

2017 Pre Budget Submission

June 2016

Introduction

Budget 2017 presents an opportunity which must not be wasted. Not only will this be the first budget of a new government undertaking a collaborative approach to governing as a minority, but it also cements the return to prosperity so often discussed during the last year yet so little felt by real people.

Minister for Finance Michael Noonan confirmed recently, Ireland is the fastest growing economy of the EU-28 countries.¹ Initially the commitment in the Programme for Partnership Government to €6.75 billion in additional spending on public services by 2021 appears welcome; but it amounts to an increase of 10% over the lifetime of the Government or just 2% per year, which is woefully inadequate to even meet demographic changes.² The Programme heavily references the importance of prevention and early intervention, investment in early years and improvement of primary care (to name a few key priorities); however it is very short on detail.

Jobs alone are not the answer

Creating more quality employment opportunities and reducing the number of jobless households are undoubtedly pieces of the puzzle; but jobs alone cannot break the cycle of poverty. Reducing child poverty cannot be achieved without investment in public services. Access to affordable, quality public services such as healthcare, family support, childcare and education creates a foundation from which all children have an equitable opportunity to thrive. Without them the barriers to taking up any new job opportunities are often insurmountable. This is especially true of those most at risk of poverty such as lone parents, people with disabilities or ethnic minorities including the Roma and Traveller Communities.

The real losers from years of cutbacks and underinvestment in services are children. The child poverty rate has remained consistently higher than the rate of adult poverty, meaning children have borne the brunt of financial inequality during the good times and the bad. One in nine children now live in consistent poverty.³ That equates to three children in every classroom in Ireland not having enough to eat, a warm home or a warm winter coat.

¹ Minister of Finance (Michael Noonan), Dáil Debate- *Dáil Éireann*, 18 May 2016

² NERI, (2016) *Some questions about the Programme of (new) Government*

³ Department of Social Protection (2016) *Social Inclusion Monitor 2014*

Children are at a distinct disadvantage in Irish society. Yet this fact, while known, has generated little direct action. Households with children are 56% more likely to experience food poverty and face a rate of indebtedness 64% higher than households without children.⁴ One of the starkest features of recent years is the exponential rise in deprivation in Ireland. Around one in three people in Ireland are now experiencing material deprivation; and again the rate is higher for children.⁵ With so many children in the fastest growing economy in Europe living in poverty and deprivation, how can tax cuts at the expense of investment be justified, no matter what the ratio?

Investment vs tax cuts

Estimates suggest there is around €1 billion, if not more, available for Budget 2017.⁶ The Programme for a Partnership Government commits to at least a 2:1 split between investment in services and tax cuts. Barnardos believes this is not enough. While the election earlier this year resulted in no clear winner, the electorate did make one thing crystal clear to those elected to the 32nd Dáil; **Irish people want investment in services not tax cuts.**

Investing the entire available pot of money in public services would be the appropriate acknowledgement of the effect years of cuts have had on Irish children and society in general. It would demonstrate this Government understands the needs and desires of its electorate by giving a timely and vital bolster to maimed public services. Ireland spends more on cash transfers and less on services than the OECD average.⁷ Cash payments and tax cuts are not enough to enable families to pay for services. Barnardos firmly believes until our beleaguered public services are running effectively there should be no tax cuts.

Recommendation 1: Forgo tax cuts in Budget 2017 in favour of investment in public services.

⁴ Barnardos, (2015) *Rise Up for Children Report*

⁵ Department of Social Protection, (2016) *Social Inclusion Monitor 2014*

⁶ Department of Finance, (2016) Summer Economic Statement

⁷ OECD, (2014) *Social spending is falling in some countries but in many others it remains at historically high levels*

Investment vs tax cuts in Budget 2017

€75 million investment in services	€75 million in tax cuts
<p>Give Tusla the resources it needs to fulfil its remit supporting families and protecting children</p> <p>Or</p> <p>Raise rent supplement levels by 20% and link rent rates to CPI preventing more families becoming homeless</p>	<p>Raise the band A Capital Acquisitions Tax threshold from €280,000 to €500,000</p>
€150 million investment in services	€150 million in tax cuts
<p>Provide subsidised childcare to Bands A-D (as per 2015 IDG Report) to make it more affordable for parents</p> <p>Or</p> <p>Free primary education for all children including school books, classroom resources, adequate funding for schools and transport for those who need it</p>	<p>Decrease USC 8% rate to 7% for incomes over €70,044</p>
€300 million investment in services	€300 million in tax cuts
<p>Build 20 new primary care centres</p> <p>And</p> <p>Mandate NAMA to build 2,000 social houses</p>	<p>Decrease USC 5.5% rate to 4.5% for incomes from €18,668 to €70,044</p>

Prevention and Early Intervention

“The new Partnership Government has an opportunity to change our approach from expensive reactive interventions to proactive supports and long term planning starting from birth. It makes sense to intervene early in the areas of health, childcare, education and youth crime, not only in terms of value for money, but to give every person the opportunity to meet their full potential in life.”

A Programme for a Partnership Government 2016

Barnardos welcomes the shift in focus toward early interventions which prevent problems arising later on. This common sense approach will not only save the State valuable resources but also result in much better outcomes for children. Overwhelmingly, national and international research demonstrates that investing in children early yields huge financial dividends. Prevention and early intervention (PEI) approaches result in anywhere from a 75% to a 1,000% return on investment (ROI).⁸ Intervening early means the benefits are felt for a longer period of time improving ROI. The financial gains are also accompanied by significant societal gains in terms of lower crime, better population health and greater social cohesion.

Yet switching to prevention and early intervention is not a quick fix and will require substantial financial, human and infrastructure resources as well as strong leadership. The **Prevention and Early Intervention Unit** currently being developed as a key Programme for Government action in its first 100 days could provide such leadership if its given sufficient power and resources to do so. Barnardos welcomes the fact the management of this Unit lies with the Department of Public Expenditure and Reform and believes it is important its remit include oversight, budgetary powers and expertise required for such a major shift in public policy. Barnardos recommends the Unit be given authority to ensure at least 5% of departmental budgets are spent on PEI initiatives.

Prevention and early intervention strategies should include a mix of universal initiatives and targeted services. Universal approaches benefit all children, but are especially effective for children and families most at need of additional support. Universality eliminates stigma and opens the door for more targeted interventions should they be needed. Targeted interventions support children disadvantaged by background or family circumstance by promoting the child’s development in their earliest years. Further targeted interventions at key stages in a child’s development through to adolescence help prevent

⁸ Wave Trust, (2013) *The economics of early years investment*

problems and provide alternatives to expensive treatment and crisis intervention at a later stage. It is this combination of universal and targeted approaches that is most effective at tackling child poverty.

Universal supports such as the Public Health Nurse visits are extremely beneficial to all babies but this service has much more potential to be key resource to families if adequately resourced. Furthermore, targeted services such as availability of family support have been curtailed due to insufficient resources. However, the €50m allocated to the Social Innovation Fund will assist some of this. Also, the planned **National Parenting Support Plan** is a welcome inclusion in the Programme for a Partnership Government; however without resources for implementation and practical support the impact of such a plan will be minimal.

Tusla, the Child and Family Agency has a mandate to support families and protect children. The agency is a key driver for PEI interventions but consistent underfunding means its work currently focuses on crisis intervention, rather than supporting families early to prevent crises. Funding received in Budget 2016 has enabled additional recruitment of staff but a further **€64 million in additional funding** is required for 2017 which would allow Tusla to continue to carry out its current tasks.

Parenting has a huge influence on a child's development so improving outcomes for children means offering appropriate timely support to parents. It is unacceptable that families in need must wait for social work interventions until their case is deemed serious enough or that 23% of children with open cases with Tusla in January 2016 did not have a dedicated social worker. A range of services must be available to support parents through the child's first year of life and beyond.

Recommendation 2: Ensure the Prevention and Early Intervention Unit has the necessary oversight, budgetary powers and expertise required to cultivate PEI approaches and strategies across all Government departments.

Recommendation 3: Give Tusla the authority and resources it requires to fulfil its remit and to ensure a comprehensive, streamlined spectrum of services for families throughout a child's first year of life and beyond.

Early Years Care and Education

"The Programme for Government prioritises early years, recognising that children's experiences in early life are critical in establishing the foundation for learning, work and future health."

A Programme for a Partnership Government, 2016

Barnardos supports the commitment to introducing a **robust model of subsidised, high quality childcare** in the Programme for a Partnership Government but it must be backed up by investment and

an implementation plan with achievable timelines. This model was included in the recommendations of the Interdepartmental Working Group on Future Investment in Childcare Report, published in 2015. The Government has its plan, now is the time to start phased implementation.

Investing in early childhood education and care (ECEC) is proven to help tackle child poverty as it enhances a child's social, emotional and physical development in those crucial early years. Participation in ECEC is particularly beneficial to children from disadvantaged backgrounds.⁹ The EU urges the Government to invest in ECEC¹⁰ because of its benefits and because the availability of affordable ECEC remains a real barrier. Typical childcare fees in Ireland are 27.4% of family net income- more than twice as high as EU and OECD averages.¹¹ These costs mean the lack of affordable childcare is six times more likely to prevent low income parents seeking work than those who are better off.¹²

Barnardos welcomes the inclusion of **reform of the childminding sector** in the Programme for a Partnership Government, the preferred choice of many parents. It is estimated 50,000 pre-school children are being cared for by around 20,000 childminders, not including the number of older children being cared for outside of school hours.¹³ It is unacceptable many childminders are exempt from inspection, child protection training or even Garda vetting. The introduction of regulation and quality standards would ensure children being cared for by childminders enjoy high quality, consistent care and also provide recognition of the crucial work carried out by those in the sector.

Recommendation 4: Introduce quality standards and regulation for the childminding sector.

Recommendation 5: Extend the Learner Fund to support CPD and professionalisation of staff in the early years sector.

Recommendation 6: Provide subsidised childcare on a phased basis to Bands A-D (as per the IDG Report).¹⁴

⁹ PIRLS, (2011) *International Results in Reading*

¹⁰ EU Commission, (2016) *Country Specific Recommendations for Ireland*

¹¹ Eurydice & Eurostat (2014) *Key Data on Early childhood Education and Care in Europe*

¹² Barnardos, (2015) *Rise Up for Children Report*

¹³ Start Strong, (2012) *Childminding- regulation and recognition*

¹⁴ Department of Children and Youth Affairs (2015) *Interdepartmental Group Childcare and Early Years Briefing Document*

Education

“Education is the key to giving every child an equal opportunity in life. No child should be left behind in economic recovery and we should use our strengthening economy to become a leader in the provision of world-class education and skills.”

A Programme for a Partnership Government, 2016

Education is central to breaking the cycle of poverty and disadvantage because it is clear educational success is inextricably linked with household income. Research by Barnardos found children’s maths and reading scores increase by 4% for every 1% more their parents earn.¹⁵ Equally children with low educational attainment are more likely to work in low paid jobs when they become adults.¹⁶ Barnardos welcomes the creation of a new **Action Plan for Educational Inclusion** during the lifetime of the Partnership Government and will feed into its development as well as the ongoing review of the DEIS programme.

Barnardos is particularly disappointed the Government has not committed to tackling the high costs associated with sending children to school. Many families struggle to meet the basic costs associated with ensuring their child is equipped to participate in Ireland’s ‘free’ education system. Cuts to capitation grants in recent years mean parents are increasingly expected to bridge the gap in school funding, paying for essential school items such as the electricity and heating. Every year Barnardos’ School Costs Survey demonstrates parents are paying out large sums of money on items including school books, classroom resources and so-called ‘voluntary contributions’ to fulfil their child’s right to primary education. Throughout the UK and in many EU countries educational necessities like these have long been funded by the state.

Costs vary widely from school to school and many parents tell us they go into debt or scrimp on other necessities to cover the costs of the start of the school term. Inevitably low income families find it hardest to afford, so already disadvantaged children are at even greater risk of failing to fulfil their potential. This is grossly unfair. All children deserve a level playing field from which to progress into adulthood with the same opportunities as their peers, regardless of their parent’s ability to pay.

Barnardos welcomes **the €500 million additional education funding** made available in the Programme for a Partnership Government; however believes the new Government could go further by

¹⁵ Barnardos, (2015) *Rise Up For Children Report*

¹⁶ Nevin Economic Research Institute, (2015) *Earnings and Low Pay in the Republic of Ireland*
8 | Barnardos School Costs Survey 2015

committing to forgo tax cuts and invest more in education. Doing this could remove the bulk of costs paid by parents and instead fully fund schools to ensure essentials such as school books, classroom resources and the School Transport Scheme are provided free of charge. In addition, increased capitation rates to schools is vital to stop the practice of mandatory 'voluntary contributions' to pay for the basic running costs of schools.

Barnardos has calculated it would **cost just €103 million annually** to deliver free primary education in Budget 2017. In the context of an overall budget of more than €8 billion this is a small price to pay to fulfil children's constitutional right to free primary education.

Recommendation 7: Make primary education free for all children.

Health

“Efforts to increase access to safe, timely care, as close to patients' homes as possible will be a priority. As part of this, we will focus on developing an enhanced primary care system and guaranteeing the future sustainability of GP practices in rural Ireland and in disadvantaged urban areas.”

A Programme for a Partnership Government, 2016

In Ireland poorer people have worse health and die younger than those who are better off.¹⁷ Overall population health is not linked to how wealthy a country is, but to how equally resources are distributed across the whole population.¹⁸ The more unequal the society the worse the overall health of its citizens will be.¹⁹ Ireland has a two tier health system characterised by inequality. Those who can afford it can guarantee more timely, better quality care, while those who can't are consigned to the back of the queue. Children are not exempt from this problem and cost is a barrier to healthcare for children from low income households.²⁰

Children's access to healthcare is restricted by more than just their parent's ability to pay. The Irish health services have been in crisis on an ongoing basis for many years. Children are affected daily because they are languishing on lengthy waiting lists to access treatments. Many are forced to wait months, and in some cases more than a year, for primary care services. For example, latest HSE figures for 2016 show 1,800 patients waiting more than a year for speech and language treatment, with

¹⁷ Burke, S. (2009) Tackling Poverty: Tackling Health Inequalities: Combat Poverty Agency

¹⁸ WHO Commission on the Social Determinants of Health, (2008) *Closing the gap in a generation*

¹⁹ Wilkinson, R. & Pickett, K., (2009), *The Spirit Level*. London: Penguin Books

²⁰ Barnardos, (2015) *Rise Up For Children Report*

a further 519 waiting over a year for their initial assessment.²¹ Barnardos welcomes the commitment for the recruitment of 1,102 **new Speech and Language Therapists** some of these in the school system.

When it comes to waiting times for health care children from poorer households are at a disadvantage. Children in the poorest households have a 62% higher risk of not getting treatment due to waiting list delays than children from the wealthiest households.²² Parents have difficulty accessing primary care services with their children for a variety of reasons; disability, living in a remote area, poor public transport links, living in a direct provision centre or emergency accommodation.

Around 90-95% of children's healthcare needs should be met in the community by primary care services.²³ There are currently approximately 484 primary care teams in operation.²⁴ As the HSE simply defines a primary care team as one where clinical team meetings have commenced, some of these teams are not yet fully functioning.²⁵ There are also long running plans to develop 90 networks of allied health and social care professionals to support these teams; however these are not yet operational despite having been planned as part of the 2001 Primary Care Strategy.

Primary Care Centres (PCC) facilitate the delivery of these multi-disciplinary services. There are currently 92 fully operational PCCs, with 82 more in various stages of planning and construction.²⁶ It is unclear if the **80 new primary care centres** promised in the Programme for a Partnership Government are in addition to the 82 already either under construction or in the planning phase. Increasing the availability of the whole spectrum of primary care services to children is imperative to tackle health inequality and improve child health outcomes.

Recommendation 8: Build 20 new Primary Care Centres in 2017.

Housing

“Providing affordable, quality and accessible housing for our people is a priority for the New Partnership Government. We will work together – and with those who have other good ideas – to address the consequences of the devastating construction bubble and the property crash.”

A Programme for a Partnership Government, 2016

²¹ HSE, (2016) *Performance Report January/February 2016*

²² Barnardos, (2015) *Rise Up For Children Report*

²³ Department of Health, (2012), *Future Health*

²⁴ Minister of State (Kathleen Lynch), Ceisteanna- Questions- *Dáil Éireann*, vol.397, 8th December 2015

²⁵ Eurofound, (2014), *Access to Healthcare in times of crisis*

²⁶ Health Service Executive, Ceisteanna- Questions- *Dáil Éireann*, vol.16, 16th May 2016

The current housing crisis requires a multi-faceted, coherent and sustained response. While there are many actions designed to address the crisis outlined in the Programme for a Partnership Government, many simply do not go far enough.

Children need a safe, warm and secure place to call home. Inadequate, unsafe or insecure housing has serious repercussions; affecting a child's mental and physical health, social and emotional development, education and their key relationships. Latest figures show there are 2,177 children living in homeless accommodation, which is nothing short of scandalous.²⁷ While there has been much coverage of homelessness, and rightly so, there is a hidden housing crisis; namely thousands of families living in substandard, overcrowded or unsafe accommodation, unable to move or demand better because they have no other options. These families are not counted as part of the homeless figures but often in equally as precarious circumstances.

The strain of limited personal space erodes key support relationships and frequently causes mental health issues both for parents and children. Domestic violence and family breakdown are increasingly caused by poor housing conditions. Recent figures from the Dublin Region Homeless Executive showed relationship breakdown listed as the primary cause in 37% of homeless cases in January 2016, a jump of a third since September 2015.²⁸

There remains a chronic undersupply of housing across all areas of the sector. However, it is the private rented sector which is bearing the brunt of the crisis. Those waiting for social housing allocation or to buy a property are stuck in rented accommodation and adding pressure to a system which is bursting at the seams. This situation is not likely to improve in the short to medium term, particularly not as the Social Housing Strategy is relying on the private rented sector to meet 70% of social housing needs in the coming years.²⁹

Barnardos welcomes the commitment **to raise HAP and rent supplement levels** outlined in the Programme for a Partnership Government. People in receipt of rent supplement and HAP payments are often unable to compete in this overheated market. Barnardos recommends a nuanced approach is taken because rents have risen substantially more in some areas than others. Nationally rents have

²⁷ Department of Housing, (2016) *Monthly Homeless Figures May 2016*

²⁸ Dublin Region Homeless Executive, (2016) *Presentation to The Forum on Housing & Homelessness*

²⁹ Department of Environment, (2014) *Social Housing Strategy 2020*

risen around 20% in the last two years and will continue to do so unless some form of rent regulation is introduced.³⁰

Barnardos, like many other NGOs, is calling for rents to be indexed to prevent the continued escalation of rent rates. Linking rents to an independent index, such as the Consumer Price Index, would ease the strain on tenants, it would also provide landlords similar protection during periods of low rent yields. Without providing some form of rent certainty any increase in rent allowance rates would be a waste of money as they will be swallowed up by the rising market.

The undersupply of social housing must be addressed. There was a 93% decline in the number of social housing built from 8,673 in 2007 to 642 in 2014.³¹ The most recent figure for social housing need from 2013 indicates that 89,872 households qualified for social housing. More than half of those on the waiting list were families and three out of five had been waiting for more than two years.³² In 2015 NAMA facilitated the supply of 2,000 social houses at a cost of €150 million.³³ Further supply of social housing by NAMA should be mandated by the Government in response to the current chronic housing shortage.

Recommendation 9: Raise rent supplement levels by 20% and link rent rates to CPI.

Recommendation 10: Mandate NAMA to provide 2,000 social houses in 2016.

Conclusion

Irish children have shouldered the burden of austerity years. Now as Ireland begins to return to prosperity they continue to bear this load. One in nine children living in poverty, thousands in or at risk of homelessness, thousands more on long waiting lists for social care, primary care and other services. Irish children deserve better from their Government. Forgoing tax cuts and investing heavily in services in Budget 2017 would demonstrate the Partnership Government's commitment to prioritising children. Now is the time to make meaningful changes to repair the damage caused by squandering boom-time resources and the years of austerity which followed. Now is the time to build a more secure future for Irish children and for the whole of society and ensure protection from capricious financial markets. We must do this by investing in the services which support children to thrive during the good times and protect them from harm during the tough times.

³⁰ Daft.ie, (2016) *The Daft.ie Rental Report Q1*

³¹ Department of Environment, (2015)

³² Social Justice Ireland, (2015) *Social Inclusion Monitor*

³³ Department of Environment, (2016) *Social Housing Output in 2015*

Costed Summary of Recommendations

Recommendation		Cost
Recommendation 1:	Forgo tax cuts in Budget 2017 in favour of investment in public services.	Neutral
Recommendation 2:	Ensure the Prevention and Early Intervention Unit has the necessary oversight, budgetary powers and expertise required to cultivate PEI approaches and strategies across all Government departments.	Neutral
Recommendation 3:	Give Tusla the authority and resources it requires to fulfil its remit and to ensure a comprehensive, streamlined spectrum of services for families throughout a child's first year of life and beyond.	€64 million
Recommendation 4:	Introduce quality standards and regulation for the childminding sector.	€2 million
Recommendation 5:	Extend the Learner Fund to support CPD and professionalisation of staff in the early years sector.	€5 million
Recommendation 6:	Provide subsidised childcare on a phased basis to Bands A-D.	€135 million
Recommendation 7:	Make primary education free for all children.	€103.2 million
Recommendation 8:	Build 20 new Primary Care Centres.	€150 million
Recommendation 9:	Raise rent supplement levels by 20% and link rent rates to CPI.	€69 million
Recommendation 10:	Mandate NAMA to provide 2,000 social houses in 2016.	€150 million