long term financial and governance sustainability.** Consider a regional structure with all the relevant central administrative and management supports required. This structure must reduce the considerable administrative and funding requirements from front line services.

2.11. **Create a grant mechanism which encourages services to come together to consolidate their governance, finance and management structures.** This could be done on a pilot basis, the learning from which could contribute to the creation on long term sustainable structures on a larger scale.

3. **Reactivate the Work Force Development Plan (2010) and commence the process of moving towards nationally agreed salary scales.**

International evidence strongly advocates for increased qualifications throughout the sector with an international benchmark of 60% of staff holding a graduate level qualification (Start Strong, 2014). This report demonstrates that 14% of staff have a Fetac level 7/8. While substantial investment has been made in terms of support services to promote quality (Better Start), grants for training (Learner Fund) and practice and regulation (Aistear, Siolta, Childcare Regulations 2016, linking qualifications to FPSY) this has all been done without any investment directly into the services and in a policy vacuum in relation to the Work Force Development Plan (Minister for Education and Skills, 2010) which has not been addressed in the last 6 years.

**Short Term Actions:**

3.1. **Reactivate and update commitments under the Work Force Development Plan.** Commence the negotiation process of exploring a national salary scale. This should consider benchmarks already established in the Education sector, through the employment of Primary School Teachers and Early Years Practitioners within Early Start preschool settings in DEIS schools.

3.2. **Carry out an independent review into what the cost of a high quality Early Years Service would be with graduate led workforce.** This must include annualised salaries with terms and conditions commensurate with state funded benchmarks. Additionally it should include the full cost of ongoing professional development and non-contact time. This should be a ‘real cost’ exercise within the community sector and not dependent on unsustainable voluntary contributions or low cost mechanisms as reported from this review.
Conclusion

The Irish early years’ sector has undergone considerable change over the past 20 years. The intensity of policy reform and regulatory change has built within the sector since 2006. This became heightened following the Prime Time programme ‘A breach of Trust’ in 2013 (RTE, 2013) with substantial state investment in the development of a range of additional support and regulatory structures e.g. The Learner Fund, Better Start, Access Inclusion Model (AIM), Early Years Childcare Inspectorate. Yet throughout this time there has been no additional investment directly into services, in fact funding models saw reductions (the FPSY capitation will be reinstated in September 2016). There has also never been an exploration as to whether the sector is sufficiently funded on the ground to respond to these external regulatory and supportive services.

The demands on the community early years sector continue to grow from regulation (childcare and company law), funding (applying and reporting on) and practice changes (curricular, governance and child support good practice guidelines).

This report outlines findings which highlight a community early years sector at the end of its limits of creativity and commitment. It is impossible to see how the sector can move to the international benchmark of 60% graduate led workforce under the conditions outlined in this report. The State has made considerable investment in regulatory and quality supports for the sector and yet on the ground the sector is not funded to respond. It has exhausted all mechanisms to maintain services on minimal investment with ongoing and increasing expectations and demands. It is struggling to respond to family support needs presenting and to provide an affordable accessible service to low income families. It is a sector which is already financially unsustainable with the alarming prospect of closure facing many services in the next 1-2 years. It is a service at breaking point.

The government has since the late 1980s commenced investment in a community early years sector though both exchequer and European funding. The opportunities as a result of this investment should not be ignored and given their location within areas of disadvantage, community Early Years Services could become a substantial piece of a wider infrastructure addressing the needs of children and families at risk of poverty. An increase in exchequer revenues, the clear commitment of the government within Better Outcomes, Brighter Futures and an established commitment to address the pressing issues in relation to Child Poverty, create the foundations for the establishment of a sustainable community early years sector. It could provide clarity of service delivery ensuring children and families have access to a responsive local service which is well governed and adequately funded to provide the highest quality Early Years Service necessary to ensure better outcomes for children and their families in the future.
Bibliography


Blanchardstown Area Partnership et al. (2010). *Review of the importance of Dublin 15 Community Childcare Services and some of the challenges they face*. Dublin: Blanchardstown Area Partnership.


Charity Commission for England and Wales et al. (2005). *Statement of Recommended Practice, Accounting and Reporting by Charities*.


OECD. (2014). *Tax Benefit Model - PF 3.4 Childcare Support*. OECD.


Appendix 1: Online survey

Insert full document here

1. Background, origins and ethos.

Dear Provider,

Thank you for participating in this survey.

This is part 2 of the research.
You should have already been asked to:

1. Complete a short Excel spreadsheet
2. Been asked to forward (by email/post) your most recent:
   - audited accounts
   - fees policy submitted to Childcare Committee
   - end of year income and expenditure returns sent to Pobal.

All information will be kept confidential.
No service will be identified either through the report or other communications.

Please complete and return this survey and all paperwork as soon as possible and
no later than 1pm Friday 27th May 2016.

Direct any queries to: Susan Brocklesby (087 9979308)
or bring your concerns to the commissioning organisations:
Cork City
- Partnership - Catherine Sheehan: 021 4362310
- Childcare Committee - Kathryn Riordan: 021 4357590
South Dublin County
- Partnership - Larry O Neill: 01 4649313
- Childcare Committee - Rachel Kielthy: 01 457 6122
1. Who is completing this survey?

Other (please specify)

2. How many years has your childcare service been open?

3. Why does your service provide early childhood education and care? Many of the following statements maybe relevant to your service. Please rank them all, with 1 being the most relevant or highest priority for your service. If a statement is not in any way relevant to your service then please tick N/A.

   We provide early childhood education and care....

   - [ ] as part of a wider package of family support measures targeting families from disadvantaged areas
   - [ ] to support parents access to, employment, education or training in disadvantaged community
   - [ ] to support the activities of our wider organisation targeting adults from a disadvantaged community
   - [ ] to support families from the Traveller Community
   - [ ] to support parents accessing supports where there are addiction needs
   - [ ] as 'respite' or in cases of emergency, in response to Child Protection/ family support concerns
   - [ ] as early learning preschool supports for children and families from disadvantaged community
   - [ ] for all children and families regardless of their address on a first come first served basis

4. If Question 3 didn't address your service's primary reasons for providing ECEC in the community please outline them here?


Appendix 2: Excel spreadsheet

Outstanding service specific information required for financial analysis

Thank you for agreeing to participate in this survey. There were a few additional pieces of information required to complete the financial analysis of services that were not yet provided. Could you please complete the details requested below.

Ref: Please enter reference number given on first email

Profile of children families attending

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</tr>
<tr>
<td>How long is your full time service?</td>
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<td></td>
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<td>How long is your part time service?</td>
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<td>How long is your half sessional service?</td>
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<td></td>
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</tr>
<tr>
<td>ECCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TEC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afterschool</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No subsidy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maximum number of children your service can accommodate at full capacity</th>
<th>Full Time</th>
<th>Part Time</th>
<th>Sessional</th>
<th>Half Sessional</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1 yrs铧</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-3yrs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-5 yrs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afterschool</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Subvention: How many children receive a subsidy?

<table>
<thead>
<tr>
<th>Subvention:</th>
<th>Band A</th>
<th>Band AJ</th>
<th>Band B</th>
<th>No subsidy</th>
</tr>
</thead>
</table>

Staffing

<table>
<thead>
<tr>
<th>Full Time</th>
<th>Part Time</th>
<th>No qualifi-</th>
<th>Level 5</th>
<th>Level 6</th>
<th>Level 7/8</th>
<th>Lowest hourly</th>
<th>Highest hourly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position</td>
<td>Qualifications</td>
<td>Salary Rate</td>
<td>Salary Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------------</td>
<td>-------------</td>
<td>-------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early Years Practitioners</td>
<td></td>
<td>€0.00</td>
<td>€0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Room Leaders</td>
<td></td>
<td>€0.00</td>
<td>€0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistant manager/supervisor/quality advisor</td>
<td></td>
<td>€0.00</td>
<td>€0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager/supervisor</td>
<td></td>
<td>€0.00</td>
<td>€0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receptionists</td>
<td></td>
<td>€0.00</td>
<td>€0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrators/bookkeeper</td>
<td></td>
<td>€0.00</td>
<td>€0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooks/kitchen staff</td>
<td></td>
<td>€0.00</td>
<td>€0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cleaner</td>
<td></td>
<td>€0.00</td>
<td>€0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus driver</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CE staff</td>
<td></td>
<td>€0.00</td>
<td>€0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other staff on premises</td>
<td></td>
<td>€0.00</td>
<td>€0.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please complete the following question.

**Total number of staff in full time equivalents in 2015**

Please specify below:

**Finance**

**INCOME**

Do you receive any of the following funding that is not from DCYA through childcare programs:

**e.g. 1 ft = 35 hrs; so 2 staff working 15 hours each is .8 fte**
<table>
<thead>
<tr>
<th>Source of Grant</th>
<th>Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSP grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From HSE/Tusla</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From County/city council</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From DSP - allowance for CE staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you get income from other sources in 2015 or 2014 - if yes please list:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source of grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source of grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source of grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you pay rent on your premises?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent in 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent in 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you pay rates?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rates 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rates 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditor fees 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditor fees 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance contd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal fees 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal fees 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you pay for IT support? If yes how much in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you pay for repairs, internal or external maintenance on your premises? If yes how much</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bad debts - written off in:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2014</td>
</tr>
</tbody>
</table>

Thank you for completing this survey
Appendix 3: CCS bands and rates

**Subvention Bands and Rates**
The table below outlines the weekly subvention rates for Bands A, AJ or B, based on the type of service the child is availing of. (The list of payments under Band A in the table is not exhaustive. Where clarification is required please contact the City / County Childcare Committee).

Please note that a Medical Card is required with Band A and Band AJ payments. The Subvention bands and rates are as follows:

<table>
<thead>
<tr>
<th>Level of Service</th>
<th>Band A (with medical card)</th>
<th>Band AJ (with medical card)*</th>
<th>Band B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• One Parent Family Payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Widows/Widowers Pension</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pre-retirement Allowance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Farm Assist</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• State Pension</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Blind Pension</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Guardian’s Payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Illness/Injury Benefit***</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Disability Allowance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Carer’s Benefit/ Allowance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Back to Work Enterprise/Education Allowance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Community Employment / Rural Social Scheme</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Domiciliary Care Allowance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Family Income Supplement (FIS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Secondary School students</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Invalidity Pension</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Disability Pension</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Official Tusla Referrals (no medical card required)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Job Seekers Benefit/ Allowance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Supplementary Welfare Allowance**</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Tús</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Part-time Job Incentive Scheme</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Gateway</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Medical Card</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• GP Visit Card</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Parents who are in receipt of Social Welfare payments listed under Band A/AJ but have no medical card</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Parents who no longer qualify for Band A/AJ this year but who were verified as being on Band A/AJ at the end of the previous school year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>€95</th>
<th>€50*</th>
<th>€50</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full-Day Payment (5 hrs +)</strong></td>
<td>€47.50</td>
<td>€47.50</td>
<td>€25</td>
</tr>
<tr>
<td><strong>Part-time Payment (3:31-5:00)</strong></td>
<td>€31.35</td>
<td>€31.35</td>
<td>€17</td>
</tr>
<tr>
<td><strong>Sessional Payment (2:16-3:30)</strong></td>
<td>€15.20</td>
<td>€15.20</td>
<td>€8.50</td>
</tr>
<tr>
<td><strong>Half Session Payment (1:00-2:15)</strong></td>
<td>€15.20</td>
<td>€15.20</td>
<td>€8.50</td>
</tr>
</tbody>
</table>

* parents who qualify for Band AJ (with medical card) e.g. a parent in receipt of Jobseekers Benefit/Allowance (JB / JA) and with a medical card qualify for subvented childcare to a maximum of €50 subvention for full day-care per week (Band AJ). This cap applies where a child attends from 3 full days to 5 full days per week. Parents in receipt
of Jobseekers Benefit/Allowance (JB / JA) and do not have a medical card qualify for subvented childcare under Band B.

No Band is automatically applied to those parents partaking in a **Springboard course** and/or a **National Internship Programme (NIP/JobBridge)**, or in receipt of the ETB/SOLAS Training Allowance. The appropriate band will be decided on a case by case basis, based on the allowance received immediately prior to the course/programme/training.

** A similar cap applies to Basic Payments under the Supplementary Welfare Allowance Scheme, as many of those in receipt of such payments are awaiting a decision on a Jobseekers Benefit/Allowance claim. In the event that this payment concludes with a successful claim which attracts a full rate Band A eligibility, with a medical card (e.g. One Parent Family Payment) then the eligibility for that payment can be back dated to the September of that given academic year for which the basic payment applied. However, the successful claim must be appealed as part of the CCS Appeals Process (See Section 13).

***Parents on Disability/Illness/Occupational Injury Benefit will be reviewed during the course of the academic year (‘DB Review’). If the relevant Benefit no longer applies at the review, the band will be amended accordingly. A parent may appeal the assigned Band with evidence of a different eligible Social Welfare payment being received during the DB Review period.

Please see below some examples of the different Band entitlements:

a) Parent in receipt of Family Income Supplement (FIS) without a medical card, parent entitled to Band B subvention rate.

b) Parent in receipt of One Parent Family & holds a medical card, parent entitled to Band A subvention rate.

c) Parent in receipt of Tús, parent is entitled to Band B subvention.

d) Parent in receipt of Job Seekers Benefit, parent is entitled to Band B subvention.

e) Parent in receipt of Job Seekers Allowance & holds a medical card, parent is entitled to Band A subvention.

f) Parent in receipt of Domiciliary Care & holds a medical card, parent entitled to Band A subvention. However, if the parent does not hold a medical card, but the child does, that child only to receive Band A subvention rate. Any other children of that family receive Band B.
Appendix 4: Supports required by Managers

For those services who didn’t have it already, temporary staffing cover and a family support worker were deemed the most useful.

<table>
<thead>
<tr>
<th>Support</th>
<th>Have already</th>
<th>Very useful</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin / Bookkeeping</td>
<td>47.27%</td>
<td>50.91%</td>
<td>98.18%</td>
</tr>
<tr>
<td>Line Management</td>
<td>47.27%</td>
<td>47.27%</td>
<td>95.54%</td>
</tr>
<tr>
<td>Cleaner</td>
<td>41.82%</td>
<td>52.73%</td>
<td>94.55%</td>
</tr>
<tr>
<td>Business advisor</td>
<td>60%</td>
<td>32.73%</td>
<td>92.73%</td>
</tr>
<tr>
<td>Family Support worker</td>
<td>18.18%</td>
<td>69.09%</td>
<td>87.27%</td>
</tr>
<tr>
<td>Temporary staffing cover</td>
<td>14.55%</td>
<td>70.91%</td>
<td>85.46%</td>
</tr>
<tr>
<td>IT</td>
<td>41.82%</td>
<td>43.64%</td>
<td>85.46%</td>
</tr>
<tr>
<td>HR</td>
<td>30.91%</td>
<td>54.5%</td>
<td>85.41%</td>
</tr>
<tr>
<td>Receptionist</td>
<td>29.09%</td>
<td>40%</td>
<td>69.09%</td>
</tr>
<tr>
<td>Cost control supports/bulk purchasing</td>
<td>25.45%</td>
<td>40%</td>
<td>65.45%</td>
</tr>
<tr>
<td>Cook</td>
<td>34.55%</td>
<td>9.09%</td>
<td>43.64%</td>
</tr>
</tbody>
</table>

Table 13: What supports would your service find most useful in assisting the Manager and improve the service overall?
Appendix 5: Hours of Free Preschool in Europe

Figure 36: Free early years provision, by age and weekly hours, 2012/13 (Eurydice and Eurostat, 2014)

Explanatory note
Weekly hours are truncated at 40.

Country specific notes

Bulgaria: Compulsory ECEC, 5 year olds 20 hours, 6 year olds 24 hours.

Germany: Some Länder have abolished parental fees, either for the last year in ECEC before school entry (Hamburg, Hessen, Lower Saxony, North Rhine-Westphalia), for the last three years in kindergarten (Berlin), or from the age of 2 (Rhineland-Palatinate).

Czech Republic, Latvia and Romania: Figure shows the situation of publicly subsidised ECEC provision, which is attended by the majority of children.

Hungary: Many municipalities charge only for food for the entire ECEC phase.

Sweden: 525 yearly hours were divided by a common length of school year (178 days) and multiplied by 5-week days.

United Kingdom (ENG/WLS/NIR): In the most economically deprived areas, this entitlement is extended to 2 year-olds.

United Kingdom (SCT): 475 yearly hours were divided by 38 weeks, which is a common length of school year.

Switzerland: As the situation varies between cantons, the Figure shows an average of 20 hours.

Figure 36: Free early years provision, by age and weekly hours, 2012/13 (Eurydice and Eurostat, 2014)
### Appendix 6: Case study – impact of recommendation to increase both FPSYS to 4 hours/46 weeks

<table>
<thead>
<tr>
<th>Type of places available</th>
<th>No of weeks</th>
<th>No of children</th>
<th>Before:</th>
<th>After:</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECCE higher capitation (3hrs)</td>
<td>38</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ECCE lower capitation (3hrs)</td>
<td>38</td>
<td>23</td>
<td>€54,625</td>
<td>€102,942</td>
</tr>
<tr>
<td>CCS part time -2.5 yrs (3.51 hrs)</td>
<td>50</td>
<td>25</td>
<td>€100,625</td>
<td>€19,320</td>
</tr>
<tr>
<td>Full paying -2.5 yrs (3.51hrs)</td>
<td>50</td>
<td>1</td>
<td>€4,025</td>
<td>€2,093</td>
</tr>
<tr>
<td>CCS Afterschool sessional</td>
<td>50</td>
<td>26</td>
<td>€62,855</td>
<td>€62,855</td>
</tr>
<tr>
<td>CCS Afterschool half sessional</td>
<td>50</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TEC sessional</td>
<td>50</td>
<td>9</td>
<td>€30,600</td>
<td>€30,600</td>
</tr>
<tr>
<td>TEC part time</td>
<td>50</td>
<td>1</td>
<td>€5,660</td>
<td>€5,660</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>€258,390</td>
<td>€223,470</td>
</tr>
</tbody>
</table>

Average of last 2 year’s expenditure | €183,318 | €183,318 |

Surplus/deficit | €75,073 | €40,153 |

Impact of CE | -€21,319 |

Impact of SFPY | -€34,920 |

Revised surplus/ deficit | €75,073 | €18,834 |

Total impact | -€56,239 |

<table>
<thead>
<tr>
<th>Type of places available</th>
<th>No of weeks</th>
<th>No of children</th>
<th>Before:</th>
<th>After:</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECCE higher capitation (3hrs)</td>
<td>46</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ECCE lower capitation (3hrs)</td>
<td>46</td>
<td>23</td>
<td>€54,625</td>
<td>€171,312</td>
</tr>
<tr>
<td>CCS part time -2.5 yrs (3.51 hrs)</td>
<td>50</td>
<td>25</td>
<td>€100,625</td>
<td>€19,320</td>
</tr>
<tr>
<td>Full paying -2.5 yrs (3.51hrs)</td>
<td>50</td>
<td>1</td>
<td>€4,025</td>
<td>€2,093</td>
</tr>
<tr>
<td>CCS Afterschool sessional</td>
<td>50</td>
<td>26</td>
<td>€62,855</td>
<td>€62,855</td>
</tr>
<tr>
<td>CCS Afterschool half sessional</td>
<td>50</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TEC sessional</td>
<td>50</td>
<td>9</td>
<td>€30,600</td>
<td>€30,600</td>
</tr>
<tr>
<td>TEC part time</td>
<td>50</td>
<td>1</td>
<td>€5,660</td>
<td>€5,660</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>€258,390</td>
<td>€291,840</td>
</tr>
</tbody>
</table>

Average of last 2 year’s expenditure | €183,318 | €183,318 |

Surplus/deficit | €75,073 | €108,523 |

Impact of CE | -€21,319 |

Impact of ↑ hours + ↑ no of weeks per year for FPSYS | €33,450 |

Revised surplus/ deficit | €75,073 | €87,204 |

Total impact | €12,131 |

Table 14: Comparison of impact of SFPY and CE as funded with 3 hours for 38 weeks per year compared with 4 hours for 46 weeks of the year