

Submission on the Financial Support for the Administration of the NCS – June 2021

1. Background

Childhood Services Ireland (CSI) note the ongoing 12-month review of the National Childcare Scheme (NCS) and have outlined hereunder a submission detailing the financial support requirements for providers in the administration of the NCS.

In preparation for this submission, CSI have engaged MacCarthy Johnston solicitors, established a working group comprised of Early Years providers across the full spectrum of service types (Community, Full Day Care, Sessional, Part-Time, and School Age Childcare), and have consulted with our members by way of survey and webinar, in particular, with regards the manner in which providers should be compensated through financial support for their administration work in maintaining the NSC.

Following the announcement of the PSP for the 2020/21 year, it is CSI's position that immediate action is taken by the Department of Children, Equality, Disability, Integration, and Youth (DCEDIY) to put adequate financial support measures in place for the year 2021/22 that accurately reflect the administrative burden regarding the NSC. As such, CSI are calling for a time study to be undertaken by the DECDIY in conjunction with relevant stakeholders to analyse the true burden of administering the NCS so that appropriate financial support may be provided.

2. Legal basis for Financial Support

2.1 Section 15 (1) of the Childcare Support Act 2018 sets out the right for Service Providers to be paid for the administration of work as follows:

15.—(1) “Subject to subsection (2), the scheme administrator shall arrange to pay financial support to an approved childcare services provider with whom a parent or a statutory body, as may be appropriate, has entered into an agreement to provide childcare services in respect of a child the subject of a determination under section 12 or an agreement under section 14”

2.2 Sections 15 (3) and 15 (4) of the Childcare Support Act 2018 state how the scheme administrator can set out those payment rates in subsequent regulations.

2.3 Section 8 of the Childcare Support Act 2018 outlines that the service level agreement between the Minister and the Service Provider should set out the financial support that is to be paid to the Service Provider for the purpose of receiving payments under the Scheme. In particular, subsection 2 outlines the following:

8.—(2) Without prejudice to the generality of subsection (1), an agreement under this section may specify —

(a) the conditions and circumstances for the payment of financial support to an approved childcare services provider by the scheme administrator and for its increase, reduction, withdrawal or discontinuance,

- 2.4 Section 7 (4) of SI No. 375 of 2019 – Childcare Support Act 2018 (Payment of Financial Support) Regulations 2019, outlines the payment of financial support which may include hours relating to the provision of ancillary services as follows:

7.—(4) “The payment of financial support by the scheme administrator under section 15 of the Act in respect of an agreement relating to the provision of childcare services may include hours relating to the provision of ancillary services inherently connected with the provision of a childcare service to a child.”

3. Research Findings

- 3.1 On 2nd June 2021, CSI engaged our membership via survey to inform CSI’s position regarding the financial support requirements for Service Providers in the administration of the NCS. 135 Service Providers responded to this survey.

- 52% of respondents would consider withdrawing from the NCS either wholly or partly by not offering the NCS universal subsidy if they feel they are not fairly compensated for administering the NCS.
- 44% of respondents would consider charging parents an administration fee for registrations or seek to increase childcare fees in order to cover the cost of administration if they feel they are not fairly compensated for administering the NCS.
- 62% of respondents would prefer for the PSP to be made monthly in arrears as opposed to annually in arrears.
- 52% of respondents believe that the NSC requires the most amount of administrative time compared to all other schemes.
- 36% of respondents believe that parents will avail of longer childcare to avail of greater subsidies.
- On average, respondents spend the following hours administering the NCS per week:
 - 1-5 hours 41.5%
 - 6-10 hours 23.5%
 - 11-15 14%
 - 16-20 5.5%
 - 21-25 5.5%
 - 26-30 5%
 - 31-35 2%
 - 36-40 1%
 - 41-45 1%
 - 46-50 0
 - More than 50 1%

4. Proposal and Argument

- 4.1 CSI are calling on the DCEDIY to act immediately to undertake a time-study of administrative tasks on an hourly basis for the NCS. CSI propose that such the findings of a time-study should be utilised to inform the issuance of a PSP for Service Providers in the administration of the NCS. The administrative tasks referred should include, but are not limited to, the following:
- On-Boarding
 - Registration
 - CHICK Amendment
 - Appeals
 - Attendance Tracking
 - Weekly NCS Returns
 - Annual Survey
 - Non-Contact Hours (Curriculum Development)
- 4.2 CSI contend that the non-exhaustive items listed above are considered “*ancillary services*” in line with Section 7 (4) of SI No. 375 of 2019. This section further states that payment for financial support “*may include hours relating to the provision of ancillary services inherently connected with the provision of a childcare service to a child*”.
- 4.3 The current PSP which was issued on 3 June 2021 equates to 1.25 weeks subsidies. In financial terms, this equates to €28.12 for the Universal NCS based on a 5 day attendance. As outlined in our research findings above, the majority of Service Providers spend more than 5 hours on average administering the NCS. CSI contend that the current PSP falls drastically short of what is considered adequate financial support in relation to the time spent in administering the scheme.
- 4.4 It is widely accepted by our members that the universal subsidy takes equivalent hours to administer as the targeted subsidy. CSI acknowledge the benefit of universal subsidies for society and fully support the continuance and improvement of such subsidies. However, the current PSP does not reflect the true cost of administering universal subsidies and it is wholly unsustainable for Service Providers to continue providing the universal subsidy without significant improvements to the PSP.
- 4.5 As outlined in CSI’s research findings, 52% of respondents would consider withdrawing from the NCS either wholly or partly by not offering the NCS universal subsidy if they feel they are not fairly compensated for administering the NCS. This outcome is wholly undesirable for the children and their families, and society as a whole. Should the DCEDIY not take immediate action to rectify the PSP, many Service Providers will be left with no choice but to withdraw from the universal subsidy which would prove detrimental for delivering a childcare scheme at a national level.

- 4.6 It is acknowledged by CSI that there are affordability concerns regarding childcare costs in Ireland. However, CSI strongly contends that the cost of childcare for parents is commensurate to the cost of operating a childcare facility and that affordability can only be improved through subsidised childcare for parents and that this will necessitate increased investment by Government. Where the cost of operating childcare is continuously increasing, Service Providers have no option but to raise parental fees in line with costs where adequate financial support is not provided to Service Providers.
- 4.7 As outlined in CSI's research findings, 44% of respondents would consider charging parents an administration fee for registrations or seek to increase childcare fees in order to cover the cost of administration if they feel they are not fairly compensated for administering the NCS.
- 4.8 Since the inception of the NCS, Service Providers have been shouldering the true cost of administering the NCS on behalf of the State and for the benefit of the children and their families. This is simply unsustainable. Although it is wholly undesirable to raise parental fees in such circumstances, Service Providers will be forced to pass the costs of administration on to parents where the State is unwilling to provide adequate *financial support for ancillary services inherently connected with the provision of a childcare service to a child*.
- 4.9 It is therefore CSI's position that the administrative tasks examined via a time-study should attract an adequate PSP that permits the Service Providers avoid passing extra cost on to parents.
- 4.10 CSI are reserving their position regarding the manner in which the payment should be calculated as such matters depend on the time-study. However, CSI acknowledge the pros and cons of both 1) flat rate financial support which cover all administrative tasks and 2) transactional financial support which differ depending on the task concerned.
- 4.11 In relation to the frequency of payments of financial support, 62% of respondents would prefer for the PSP to be made monthly in arrears as opposed to annually in arrears. It is CSI's position that immediate measures are taken by the DCEDIY to facilitate the payment of PSP on a monthly basis. Monthly accounting permits Service Providers to monitor transactions and time spent accordingly and ensure assurances in financial planning.
- 4.12 As outlined in CSI's research findings, 52% of respondents believe that the NSC requires the most amount of administrative time compared to all other schemes. CSI therefore contend that it is wholly inconsistent that the NCS attracts the lowest level of financial support compared to other funding schemes where the administrative burden is significantly lower.

- 4.13 The above proposal and arguments should be read without prejudice to CSI's position that the administrative burden unintentionally passed on to Service Providers in the administration of the NCS should be reduced in the first instance. CSI believe that significant operational efficiencies could be identified and deficiencies eliminated during this time-study process and that these efficiencies should lead to financial savings for the Department and an overall reduction in the administrative burden for providers.

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