

Budget 2019 – Information Pack

Department of Children and Youth Affairs

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Press Release – Budget 2019

Budget 2019

Minister Zappone announces a €127m package

- **€89m increase for childcare**
 - **Introduction of new Affordable Childcare Scheme**
 - **Maximum Net Income Threshold increased by 26% from €47,500 to €60,000 per annum**
 - **Changes will benefit thousands of families; will bring an additional 7,500 children into the scheme, with improved subsidies for over 40,000 others**
- **€33m increase in Tusla funding**
 - **Implementation of HIQA recommendations**
 - **Extra funding for Family Resource Centres and Domestic, Sexual and Gender Based Violence Services**
 - **Financial base secured with 4% increase over 2018**

Tuesday 9 October 2018

Katherine Zappone TD, Minister for Children and Youth Affairs has announced extra funding of €127m for child care and youth services, bringing the total investment by her Department to €1.5 billion for 2019. The Minister said:

I am very pleased that we have again delivered as promised on the commitment to continue investing in our children and young people. Today's €127m package represents another significant step in ensuring access to high quality, affordable childcare and ensuring that Tusla is in a position to continue on its programme of service reform and targeted development of key services.

Budget 2019 represents another significant step in ensuring access to high quality, affordable childcare and education with annual investment now rising to €574m.

The additional €89m in 2019 will allow for thousands of families to benefit due to increased income thresholds under the Affordable Childcare Scheme. The significant increase in the maximum net income threshold from €47,000 to €60,000 per annum means that an estimated 7,500 more children will benefit from the scheme relative to the original proposals. Over 40,000 other children, already

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eligible, will see increases to their subsidies. The new measures ensure that families with, in some cases, a gross income of up to €100,000 will benefit from the scheme.

The Minister said:

I am delighted we are able to increase income thresholds to bring more children and families into the scheme, I am also very pleased that I have managed to adjust the lower income band, meaning that maximum subsidy rates will now be paid to all families with a net annual income of up to €26,000 . This ‘poverty proofs’ the scheme by ensuring that families at or below the relative income poverty line will benefit from the very highest subsidy rates under the scheme.

Another significant element of the increased childcare provision in Budget 2019 is an additional €10m for the Access and Inclusion Model (AIM). AIM is a suite of resources that enables children with disabilities to access and fully participate in the ECCE scheme.

The Minister also commented that she was delighted to be in a position to allocate €0.5m to create a team of Childminding Support Officers to support the registration of childminders with Tusla and to help them upskill to required regulatory standards to be introduced in the coming years. Only childminders registered with Tusla will be able to offer the ACS.

The childcare providers who play an integral role in the delivery of all of the DCYA childcare schemes will continue to receive a Programme Support Payment in 2019. The amount for the PSP has increased from €18m to €19.4m, an increase of nearly 8%. The allocation for capital grant supports has also been increased by nearly a third from €6.8m to €8.8m with a focus on increasing the number of places available and supporting the transition of services to the new Affordable Childcare Scheme.

Tusla will receive an increase of €33m in 2019 bringing its total allocation to €786m - an increase of 4% over 2018. The extra funding will be used to progress a number of key priorities including the implementation of recommendations made by HIQA on the management of child sexual abuse allegations and supporting Tusla to deliver on the Government’s commitments relating to unaccompanied minor refugees under the Irish Refugee Protection Programme.

The Minister said:

I strongly support Tusla’s important work and have secured an additional €110m for the agency since becoming Minister in 2016. The additional resources provided are necessary in order to deliver on a significant programme of service reform and have also allowed for targeted development of key services.

In this context the Minister acknowledged the work done by Tusla in 2018 in supporting and developing Family Resource Centres and is pleased to be in a position to provide for further investment and development. In addition, the increase in Tusla funding in 2019 will allow for further investment in Domestic, Sexual and Gender Based Violence services.

In addition to the increases for childcare and Tusla, the Minister commented on a number of other important developments she wishes to progress in 2019. The increased funding for her Department will allow for the establishment of the Guardian ad Litem executive office in the Department to put

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in place a nationally organised and managed GAL service. It will also assist the Adoption Authority of Ireland meet increased costs they will experience in meeting responsibilities under the forthcoming Adoption (Information and Tracing) Bill.

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Vote Summary – Budget 2019

High Level Summary of measures

Programme Expenditure	REV 2018	Budget 2019	
	€m	€m	
A. Children and Family Support Programme	786,298	819,347	4% 
B. Sectoral Programmes for Children and Young	567,896	660,978	16% 
C. Policy and Legislation Programme	29,117	30,238	4% 
Gross Total	1,383,311	1,510,563	9% 

- **€1.5 billion in 2019**
- **Increase of €127m (9%) over 2018**
 - **€89m for childcare**
 - **€33m for Tusla**
 - **€5m for other areas of the Vote (e.g. youth services, ABC programme)**

This funding will enable a significant level of public services to be delivered in 2019 across the Vote. The funding provided reflects the Government's commitment to improving the outcomes for children, young people and their families.

Programme A: Children and Family Support Programme

The aim of this programme is to integrate and improve the existing service delivery arrangements and support the welfare of children, young people and families. In particular, the budgetary decisions for 2019 mean that the Department will:

- Increase the allocation to Tusla, the Child and Family Agency, by €33m bringing its total allocation to €786m - an increase of 4% over 2018. The additional resources will allow Tusla to:
 - Implement recommendations made by HIQA on the management of child sexual abuse allegations;
 - Enable delivery of the Government's commitments relating to unaccompanied minor refugees under the Irish Refugee Protection Programme;
 - Address cost pressures in private residential and foster care;

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- Allow for further investment and development of the Family Resource Centres network and to Domestic, Sexual and Gender Based Violence services.
- Continue to support the Oberstown Children Detention Campus meet its operational costs, estimated to be €28m in 2019.

Programme B: Sectoral Programmes for Children and Young People

The aim of this programme is to support the provision of both universal and targeted services for the care, development and wellbeing of children and young people. The Government's budgetary decisions for 2019 under this Programme will allow for the following:

- An increase of €89m to childcare bringing its total allocation to €574m – an increase of 18% over 2018. The additional resources will allow for:
 - The introduction of the Affordable Childcare Scheme (ACS) in late 2019;
 - Adjusting the income and child deduction thresholds under the new ACS to improve supports and for additional parents to qualify;
 - Other measures to improve early years inspections and sustainability initiatives;
- Provide an additional €1.5m to youth services and to implement LGBTI and National Youth Strategy Actions;
- Continued support to the area based approach to child poverty (ABC programme) by investing a further €1m;
- Provide an additional €1m for innovative projects under the Intervention Programmes for Children and Young People, such as the QCBI and youth employment initiatives.

Programme C: Policy and Legislation Programme

The aim of this Programme is to oversee key areas of policy, legislation and inter-sectoral collaboration to improve the lives and well-being of children and young people, including the implementation of the Policy Framework for Children and Young People. In particular, the resources allocated will allow for the following:

- Establish the Guardian ad Litem executive office to put in place a nationally organised and managed GAL service;
- Provide additional funding to the Adoption Authority of Ireland to enable it meet its responsibilities under the forthcoming Adoption (Information and Tracing) Bill;

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- Meet costs associated with the running of the Commission of Investigation into Mother and Baby Homes, including costs associated with the Collaborative Forum established to facilitate the participation of former residents of Mother & Baby Homes in recommending actions and solutions to Government.

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Childcare Budgetary Measures

Overview:

€89m has been secured for additional investment in childcare in 2019. This brings the total investment in childcare to €574m. The additional €89m broadly comprises the following:

- Increased funding to childcare schemes including CCS and Affordable Childcare Scheme €61.0m
- Costs associated with delivery of new and existing schemes €10.5m
- Restoration and increase to Access and Inclusion Model (AIM) funding €10.5m
- Increase to existing Programme Support Payments €1.4m
- New, once off, Programme Support Payment for ACS €2.0m
- Capital increase €2.0m
- Childminding initiative €0.5m
- Increase to Inspectorates €0.6m
- Other policy initiatives €0.5m

The €89m increase on 2018 funding represents a year on year increase of 18%. Collectively over the last four budgets this reflects a 117% increase on spending in childcare (up from €265m in 2015).

A main element of the Budget 2019 childcare measures includes enhancement to the Affordable Childcare Scheme, to be introduced late next year. The increase from the originally proposed higher threshold of €47,500 net, to €60,000 net, means that some families with a gross income of €100,000 will now qualify for targeted subsidies (see further information at 2.). This is a progressive approach which builds upon the successful implementation of a range of measures introduced in Budgets 2017 and 2018 that have seen record take up.

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Improving access to the existing childcare schemes has been a central aim of the Department of Children and Youth Affairs over the past year and this work has led to record numbers accessing all childcare schemes. Almost 200,000 children across the State are now accessing free or subsidised early years and school age childcare. The enhanced budget in 2019 will allow for these numbers to rise further.

In addition to the significant investment to introduce an enhanced ACS and to continue to deliver the targeted schemes on an interim basis, the Minister has achieved funding for a number of other initiatives.

1. Most significant of these is an additional €10m to restore and increase the original budget for the Access and Inclusion Model (AIM). AIM is a suite of resources that enables children with disabilities access and fully participate in the ECCE scheme. As AIM is now entering its third year of roll out, Budget 2019 responds to the expected rising demand for supports for children with disabilities participating in the ECCE free pre-school programme. The €10m increase delivers on the Government commitment of €32m to support AIM in 2015 and increases it further to reflect the higher costs associated with a second year of ECCE. In particular, Budget 2019 will allow for a significant increase in funding under AIM Level 7 (additional assistance in ECCE rooms to reduce the EY Practitioner / child ratio) and to provide financial support to pre-school settings employing Inclusion Coordinators.
2. As part of a planned phased regulation of after school services an additional €0.45m has been allocated to the Tusla Early Years Inspectorate to enable them begin to register these services in 2019. This will enable school age childcare services access the Affordable Childcare Scheme. The Childcare Support Act 2018 limits participation in the Affordable Childcare Scheme to childcare providers that are on the register of prescribed early years services maintained by Tusla. Currently school-age childcare is unregulated, and services are not required to register with Tusla if they only provide school-age childcare. Additional registration staff within Tusla will allow the registration of school-age providers, ensuring that services that wish to take part in the Affordable Childcare Scheme can do so. This should assist in the development of new school age childcare places, improving parental choice and supporting female labour market activation.
3. €0.5m has been allocated to create a team of Childminding Support Officers to support the registration of eligible childminders with Tusla and to otherwise help Childminders upskill to required regulatory standards to be introduced in the coming years. Only childminders registered with Tusla will be able to offer the ACS. The new team will help unregistered but eligible childminders to meet Tusla registration

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requirements, thus enabling more childminders to take part in the Affordable Childcare Scheme. A Childminding Action Plan will be published by the end of 2018, which will include short, medium and long-term actions to move towards the wider regulation and support of childminders. The Budget 2019 funding will allow for first steps to be taken in delivering on the forthcoming Action Plan.

4. Childcare providers who play an integral role in the delivery of all of the DCYA childcare schemes will continue to receive a Programme Support Payment in 2019. The amount for the PSP has increased from €18m to €19.4m, an increase of nearly 8% reflecting increased demand. An additional once off Programme Support Payment of €2m will also be provided to assist services introduce the new Affordable Childcare Scheme later in 2019. €18m PSP was first introduced in 2017 to reflect the administrative requirements for providers in delivering Government childcare schemes. The additional €1.4m secured in Budget 2019 reflects the higher cost of maintaining the original payment to services because of additional children in the system and other factors.
5. Capital grant support has been increased by nearly a third from €6.86m to €8.86m. This will enable a focus in 2019 on increasing the number of childcare places available and supporting the transition of services to the new Affordable Childcare Scheme.

Changes to ACS

Changes to ACS - More Families to Benefit from Increased Investment in Childcare through the Affordable Childcare Scheme; ACS Threshold increase

As part of an overall Early Years budget package of €89m, Minister Zappone has secured additional investment to enable a significant increase in the income thresholds which will apply under the new Affordable Childcare Scheme. Under the scheme's original policy proposals, income-based subsidies would have been available to all families with a net annual income of up to €47,500. This threshold will now increase by 26% to cover all families with a net annual income of up to €60,000. The scheme's lower income thresholds have also been adjusted, meaning that maximum subsidy rates will now be paid to all families with a net annual income of up to €26,000 (the previous proposed threshold stood at €22,700). These increased thresholds will mean that thousands more families will benefit from the new Affordable Childcare Scheme once launched at the end of 2019 and will see their childcare costs tangibly reduce.

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The significant increase in the thresholds means that an estimated additional 8,000 children will be eligible for the scheme for the first time. Another 8,000 will move from a universal subsidy only to a higher targeted subsidy. 44,000 other children will continue to access a subsidy, 34,000 of whom will see increases to their subsidies. The new measures ensure that families with, in some cases, a gross income of €100,000 will benefit from subsidies.

The increase in the lower net income threshold to €26,000 from €22,700 is important in terms of benefiting people at the lower end of the income spectrum. In particular, the measure ‘poverty proofs’ the scheme by ensuring that families at, or below, the relative income poverty line will benefit from the very highest subsidy rates under the scheme. For those above the net income threshold of €60,000, but with a child under 3 in regulated childcare, the scheme will still provide some benefit. The scheme will continue the universal payment of up to €1,040 per year first introduced in Sept 2017.

Launch plans for the new Affordable Childcare Scheme are currently being finalised and Minister Zappone will shortly confirm and communicate a planned start date for the Affordable Childcare Scheme which will be towards the end of 2019.

The Affordable Childcare Scheme... at a glance.

The Affordable Childcare Scheme (ACS) is a radical new scheme of financial support for parents towards the cost of childcare. Its aim is to make high quality childcare accessible and affordable for families.

The Affordable Childcare Scheme will replace the existing targeted childcare programmes with a single, streamlined and more user-friendly scheme, and will include “wraparound” care for pre-school and school-age children. It will provide a system from which both universal and targeted subsidies can be provided towards the cost of childcare.

Once launched, the scheme will:

- ✓ *improve outcomes for children*
- ✓ *reduce poverty*
- ✓ *support people to return to- or remain in- work and education, and*
- ✓ *tangibly reduce the cost of childcare for tens of thousands of families*

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What will the Affordable Childcare Scheme mean for different families?

The amount of subsidy available under the new scheme is tailored to every individual household's circumstances, i.e. it is based on the net income of the household, the number of children and the ages of the children. The table below takes 6 common family circumstances to give an idea of what the subsidy will look like for those families.

Table 1: Weekly ACS Subsidy Amounts for Six Different Families¹

Family Scenario	Possible Gross Income	Weekly subsidy under old ACS proposals	Weekly subsidy under new ACS proposals
Lone parent on net annual income of €26,000 , with one child aged 2 years and in need of 40 hours of childcare per week	€26,500	€148	€175
Family with a net annual income of €30,000 , with two children aged 1 and 2.5 years and in need of 25 hours of childcare per week	€34,500	€187	€220
Family with net annual income of €35,000 , with two children aged 1 and 2.5 years and in need of 25 hours of childcare per week	€41,000	€149	€192
Family with net annual income of €47,500 , with two children aged 2 years (40 hours childcare per week) and 5 years (17 hours out-of-school care per week)	€64,000	€52	€128
Family with net annual income of €53,000 , with two children aged 2 years (40 hours childcare per week) and 5 years (17 hours out-of-school care per week) (Making 10% pension contribution)	€87,000	€20 (universal subsidy)	€93
Family with net annual income of €60,000 , with three children aged 2 years (40 hours childcare per week) and 5 years (17 hours out-of-school care per week) and 7 (17 hours out-of-school care per week). (Making 10% pension contribution)	€102,000	€20 (universal subsidy)	€92

How will the scheme work?

The scheme provides two types of subsidies towards the cost of childcare:

¹ The table takes a gross income (excluding social welfare income) and deducts tax and universal social charge to arrive at a net income. The final scenario below also includes a pension contribution which is deductible under the scheme. All of these deductions reduce the family's net income; the lower the net income, the greater the subsidy payable (up to the maximum net income threshold.) There are a number of other income deductions and exclusions which would impact a net income calculation (for ACS purposes) and, in turn, increase the subsidy payment based on individual family and financial circumstances. These deductions are provided for in the Childcare Support Act 2018 or in regulations to be made under that Act.

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1. A universal subsidy for children between the ages of 24 weeks and 36 months (or until the child qualifies for the Early Childhood Care and Education programme if later) who are using childcare services with an approved childcare provider. The universal subsidy is not means-tested and is available to all qualifying families of any income level.
2. An income-related subsidy for children from 24 weeks to 15 years of age who are using childcare services with an approved childcare provider. The level of subsidy is determined by the family's assessable income (after subtracting tax and other deductibles). The income-related subsidy is payable for qualifying families where the family's annual assessable income is up to a maximum of €60,000.

A person will be able to apply for the subsidy online. Where they qualify, they will be provided with a unique code which they can take to any registered childcare provider participating in the Scheme. Once the parent and the provider have agreed the hours of childcare required, the provider will register the code on the Scheme's online system in order to redeem the subsidy.

CCS – Increased resourcing for Community Childcare Subvention

Targeted and Universal Early Years Pre-School Provision in 2018

The Community Childcare Subvention (CCS) and associated programmes are available to support parents on a low income to avail of reduced childcare costs. The Department of Children and Youth Affairs (DCYA) pays for a portion of the childcare costs for eligible children. As part of the Government policy to make childcare more affordable, DCYA significantly increased CCS/P subvention rates in September 2017, and also introduced a universal childcare subvention payment from this date of up to €20 per child under 3, per week, for families using regulated childcare providers for the care of children aged from 6 months to the first eligible point of entry to the Early Childhood Care and Education (ECCE) programme.

€32m in additional funding has been made available in 2019 to respond to the increasing demand for these schemes. These schemes will be replaced by the ACS in late 2019.

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Tusla Budgetary Measures

Overview:

€33m has been secured for additional investment in Tusla, the Child and Family Agency in 2019. This brings the total investment in Tusla to €786m. The additional €33m broadly comprises the following:

- | | |
|---|--------|
| • Existing Levels of Service (ELS) | €25.0m |
| • New developments and other priorities | €6.0m |
| • Capital projects | €2.0m |

Existing Levels of Service

Tusla operates in a changing and challenging environment. Demographic and other societal changes are leading to increasing numbers of referrals and increasing demand for its services. In order to maintain existing levels of service delivery in 2019, an additional allocation of €25m is being made available.

New developments and other priorities

The additional €6m being provided to Tusla will:

- Enable implementation of recommendations made by HIQA on the management of child sexual abuse allegations;
- Allow for further investment and development of the Family Resource Centres and to Domestic, Sexual and Gender Based Violence services;
- Enable delivery of the Government's commitments relating to unaccompanied minor refugees under the Irish Refugee Protection Programme; and
- Address cost pressures in private residential and foster care.

Capital Projects

The additional €2m capital brings Tusla's overall capital budget to €16m. A number of refurbishment and ICT investment projects will be carried out during 2019.

/Ends