

12-MONTH REVIEW OF THE NATIONAL CHILDCARE SCHEME

A report prepared for the Department of
Children, Equality, Disability, Integration and
Youth (Ireland)

October 2021



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ACKNOWLEDGEMENTS

This report was commissioned by the Department of Children, Equality, Disability, Integration and Youth in Ireland. It was prepared by Senior Associate Dr. Gillian Paull and consultants Cavin Wilson, Jeff Concannon and Vedika Singhania.

The authors would like to thank the parents and providers who participated in the surveys for this review and the key informants who gave their valuable time to take part in the informal discussions. We would also like to thank Pobal staff for implementing the surveys and sharing administrative data. Finally, we are grateful to DCEDIY staff for their feedback on the report drafts.

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EXECUTIVE SUMMARY

Introduction

In recognition of the importance of early years care and education, an Inter-Departmental Group was established in 2015 to identify and assess policy options for increasing the affordability, quality and supply of early years and school-age care and education services in Ireland. A core recommendation of the Group related to the design and development of a new Single Affordable Childcare Scheme. The Group proposed that this new scheme would replace the existing targeted childcare schemes, which were argued to be administratively complex, inadequate in terms of accessibility and limited to those on specific social welfare payments or training programmes. By contrast, it suggested that the new, streamlined scheme should provide means-tested support towards childcare costs based primarily on income.

As presented in the 2016 policy paper,¹ the objectives for the new scheme were to provide a system of progressive financial support towards the cost of childcare which incorporated equity in access, efficiency and responsiveness, parental choice and good governance. Combined with a design underpinned by research evidence on parental work, family poverty and disadvantage, and child development, it was intended that the new scheme would provide a strong basis for supporting the higher-level objectives of:

- Ensuring that access to affordable childcare is not a barrier to labour market participation, including female labour market participation;
- Promoting positive child outcomes;
- Narrowing the gap in attainment between more and less advantaged children by enabling *all* children to access high quality, affordable childcare;
- Driving quality across the sector;
- Through the above objectives, contributing to poverty reduction in Ireland; and
- Providing a sound and flexible platform for sustainable future investment.

Initially announced in Budget 2017² as the “Affordable Childcare Scheme”, the National Childcare Scheme (NCS) was launched on 20 November 2019 and introduced the first ever statutory entitlement to financial support for childcare in Ireland.

Five months after its introduction, the delivery of the NCS was interrupted by the Covid-19 pandemic in March 2020. All childcare services closed on 12 March and remained closed until 29 June. NCS payments continued on an ex gratia basis until 12 April and the NCS reopened for registrations from 29 June. This closure of

¹ Reference [5].

² Delays to the introduction of the scheme resulted in changes in the legacy schemes in September 2017 to mirror some of the NCS changes envisaged, including the introduction of a new universal subsidy for children under age three, and increased subsidy values, including an increase in the highest subsidy from €95 per week to €145 per week.

services and the NCS may have significantly impacted on the development and use of the scheme during its first year.

As part of the monitoring, review and evaluation of the NCS, Frontier Economics was commissioned on 23 March 2021 to undertake a formal review of the first year of the NCS. The monitoring and evaluation framework required that a final draft report be submitted to the Minister within six months from the date of review initiation. The fundamental purpose of this review is to provide key data and information to support the future development of the NCS. The review aims to provide a basis for the Department of Children, Equality, Disability, Integration and Youth (DCEDIY) to consider how effectively the NCS is operating and whether it is meeting the objectives which are meaningfully measurable within the first year.

Evidence collection

The collection of evidence for the review involved three elements:

- An initial review of the existing evidence sources and identification of gaps in the current evidence base, informing on whether and how additional primary evidence collection could be beneficial. In total, 160 documents from various sources and five datasets from Pobal were shared by DCEDIY;
- Analysis of administrative data, including application and claim data, provider data for services both contracted to the NCS and not contracted to the NCS but contracted to deliver other DCEDIY-funded programmes, and NCS service supports payment data; and
- Primary evidence collection during May and June 2021, including a survey of parents registered to the NCS (generating 3,116 responses); a survey of providers contracted to offer the NCS (generating 968 responses) and a survey of providers not contracted to offer the NCS (generating 238 responses). Informal discussions were also undertaken with a small number of key informants to help complete specific gaps in the evidence base.

The evidence was analysed by theme, drawing together information from multiple sources to create a comprehensive picture for each key area. The findings were used to consider potential areas for future policy development and further research.

Structure of the NCS

The NCS is structured around two core pillars of a universal subsidy for children from age 24 weeks until eligible for the Early Childhood Care and Education (ECCE) programme and an income-assessed subsidy for children from age 24 weeks to 15 years, with additional hours for parents in work, study or training. The scheme also includes a sponsor referral programme to help ensure access to childcare support for vulnerable children.

The structure of the scheme broadly meets the original aims:

- One primary intention of the NCS was to replace the existing targeted childcare programmes with a single, streamlined scheme. The structure of the NCS achieves this by broadly replicating and combining into a single scheme the support offered in the legacy Community Childcare Subvention (CCS) and Training and Employment Childcare (TEC) schemes. However, because NCS is assessed solely on income rather than being passported on social welfare or medical care requirements, some families will receive greater support and some will receive less support under the NCS than they would have done under the legacy schemes.
- A second primary intention was to broaden the scope of childcare support to improve the accessibility and affordability of childcare for families in Ireland. The structure of the NCS supports this with the inclusion of an explicit universal subsidy for children under age three and subsidies for families on higher income levels than previously.
- Progressivity is built into the system through the tapering of hourly subsidy rates as parental income increases and a lower universal hourly subsidy for parents above the upper income threshold for the income-assessed subsidy. There is also an allowance for larger families in the multiple child deduction in the calculation of reckonable income.
- Work, study and training incentives for parents are incorporated into the higher number of subsidised hours for parents undertaking these activities, while the condition for all parents to be active for the higher number of hours enhances the incentives for second (potential) earners, who are typically mothers. However, there are substantial disincentives to increasing earnings for parents with reckonable income in the taper band and receiving subsidies for two or more children.
- Subsidy rates vary by the age of the child in a way that ensures that the average level of financial support (measured as the proportion of average fees covered by the subsidy) forms a consistent proportion of childcare costs regardless of the child's age (conditional on family income and parent activity).
- There is no clear mechanism to limit co-payments for parents (the amount that parents must pay the provider for each hour of childcare in addition to the subsidy) to ensure that parents benefit from more affordable childcare. However, the measures to enhance transparency of fees may support competitive pressures (parents will choose to use providers with lower fees) to help ensure that the subsidies are passed on to parents in the form of reduced fee payments.

Administration of the NCS

The NCS presented significant new administrative challenges for parents and providers: parents needed to be involved in an independent application process for childcare support for the first time, while providers faced greater administrative complexities in registration, attendance and co-payment arrangements than in previous schemes.

Pobal was appointed the Scheme Administrator with a range of responsibilities covering applications and provider management. Administration costs were just under €8 million in 2020, constituting 14% of the total scheme expenditure. This proportion may have been inflated by the suspension of services and claims for several weeks during the initial Covid-19 pandemic but, on the other hand, may also have been deflated by the scheme closure during this period.

An extensive communication and training strategy was undertaken prior to the scheme launch to prepare parents and providers. Evidence suggests that the communication strategy raised parent awareness of the scheme. There was some negative feedback on the training and many providers did not feel fully prepared for their role in the scheme when it launched.

While the processing of applications was interrupted by the Covid-19 pandemic, it was quick from October 2020:

- Most applications (96%) were made online in 2020. Processing was quick from October 2020: during October to December 2020, 66% of all applications were processed within a day and 29% within two to 10 days. Longer processing times were linked to applications going to review, although only 2% of awards went to review and only one went to appeal.

Parents experienced relatively few administrative issues with the scheme, but administrative problems were widespread among providers:

- There was no single, widespread administrative issue for parents and a marked drop in the prevalence of problems after the first quarter of 2020. The issue of too much form-filling and too many information requirements was quite prevalent for offline applications, but there was little difference in administrative issues between universal and income-assessed applications. Overall, 41% of parents did not report any administrative problems, while 37% reported a single issue. Issues were more prevalent for couples with a non-working parent, families with multiple preschool children or both preschool and school children, and, unusually, higher-income households.
- Feedback from providers indicated a wide range of administrative issues and large proportions reported having experienced specific problems. Only 3% of providers did not report any problems, while 51% reported experiencing between one and five problems and 45% reported experiencing more than five problems. The prevalence of issues was greater among private providers than community providers, among those open for more weeks each year and for multisite providers than single-site providers.

Parental uptake

Up until the end of March 2021, applications to the NCS had been made for 93,902 children, with 94% (88,088 children) being awarded one or more CHICKs. However, only 55% (51,782 children) had made a claim and benefitted from a subsidy payment.

Among these:

- More than half (58%) of applicants had applied for the income-assessed subsidy, while 26% had applied for the universal subsidy and 14% had multiple

applications covering both types. Sponsor referrals constituted 1% of applicants. Almost all applications were made online. Uptake (proportion of applicants with a claim) was higher for those with sponsor referrals (69%), but was similar for universal (54%) and income-assessed (51%) applications.

- Most applicants (72%) were applying for children under the age of five, while 28% were applying for children aged five or older. Around two-thirds of applicants were from areas of around average disadvantage, with almost one in ten (9%) from affluent areas and almost a quarter (23%) from disadvantaged areas. Just under a third (31%) had previously availed of Community Childcare Subvention Private (CCSP). Among claimants of the income-assessed subsidy, around a third were lone parents, around a third were in families with just one child and around three-quarters met the work-study test (that is, they had no parent who was not in employment, education or training) and had an award for enhanced hours.

Participation as a proportion of the population and uptake in terms of the proportion of successful applicants making a claim were not high:

- As a proportion of the population, it is estimated that around 9% of children up to the age of 15 had an application and around 5% had a claim. These proportions were highest for children under age three (around a third are estimated to have had an application and around 20% had a claim), reflecting use of ECCE for children from age three and lower use of formal childcare for children from age five.
- Uptake (proportion of applicants with a claim) was higher for younger children, ranging from 70% for children under age two to 4% for children aged 13 to 15. Uptake was higher in some regions than others, but there were no differences between urban and rural areas and little difference by local disadvantage level. Uptake was higher for families with prior CCSP claims. Among income-assessed applications, uptake was higher for lone parents, those who met the work-study test with enhanced hours claims, families with only one child, and families not in the highest income band.

Although awareness of the NCS was not high, many parents found the application process fairly easy:

- Awareness of the NCS was not high: 56% of parents with a child under the age of 15 reported that they had been aware of the NCS in September 2020. The most common source of hearing about the NCS among parents with children registered with the NCS was from a childcare provider (reported by 76%), although increasing proportions over time reported word of mouth or from family or friends as the main source.
- High proportions of parents reported that the application process had been very easy (31%) or fairly easy (44%), with smaller proportions reporting it had been difficult (9%) or very difficult (3%). Most parents reported that the application had taken about the time expected or less.
- The application process was more likely to be reported as easier for online applications (as expected) and for income-assessed applications (somewhat surprisingly). It was also more likely to be reported as easier by single parents,

families at the lower end of the income distribution and by those living in more disadvantaged areas.

Evidence on access for vulnerable families was drawn primarily from a small number of informal discussions with key informants. These identified a number of barriers for some families:

- Some families lack the capability to use the online application, while the offline process carries a high burden. The level of support from local County/City Childcare Committees (CCCs) is highly mixed across areas.
- The sponsor referrals process suffers from a number of weaknesses, including a lack of clarity in the criteria for support, parent reluctance to engage and share information with government bodies, a lack of knowledge or engagement by sponsor bodies and confusing bureaucracy.
- There were concerns over the availability of places or reduction in services for families among providers which had previously had high proportions of children in receipt of CCSP due to the lower levels of funding and funded hours under the NCS.

Impacts for parents

The mean number of claim weeks per child up to the end of March 2021 was 27 weeks. The mean weekly hours were 25 hours and the mean hourly rate was €2.24, while the mean weekly claim value was €50. Just under a third (29%) of all children with a claim had used the subsidy with a community provider, in line with the profile of services.

There were several distinct patterns in the claims across different types of applicants and families:

- As would be expected given the NCS structure, mean weekly claim hours were higher and the mean hourly rate was lower for the universal subsidy than for the income-assessed subsidy and sponsor referrals. Overall, the mean weekly subsidy value was lower for universal subsidies (€17) than for income-assessed subsidies (€60) and for sponsor referrals (€94). The proportion of claimants using community services was much lower (12%) for universal subsidies than for income-assessed subsidies (33%) and sponsor referrals (69%).
- Reflecting difference in the mix of universal and income-assessed claims, younger children had a higher mean weekly subsidy value than older children (a higher number of weekly hours outweighed a lower mean hourly rate). In addition, among claimants for the income-assessed subsidy, single parents had a higher mean weekly claim value than couples (driven by a higher hourly rate) and families which met the work-study test had a higher mean weekly claim value than families which did not meet the work-study test (a higher mean number of weekly hours outweighed a lower hourly rate).
- The patterns in weekly claims indicate that the NCS is successfully targeting higher payment amounts to more disadvantaged areas. Within this, claimants in more affluent areas are being supported, on average, for more hours at a lower rate (typically the universal element with enhanced incentives to work or

study), while claimants in more disadvantaged areas are, on average, being supported to use fewer hours at a higher rate (typically the standard hours income-assessed subsidy to encourage the use of early learning and care for the child's benefit). Among claimants for the income-assessed subsidy, parents with lower incomes had substantially higher weekly claim values (again, a substantially higher hourly rate outweighed lower weekly hours).

As a proportion of total family childcare costs, 6% of parents receiving NCS support reported that all childcare costs were covered by the NCS, while 28% reported that less than 10% of costs were covered by the NCS. Overall, 38% reported that half of costs or more were covered, while 62% reported that less than half of costs were covered by the subsidy.

Again, there were several distinct patterns in the proportion of costs covered across different types of applicants and families:

- The NCS covered higher proportions of family childcare costs for income-assessed subsidies than universal subsidies, for single parents over couples (and for couples with one parent not working or working part time over couples with both parents working full time), and for families with school children over those with only preschool children. The proportion covered was lower in Dublin than all other regions.
- Again reflecting the progressive nature of the scheme, the NCS covered considerably higher proportions of family childcare costs for families with lower incomes. Well over half of families in disadvantaged areas receiving NCS support had over 50% of their costs covered, while less than a quarter in affluent areas had over 50% of their costs covered.

There were concerns that many vulnerable families have received substantially less support under the NCS than they had under the legacy schemes:

- In addition to lower subsidy rates, many families were reported to be receiving fewer subsidised hours because of the higher threshold of need for the NCS sponsorship and because children in families not meeting the work-study test were only entitled to standard hours.
- This was seen as detrimental for preschool children from vulnerable families which benefit developmentally from more childcare hours and for school children from vulnerable families which benefit socially and educationally from after-school care.

Substantial proportions of parents reported that the NCS had impacted their use of childcare, work and family finances:

- Just over a quarter (26%) reported that they were using more childcare, just over a quarter (28%) reported that they were working more (with 8% reporting they would not be in work without the NCS) and more than half (56%) reported that the NCS meant they had more money to spend (with 11% reporting they had much more money to spend). On the other hand, a notable proportion (14%) reported that they were working less because of the NCS. These cases may reflect comparisons with the legacy schemes or that some parents (particularly mothers) had reduced their working hours in response to lower

childcare costs under the NCS, increasing their disposable income and reducing the need to work.

- The prevalence of perceived impacts across different types of families broadly reflects the differences in the proportion of childcare costs covered by the NCS. The proportions reporting positive impacts on childcare use, work and family finances were higher for those receiving income-assessed subsidies over those receiving universal subsidies (and those with enhanced hours entitlements over standard hours entitlements), single parents over couples, and families with school children over those with only preschool children.
- The proportions reporting positive impacts were substantially higher for families with lower incomes and for families living in more disadvantaged areas. However, the proportion of families which reported negative impacts on family finances was highest in extremely/very disadvantaged areas, where 14% of families reported they had less money to spend because of the NCS.

Impacts on provision

Up to the end of March 2021, 71% of services contracted to provide a DCEDIY-funded programme were in contract to offer the NCS, while 61% had made an NCS claim.³ The proportion contracted to offer NCS and the proportion claiming a subsidy were higher for community providers than private providers.

Over the same period, the mean number of monthly claims per provider was 39 and the mean value per claim was €46.89. The mean total monthly value of claims per provider was €2,059. The mean number of claims was higher in more affluent areas, while the mean value per claim was higher in more disadvantaged areas.

The decision to offer the NCS was heavily influenced by parent need and demand:

- The most common reasons for offering the NCS were a desire to help parents with childcare costs and because the scheme was replacing other schemes already offered.
- Virtually all providers *not* offering the NCS were aware of the scheme. The most common reasons for not offering the NCS were lack of requests from parents and because parents were happy to continue using the existing schemes, although too much administration was also an important factor. Most providers (72%) not offering the NCS did not think they would do so in the future.

There has been little impact on provision to date:

- Few providers reported any financial impacts as a result of offering the NCS. Around half thought that there had been no change in parent demand, while most (88%) had not changed their fees and only a very small proportion (3%) reported any impact on their overall financial position.
- Very few reported other changes to provision such as changing their opening hours.

³ Some services not contracted to provide the NCS only offer ECCE provision with a Tusla registration only to deliver sessional care and therefore do not currently offer the type of childcare eligible for NCS support.

However, the substantial package of Covid-19 pandemic supports in place during the initial months of the NCS may have masked any immediate impacts.

There was very little evidence of detrimental impacts on provision in disadvantaged areas, but the effects may have been masked not only by the Covid-19 pandemic supports but also by the savers provision for legacy schemes. Moreover, there are initial signs and a logical case that the transition from the legacy schemes to the NCS may lead to reductions in capacity and other detrimental effects specifically on provision in disadvantaged areas.

Summary

There are a number of limitations to the evidence used in this review. Most importantly, the limited time for the scheme to establish itself and the interruption of the Covid-19 pandemic mean that the findings should be treated as indicative and preliminary.

There are several indications of positive effects of the scheme:

- The design has broadened support and included a strong progressive element;
- Providers have been willing and able to deliver the NCS without (as yet) major impacts on provision; and
- Parents have broadly engaged with the scheme and reported positive impacts on the cost and use of childcare, their work choices and their family finances.

Early concerns include:

- Barriers to take-up among some vulnerable families and the level of support for some families;
- The administrative burden on providers, the constraints of current provision structures on the scheme flexibility, and potential future adverse financial impacts on providers in disadvantaged areas; and
- The clarity of the scheme structure and value of the universal subsidy.

There are a number of areas where further research could help inform on these early concerns

1. INTRODUCTION

This chapter describes the objectives of the 12-month review, the methodology used to collect and analyse evidence for the review and the structure of this report.

1.1 Review objectives

As part of the monitoring, review and evaluation of the National Childcare Scheme (NCS), section 26 of the Childcare Support Act 2018 requires that a formal review of the NCS takes place. This review can only commence after the first payment for the NCS is issued (which took place on 2 December 2019), and Frontier Economics was commissioned on 23 March 2021 to undertake the review. The monitoring and evaluation framework requires that a final draft report be submitted to the Minister within six months from the date of review initiation.

The fundamental purpose of this review is to provide key data and information to support the future development of the NCS. The review aims to provide a basis for the Department of Children, Equality, Disability, Integration and Youth (DCEDIY) to consider how effectively the NCS is operating and whether it is meeting the objectives which are meaningfully measurable within the first year. The objectives for the NCS are to:

- Tangibly reduce the cost of early learning and care and school-age childcare for tens of thousands of families; and
- Establish a sustainable platform for investment in the Irish early learning and care and school-age childcare sector for decades to come.

The remit for the review was to focus on the follow key areas:

- The **context** for the NCS;
- The **transition** to NCS (preparedness of providers and parents);
- The **structure of support** in terms of funding levels and eligibility bands (in terms of child age/education stage, income and standard/enhanced hours);
- The **financial impact** of the NCS, including the amount of subsidies paid, the impact on parental co-payments and the comparative financial impact of the NCS with legacy schemes;
- **Uptake** of the NCS, with a particular emphasis on families from lowest income groups or most disadvantaged households, single parent households, families where one assessable member of the household is not in work or study, families targeted by specific sponsor interventions according to need and uptake of the universal element of the NCS;
- The **accessibility** of the scheme, including national coverage in terms of eligible service provision, clarity and fairness of the NCS, awareness of the scheme among eligible families, usability of the parental application process and impact on parental choices of childcare;

- The **administrative effectiveness and efficiency** of the NCS, including application processing times, administration, and reviews and appeals (both statutory and administrative); and
- The issue of **sustainability for services** in disadvantaged (and other) areas, particularly with regard to feedback from some services that the scheme design has impacted their sustainability.

These key areas broadly focus on output measures and process measures in sections 1 and 4 (and some elements of direct outcome measures in section 2) of the monitoring and evaluation framework.⁴

The review also considered the available evidence on the achievement of other longer-term objectives including:

- Improving outcomes for children;
- Reducing poverty; and
- Facilitating labour activation.

However, it should be noted that these longer-term objectives can only be robustly and meaningfully assessed once the scheme has been in operation for a sufficiently long period and this early review can only consider whether there are any early indicators of the effect of the NCS on these outcome measures. With this in mind, the monitoring and evaluation framework also makes provision for a three-year review, when a greater depth of impact and outcome data is likely to be available and measurement of these longer-term objectives will be more meaningful.

1.2 Methodology

The review involved five elements:

- An initial review of the existing evidence sources and identification of gaps in the current evidence base, informing on whether and how additional primary evidence collection could be beneficial;
- Analysis of administrative data;
- Primary evidence collection;
- Theme-based analysis of the evidence; and
- Drawing conclusions.

Each of these steps is discussed in turn.

Initial review of evidence sources

Existing evidence sources were reviewed to assess the available information and how it mapped to answering the review questions. These sources were provided by DCEDIY and covered:

⁴ Reference [16].

- Relevant reports;
- NCS training activities and data;
- NCS communication activities and campaign data;
- Recent consultation data and consultative group minutes;
- Relevant Parliamentary Questions, Representations and Ministerial Briefings;
- Economic and Social Research Institute (ESRI) SWITCH (Tax-Benefit model) documents;
- IPSOS survey report; and
- Pobal administrative data (including website analytics, application data, provider data and provider financial supports data).

In total, 160 documents from various sources and five datasets from Pobal were shared by DCEDIY.

Following this mapping exercise, a note to DCEDIY summarised the gaps in the evidence and made suggestions for additional data collection.⁵

Analysis of administrative data

Three strands of analysis were undertaken using the five datasets provided by Pobal. The data provided by Pobal contained no identifying information for parents or providers and anonymised identifiers were used to reshape the datasets.

(a) Application and claim data

The application data from Pobal consisted of two datasets. The first contained data on all Childcare Identifier Code Keys (CHICKs) awarded up to and including March 2021 (covering 137,249 CHICKs). The second contained data on unsuccessful applications (those that did not result in a CHICK award) up to and including March 2021 (covering 6,655 applications). Both datasets contained data on:

- The date of application, application mode and application type;
- The child's age,⁶ whether parents were a couple or a single parent, whether parents met the work-study test for enhanced hours (that is, no parent was not in employment, education or training)⁷ and whether the family had previously claimed Community Childcare Subvention Private (CCSP) or Training and Employment Childcare (TEC); and
- Region, area urbanity and local deprivation level.

In addition, the CHICK dataset included data on reckonable income and number of children in the family as well as data on the CHICK award and on claims

⁵ Some of the listed evidence and data were reviewed later in the work as additional sources became available.

⁶ This was age at the time of the CHICK for the first dataset and age at time of application for unsuccessful applicants.

⁷ This was reported directly in the CHICK data and derived from two questions for the applicant and partner in the data for unsuccessful applicants.

(whether a standard or enhanced award, claim value and claim weeks with private and with community providers).

The two datasets were combined and used in two ways:

- The raw data was used to analyse the monthly numbers of all applications, CHICKs and claims, and the proportions of applications with successful awards (CHICKs) and subsequent claims.
- The raw data was reshaped to create a single observation for each child combining information on multiple applications, CHICKs and claims. This allowed a child-level analysis, based on the experience from the date of the first application.⁸

(b) Provider data

The provider data also consisted of two datasets from Pobal. The first contained data on 3,222 services which were or had been contracted to offer the NCS up to and including March 2021. The second contained data on 1,481 services which were not and had not been contracted to offer the NCS. Both datasets contained data on region, area urbanity and local deprivation level. The first dataset of contracted providers also contained data on the provider type (private or community), date of first contract, the value and number of claims for each month between November 2019 and March 2021, and the total number of claims for each provider by age group.

The data for contracted services was used alone to analyse patterns in the offer, while the two datasets were used in combination to consider the propensity to offer the NCS across different area characteristics.

(c) Service support payments data

This consisted of a single dataset from Pobal providing data on the monthly values of NCS transition payments and NCS capital payments for 3,450 services. The data also contained provider type (private or community) and region.

Primary evidence collection

Three strands of additional primary evidence collection were undertaken.

(a) A survey of parents

This survey was co-designed by Frontier Economics and DCEDIY in terms of sample, question selection and question wording. The survey needed to be reasonably short to support a good response rate in a limited time period. The survey sampling frame was provided by Pobal, drawn from applicants to the NCS.⁹ The survey was administered by Pobal and DCEDIY and the anonymised data (no parent names or contact information) was shared with Frontier for analysis.

⁸ As the child identifiers could not be matched across the two raw datasets, it was assumed that no child with an unsuccessful application subsequently had a successful application. Given the small number of unsuccessful applications, this assumption would not have had a substantial impact on the analysis.

⁹ A survey of parents who had not applied to the scheme to understand the reasons for lack of uptake was prohibited by the absence of a readily available sampling frame for this group. Instead, information on the application challenges from those who had applied was used to inform on why some parents may not have applied.

An email inviting parents to take part, with a link to the survey, was sent to 35,833 parents with an active subsidy on 13 May. The survey remained open for just over two weeks and closed on 28 May. There were 3,116 responses.¹⁰ The survey collected information on the experience of the NCS application process, the impacts of receiving the NCS on childcare, work choices and family finances, and family background characteristics.¹¹ Respondents were asked for an email address in order to add administrative data, and application type and local deprivation level were linked from administration sources for 2,554¹² responses with a matched email address.

(b) Two surveys of providers

Two surveys were undertaken with providers: one with those contracted to offer the NCS and one with those not contracted to the NCS but contracted to deliver other DCEDIY-funded programmes. The approach for the two surveys of providers was identical to that for the survey of parents in terms of design process, administration, fieldwork period and the sharing of data for analysis. The survey sampling frame was provided by Pobal, drawn from their records of registered services.

A portal notification inviting providers to take part, with a link to the appropriate survey, was sent to 3,038 providers in contract to offer the NCS and 1,697 providers not offering the NCS. The survey for those in contract received 968 responses and the survey for those not in contract received 238 responses.¹³

The survey for providers contracted to offer the NCS collected information on the reasons for offering the NCS, preparedness for the scheme, administrative experience, impacts on provision and provider background characteristics.¹⁴ Respondents were asked for an email address, in order to add administrative data, and provider type (private or community) and whether they were a single-site or multisite provider were linked from administration sources for 688 responses with a matched email address.

The survey for providers not contracted to offer the NCS collected information on their awareness of the scheme, reasons for not offering it and views on whether and why they might offer the NCS in the future.¹⁵

(c) Informal discussions with key informants

Informal discussions with a small number of key informants (12 individuals in eight interviews) were used to help fill specific gaps in the evidence base identified by Frontier Economics and to provide additional insights for the review analysis.

¹⁰ The number of returned surveys was 3,212 but 96 contained no survey responses. This is a low response rate of 9% but the survey was only open for two weeks and there was a single email notification for the survey.

¹¹ The survey also asked a number of “open”/“text” questions which may be used for further analysis by DCEDIY.

¹² There were 2,642 linked responses, but 88 contained no responses to the survey.

¹³ The response rates were 32% for providers in contract to the NCS and 14% for providers not in contract to the NCS. Again, these response rates are not high but the surveys were only open for two weeks and only a single portal notification was sent.

¹⁴ Again, the survey also asked a number of “open”/“text” questions which may be used for further analysis by DCEDIY.

¹⁵ An email address was requested to allow linking with administrative data but too few were provided to be useful.

DCEDIY assisted in the selection of appropriate individuals to approach for these discussions, which were then undertaken by Frontier Economics.

These interviews covered three areas:

- Discussions with key informants on the NCS experience for more vulnerable families, including their ability to access the scheme, the sponsor referral process and the level of support given by the scheme;
- Discussions with representatives from DCEDIY on the potential future development of the scheme and the types of options it could offer; and
- A discussion with representatives from Pobal on developing the scheme administration over the first year.

Analysis of evidence

The evidence was analysed by theme, drawing together information from multiple sources to create a comprehensive picture for each key area. The initial ordering of the themes was modified to aid understanding of the overall picture of the performance of the NCS.

The three types of evidence used in this report were each analysed and reported in an appropriate manner:

- Published sources of evidence (documents or data) are fully referenced to the source.
- The administrative and survey data are presented in a quantitative manner, highlighting statistical patterns.
- The remaining sources consisted of unpublished documents and the discussions with key informants. The value of these sources was primarily to identify issues to be considered and to provide additional insights for the assessment to raise. Given the selective nature of these sources, they were analysed in a qualitative manner, without reference to the precise source or any indication of prevalence of the views or experience.

Drawing conclusions

The findings were used to summarise the key achievements and early concerns from the first year and to identify potential areas of further research. This was undertaken with due consideration to the first year of any new programme being a “bedding-in” period when processes are being tested and potential beneficiaries are still learning about the policy.

1.3 Report structure

The remainder of the report is structured as follows:

- Chapter 2 provides the context for the NCS, describing the background for the NCS, the policy and provision context, and noting the effects of the Covid-19 pandemic from March 2020.

- Chapter 3 describes the structure of the NCS and the level of support offered to different types of families, reflecting on how well the scheme meets its principles.
- Chapter 4 considers the administrative effectiveness and efficiency of the NCS, examining how prepared parents and providers were for the new scheme and their administrative experience of using the scheme.
- Chapter 5 presents statistics on the use of the NCS, covering parental uptake and profiles of users. It also presents evidence on the accessibility of the scheme, with particular focus on disadvantaged families.
- Chapter 6 examines the evidence on the impacts of the scheme for parents, considering the perceived effects on the amounts parents paid for childcare, childcare and work choices, and family finances.
- Chapter 7 analyses providers' decisions on whether to offer the NCS and the perceived impacts on providers' finances and other elements of provision.
- Chapter 8 reviews and discusses the findings to summarise the key achievements and early concerns from the first year and to identify potential areas of further research.

2. THE NATIONAL CHILDCARE SCHEME AND CONTEXT

This chapter provides the context for the review of the first year of the operation of the NCS. The first section presents the background and objectives for the NCS, while the second describes the policy context. The third section provides information on childcare provision in Ireland in 2019 and the final section highlights the impact of the Covid-19 pandemic during the first year of the NCS.

2.1 The National Childcare Scheme¹⁶

In recognition of the importance of early years care and education, an Inter-Departmental Group was established in 2015 to identify and assess policy options for increasing the affordability, quality and supply of early years and school-age care and education services in Ireland. A core recommendation of the Group related to the design and development of a new Single Affordable Childcare Scheme. The Group proposed that this new scheme would replace the existing targeted childcare schemes, which were argued to be administratively complex, inadequate in terms of accessibility and limited to those on specific social welfare payments or training programmes. By contrast, it suggested that the new, streamlined scheme should provide means-tested support towards childcare costs, based primarily on income.

The new scheme represented the first ever statutory entitlement to financial support for childcare in Ireland. As presented in the 2016 policy paper,¹⁷ the objectives for the new scheme were to replace the existing targeted childcare programmes with a scheme that would:

- Provide a system of progressive financial support towards the cost of childcare (progressiveness and affordability);
- Ensure that everyone is assessed on the same consistent, equitable basis, having regard to their income and their need for childcare (equity);
- Be administratively clear and straightforward, leveraging the benefits of technology to enable timely self-assessment to the greatest extent possible (efficiency and responsiveness);
- Support parental choice and geographic access in terms of allowing a choice of registered childcare provider (choice and access); and
- Be robust, with clear, well-defined eligibility rules set down in primary legislation and strong underlying administrative systems and structures (good governance).

¹⁶ This section draws on references [5], [9] and [14].

¹⁷ Reference [5].

By achieving the above aims, it was intended that the new scheme would provide a strong basis for supporting the higher-level objectives of:

- Ensuring that access to affordable childcare is not a barrier to labour market participation, including female labour market participation;
- Promoting positive child outcomes;
- Narrowing the gap in attainment between more and less advantaged children by enabling *all* children to access high quality, affordable childcare;
- Driving quality across the sector;
- Through the above objectives, contributing to poverty reduction in Ireland; and
- Providing a sound and flexible platform for sustainable future investment.

The scheme design was underpinned by the research evidence on parental work, family poverty and disadvantage, and child development¹⁸ which highlighted:

- Childcare costs in Ireland have been found to be a significant factor in contributing to low levels of participation in employment, education and training for mothers, particularly for lone parents. The new scheme was designed to make childcare more affordable and, in some instances, free.
- Poverty traps in childcare schemes can undermine the incentive to take up or increase employment, particularly where there is a risk of steep rises in childcare costs where a parent returns to work. The NCS was designed to counteract this disincentive through a smooth taper rate across the income-assessed subsidies and through an increase in the number of entitlement hours when parents move from unemployment to work/study. In addition, the NCS seeks to address issues in existing schemes where many families with low income levels are unable to access subsidised childcare because they are in low-paid employment or because they are rotating between short periods of employment, unemployment and training.
- The evidence suggests that parental employment is a key factor in protecting children from poverty and deprivation. Parental unemployment is a significant risk factor in determining deprivation rates among children, with particularly high deprivation rates where a parent has never worked, or in lone parent households, or where the mother has no educational qualifications. The NCS has anti-poverty or disadvantage objectives built in by encouraging work or training.
- Research indicates that positive children's outcomes are for the most part met through part-time participation. As such, many schemes around the world are based on 15 to 20 hours per week. In Ireland's case, Early Childhood Care and Education (ECCE) provides two years of free preschool to all children before they start school for 15 hours per week. For younger children, the NCS initially provided 15 hours of subsidised early

¹⁸ Reference [5].

learning and care per week for children aged from six months to starting ECCE and for older children during non-term/non-ECCE time.

In addition, the scheme design included features to enhance flexibility and access:

- By replacing the legacy schemes, the NCS entailed a fundamental shift away from subsidies grounded in medical cards and social protection entitlements and towards a comprehensive and progressive system of universal and income-based subsidies.
- The online application process is designed to be flexible and user-friendly, with support available from the County/City Childcare Committees (CCCs) and the alternative option of a paper application form.
- By offering subsidies at an hourly rate, the scheme acknowledges that childcare needs differ widely across families and allows for flexible childcare arrangements to be made based on parental needs.
- Levels of support were designed to be flexible, with income thresholds, maximum hours and subsidy rates which can be adjusted in line with government decisions and as more investment becomes available.

The recommendation was considered by government during the estimates process for Budget 2016 and funding was allocated to convene a dedicated design team to drive the development of a new Affordable Childcare Scheme (ACS). The NCS was first announced in Budget 2017¹⁹ as the “Affordable Childcare Scheme” and was launched on 20 November 2019, following a soft launch in September 2019.

2.2 Policy context

Overview

The Department of Children, Equality, Disability, Integration and Youth (DCEDIY) has the main policy responsibility for childcare.²⁰ This Department works in collaboration with the Department of Education in relation to curriculum and workforce development. Local County/City Childcare Committees (CCCs) assist childcare services with funding applications and improving the quality of provision.

For over ten years, childcare has been growing in Ireland, with an associated increase in government investment in the sector. Policy has been guided by a commitment to accessible, affordable and quality childcare and development of the workforce, with the objectives of improving outcomes for children, reducing poverty and facilitating labour activation. Government initiatives include the introduction and rollout of *Síolta* and *Aistear*, the national practice frameworks for early learning and care; the introduction of the ECCE preschool programme in 2010 (with subsequent expansions in 2016/17 and in 2018/19); new regulations and a registration system for childcare providers; and the introduction of the NCS. Prior to the NCS, there were two sources of funding for parents in Ireland: ECCE, which

¹⁹ Delays to the introduction of the scheme resulted in changes in the legacy schemes in September 2017 to mirror some of the NCS changes envisaged, including the introduction of a new universal subsidy for children under age three and increased subsidy values, including an increase in the highest subsidy from €95 per week to €145 per week.

²⁰ This section draws from the sources summarised in references [21] and [23].

has continued in conjunction with the NCS, and two childcare subsidy programmes (the Community Childcare Subvention (CCS) and Training and Employment Childcare (TEC)) which are being replaced by the NCS.

Early Childhood Care and Education Scheme (ECCE)

ECCE is a universal programme available to all children aged between two years, eight months and five years, six months, offering 15 free weekly hours of early learning and care (delivered as three-hour sessions over five days) across 38 weeks of the year. Since September 2018, all children are entitled to two full academic years or 76 weeks. It is estimated that up to 95% of children in the eligible age range take up their ECCE place.

The programme requires service providers to register with Tusla²¹ and includes quality-based policy levers as conditions of funding. There is a minimum room leader qualification of NFQ Level 6 (compared to NFQ Level 5 for all staff), and services taking part must provide an appropriate preschool educational programme which adheres to the principles and standards of *Síolta* and *Aistear*, the national practice frameworks for early learning and care. There are also rules relating to consistency of child attendance. In 2016, Early Years Education-focused Inspections (EYEI) were introduced for the ECCE programme. These inspections measure process quality and are conducted according to a framework which incorporates elements of practice under four key areas: the quality of the context to support children's learning and development; the quality of the processes to support children's learning and development; the quality of children's learning experiences and achievements; and the quality of management and leadership for learning.

The state pays a capitation fee to participating services. Providers receive either a standard hourly capitation rate or a higher rate for provision with a room leader who holds a degree in early learning and care. Additional funding is available through the Access and Inclusion Model (AIM) to support children with additional needs to access the ECCE programme. About 3% of children using the ECCE programme benefitted from this additional support in 2018/19.

In 2018/19, 76% of the services contracted to offer the ECCE programme were private, while 24% were community services. Some 82% of services offered ECCE, including 95% of private services and 84% of community services. The total value of approved ECCE contracts (including for AIM) in 2018/19 was €295 million.

Community Childcare Subvention (CCS) and Training and Employment Childcare (TEC) programmes

The CCS programme²² was primarily aimed at supporting parents on a low income (in receipt of social welfare payments), but it also included two streams to support refugees and families experiencing homelessness and a universal element which paid up to €20 per week for children aged from six months until they entered the

²¹ Tusla is an agency that provides services to support child and family protection and welfare, including the monitoring and inspection of early learning and care settings.

²² Further detail on the CCS and TEC are provided below in section 3.5.

ECCE programme.²³ A child had to be under age 15 years and not enrolled on any other DCEDIY funding programme to be eligible. Prior to 2016, CCS could only be used for provision in community services, but subsequently it could be used for provision in any registered setting. The DCEDIY funded a portion of the costs (a subvention payment), while parents paid the remainder. In addition, the TEC offered subsidised places to parents on eligible training and education courses or returning to work.

In 2018/19, 68% of the services contracted to offer the CCSP element²⁴ of the programme were private and 32% were community services. Some 70% of all settings offered at least one element of the CCS programme (including 64% for private services and 88% for community services). The total value of all contracts in the CCS programme and the TEC in 2018/19 was €144 million.

Síolta and *Aistear* frameworks

There are two early childhood frameworks in Ireland:²⁵ *Síolta* is the overall quality framework and is concerned with all aspects of quality in early childhood, while *Aistear* is the curriculum framework and focuses specifically on curriculum.

Síolta is the national quality framework for early childhood education and aims to improve the overall quality of early childhood settings for children and families. It encompasses all aspects of quality in early childhood settings for children from birth to six years. The framework includes principles, standards and components. The 12 principles of *Síolta* are the core values that guide provision in ECCE services, including how services should be organised, how staff should relate to children and families, and the teaching content and how it is taught.

Aistear provides detail about how children learn and develop in early childhood and describes the types of experiences and learning opportunities that are important for them during this time. The purpose of *Aistear* is to provide challenging and enjoyable experiences so that all children can grow and develop as competent and confident learners within loving and nurturing relationships with others. *Aistear* covers four themes of well-being, identity and belonging, communicating, and exploring and thinking.

A new funding model²⁶

The First 5 Strategy (published in November 2018) set out an ambitious programme of work across government departments to improve the experiences and outcomes of children in Ireland from birth to age five across all aspects of their lives over the following ten years. One of the major objectives was that babies and young children would have access to safe, high quality, developmentally appropriate early learning and care and school-age care which reflect diversity of

²³ Delays to the introduction of the NCS resulted in changes in the legacy schemes in September 2017 to mirror some of the NCS changes envisaged, including the introduction of a new universal subsidy for children under age three, and increased subsidy values, including an increase in the highest subsidy from €95 per week to €145 per week.

²⁴ Other, smaller elements of the programme can only be offered by community (non-profit) providers.

²⁵ Reference [14].

²⁶ This section draws on reference [44].

need. Allied to that objective, First 5 identified as a key building block additional public funding, strategically invested, to achieve the best outcomes for babies, young children and their families, and a commitment was made by the Irish government to at least double public spending on early learning and care and school-age childcare by 2028.

In September 2019, the establishment of an Expert Group to develop a new funding model was announced. The development of a new funding model aims to allocate public funding more precisely to deliver the types of services that align with national policy objectives, resourcing quality provision and requiring affordability for participation in the new model. It also aims to ensure that maximum value is obtained from the investment. The intention is that the new funding model will operate in parallel with the NCS and ECCE and will therefore be the framework for additional investment in services.

The Expert Group is tasked with examining the current model of funding, its effectiveness in delivering quality, affordable, sustainable and inclusive services, and with considering how additional resourcing can be delivered for the sector to achieve these objectives, drawing on international practice in this area. The terms of reference for the Expert Group include an essential and top priority to make recommendations for a mechanism to control fee rates for different types of provision. The group is tasked to deliver a report containing proposals for a new funding model which will help ensure that this additional funding can be used in the best way to deliver safe, high quality, affordable and accessible childcare. It is expected that the report will be submitted to the Minister in November 2021 for consideration before submission to wider government.

2.3 Provision in Ireland

According to the most recent figures (for 2018/19), there were 4,598 early learning and care and school-age childcare services contracted to deliver DCEDIY-funded programmes.²⁷ With the exception of a small number of Early Start Centres, all provision in Ireland is private and the majority of centre-based provision is for-profit: 74% of settings were private²⁸ and 26% were community (non-profit) in 2018/19. The number of services has increased slightly over recent years: by 6% since 2012/13, with all the growth coming from private services. All centre-based services are required to register with Tusla, the statutory regulatory body, and services are funded by a mix of parent fees and DCEDIY programmes. In addition, there is a large, unregulated childminding sector which receives almost no funding from the state, although the recently published National Action Plan for Childminding sets out plans to move childminding into the mainstream of regulation and state support by 2028.²⁹

There were estimated to be around 26,500 staff working in these services in 2018/19, with around 87% working directly with children and the remaining 13% performing ancillary duties. Of the staff working with children, 18% were qualified

²⁷ Reference [9]. All data on centre-based provision is for services registered to deliver at least one of the DCEDIY-funded programmes.

²⁸ Although, strictly speaking, all provision is private, the remainder of this report uses private to mean for-profit as opposed to non-for-profit community services.

²⁹ Reference [15].

at NFQ Level 8 or above, around half (49%) at NFQ Levels 6 and 7, and 27% at NFQ Level 5, and 6% did not have a qualification above NFQ Level 4. The proportion of staff qualified to at least NFQ Level 5 increased from 71% in 2010 to 94% in 2018/19. The average hourly wage for staff working with children was €12.55 in 2018/19, varying from €11.03 for relief staff to €15.56 for centre managers and from €11.18 for staff with no relevant qualifications to €15.18 for those with NFQ Level 9 and above. However, workforce characteristics and conditions in the early learning and care sector in Ireland do not compare favourably with other jurisdictions.³⁰ A relatively high share of staff in Ireland work part time and average earnings are at the lower end of the international distribution. There are also indications that staff in Ireland feel less recognised than in some other countries. Qualification requirements for teachers in early learning and childcare are lower in Ireland than in most other comparable countries, while statutory child-to-staff ratios in Ireland are generally lower than in comparator countries.

An independent review of costs using data from a survey in spring 2018³¹ estimated the average delivery cost for each hour of childcare as €4.14, although there was a wide distribution in this unit cost, reflecting the diversity in service characteristics. This average unit cost was closely aligned to comparative cost data for other jurisdictions. In common with other jurisdictions, staff costs constitute a large part (roughly 70%) of total costs.

It was estimated that 206,301 children were enrolled in early learning and care and school-age childcare services in 2018/19.³² Of these, 2% were aged up to 12 months (babies), 17% were toddlers (aged 13 to 36 months), 64% were preschoolers (aged 37 to 72 months) and 17% were school age (six years and older).³³ Most children (69%) were enrolled in private services, although this proportion was slightly higher for younger children and slightly lower for older children. Among preschool children, more than half (54%) were enrolled in sessional care and 15% in part-time care, with only 24% enrolled in full-day care.³⁴

In 2018/19, the average weekly fee for preschool children was €184 for full-day, €110 for part-time and €73 for sessional care (with higher fees for younger children).³⁵ For school children, the average hourly fee during term was €5.24 and the average weekly fee out of term was €143. International evidence suggests that parents in Ireland pay some of the highest gross (pre subsidies and free hours)

³⁰ References [20] and [22]. These countries broadly covered OECD and EU countries and some comparisons focused on seven OECD countries with similar childcare provision structures.

³¹ Reference [2]. This survey covered regulated centre-based provision and did not include childminders.

³² It should be noted that these figures are for children enrolled with services which deliver at least one DCEDIY-funded programme (reference [9]). Hence, the numbers (and proportions) may not reflect all those using childcare, particularly for school-age children. In particular, because childminding is not regulated, there is limited information on the use of childminders. A survey in autumn 2020 indicated that 15% of families use childminders as their main childcare arrangement for their preschool children, while around 5% use childminders as their main childcare arrangement for school children during term time and around 4% during school holidays. (Reference [18])

³³ Although primary schooling only becomes compulsory when children reach age six, most children enrol in infant classes in primary schools at age four or five.

³⁴ The remaining 7% were enrolled in breakfast clubs and drop-in care.

³⁵ For example, the average fee for full-day care was €196 for children up to one year and €170 for children aged five to six years.

and net (after subsidies and free hours) costs for childcare relative to the average national wage across a broad range of European and OECD countries.³⁶

A more recent survey of parents³⁷ collected information on childcare needs for parents with preschool children:

- Most parents (90%) were satisfied with their childcare, but 39% reported that they found it difficult to pay for their childcare.
- Substantial proportions reported that difficulties in arranging childcare had prevented them from looking for work (reported by 24%), had meant that they had had to turn down a job offer or leave a job (reported by 21%), or had stopped them from studying or training (reported by 23%). More than two in five (41%) reported that difficulties in arranging childcare had restricted the hours they could work or study.
- More than half of parents (52%) named more affordable childcare as the change they would most like to see in their local area. Other top needs included more childcare being available during school holidays (29%), more childcare places (28%) and more flexibility about when childcare is available (27%).³⁸

Overall, many parents struggled with the cost and availability of childcare, with substantial impacts on their ability to work, study or train.

2.4 Circumstances in 2020

Five months after its introduction, the delivery of the NCS was interrupted by the Covid-19 pandemic in March 2020. All childcare services closed on 12 March and remained closed until 29 June when the 40% of services that normally open over the summer reopened and the remaining services reopened from the end of August. NCS payments continued ex gratia until 12 April 2020 and the NCS reopened for registrations from 29 June.

The closure of services and suspension of the NCS occurred at a critical time when awareness and familiarity with the new scheme would have been embedding. In addition, the pressures from Covid-19 when services reopened meant that embracing the NCS was unlikely to have been a high priority and providers may have been less active in encouraging parents to engage with the NCS (including transitioning from the legacy schemes). Hence, the pandemic may have impacted the implementation and take-up of the NCS during its first year.

In addition, a range of measures were introduced to support service sustainability through the pandemic (described in section 7.3). These financial supports may have limited the financial impacts of the NCS on provision.

³⁶ Reference [20].

³⁷ Reference [18]. This was a telephone survey with 503 parents/guardians between 31 August and 16 September 2020.

³⁸ Small proportions of parents mentioned changes related to the quality or delivery of provision, including 12% who reported that they would like to see more childcare more suited to their child's individual interests, although 10% reported that they would like childcare more suited to their child's special education needs or disability.

3. STRUCTURE OF THE NCS

This chapter describes the structure of the NCS. The first section describes the principles driving its design, while the second presents the scheme structure, with further details on the income-assessed element in the third section. The fourth section considers the levels of support offered to different types of families, while the fifth focuses on how support has changed for families which would have been eligible for legacy schemes prior to the introduction of the NCS. The final section offers some observations on how well the scheme meets its intention and principles and reflects on the clarity and fairness of the scheme.

Key findings

- The NCS is structured around two core pillars of a universal subsidy for children from age 24 weeks until eligible for the ECCE programme and an income-assessed subsidy for children from age 24 weeks to 15 years, with additional hours for parents in work, study or training. The scheme also includes a sponsor referral programme to help ensure access to childcare support for vulnerable children.
- One primary intention of the NCS was to replace the existing targeted childcare programmes with a single, streamlined scheme. The structure of the NCS achieves this by broadly replicating and combining into a single scheme the support offered in the legacy Community Childcare Subvention (CCS) and Training and Employment Childcare (TEC) schemes.³⁹ However, because NCS is assessed primarily on income rather than being passported on social welfare or medical care requirements, some families will receive greater support and some will receive less support under the NCS than they would have done under the legacy schemes.
- A second primary intention was to broaden the scope of childcare support to improve the accessibility and affordability of childcare for families in Ireland. The structure of the NCS supports this with the inclusion of an explicit universal subsidy for children under age three and subsidies for families on higher income levels than previously.
- Progressivity is built into the system through the tapering of hourly subsidy rates as parental income increases and a lower universal hourly subsidy for parents above the upper income threshold for the income-assessed subsidy. There is also an allowance for larger families in the multiple child deduction in the calculation of reckonable income.

³⁹ It should be noted that delays to the introduction of the NCS resulted in changes in the legacy schemes in September 2017 to mirror some of the NCS changes envisaged, including the introduction of a new universal subsidy for children under age three, and increased subsidy values, including an increase in the highest subsidy from €95 per week to €145 per week.

- Work, study and training incentives for parents are incorporated into the higher number of subsidised hours for parents undertaking these activities, while the condition for all parents to be active for the higher number of hours enhances the incentives for second (potential) earners, who are typically mothers. However, there are substantial disincentives to increasing earnings for parents with reckonable income in the taper band and receiving subsidies for two or more children.
- Subsidy rates vary by the age of the child in a way that ensures that the average level of financial support (measured as the proportion of average fees covered by the subsidy) forms a consistent proportion of childcare costs regardless of the child's age (conditional on family income and parent activity).
- There is no clear mechanism to limit co-payments for parents (the amount that parents must pay the provider for each hour of childcare in addition to the subsidy) to ensure that parents benefit from more affordable childcare. However, the measures to enhance transparency of fees (including the publishing of fee lists) may support competitive pressures (parents will choose to use providers with lower fees) to help ensure that the subsidies are passed on to parents in the form of reduced fee payments.⁴⁰
- The clarity of the scheme could be improved by not counting ECCE and school hours as part of the NCS and by explicitly recognising that the NCS essentially only supports out-of-term childcare for children in ECCE and school with non-working parents. Clarity could also be improved by modifying the terminology used for the “universal” element and “enhanced” hours.

3.1 Scheme design principles

In order to help achieve the scheme objectives described in section 2.1, the intent of the design of the scheme was twofold:⁴¹

- To replace the existing targeted childcare programmes with a single, streamlined programme; and
- To broaden the scope of childcare support to improve the accessibility and affordability of childcare for families in Ireland.

The design of the scheme also embodied several key principles:⁴²

- Varying subsidy rates by the age of the child so that the financial support forms a consistent proportion of childcare costs regardless of the child's age;

⁴⁰ It should be noted that the terms of reference for the Expert Group for the new funding model include an essential and top priority to make recommendations for a mechanism to control fee rates for different types of provision.

⁴¹ Further details on the scheme design are available in reference [16].

⁴² Most of these principles were envisaged from the early inception of the scheme (reference [5]).

- Awarding higher subsidy rates to those with the least income to build progressiveness into the core of the scheme, with an allowance for families with more children;⁴³
- Awarding subsidies for a higher number of hours for parents in paid employment, study or training, to enhance parents' opportunities, and incentives to undertake these activities;
- Limiting co-payments for parents (the amount that parents must pay the provider for each hour of childcare in addition to the subsidy) to ensure that parents benefit from more affordable childcare; and
- Setting support levels to ensure that the maximum subsidies (for those on the lowest incomes) exceed those in the legacy schemes.

3.2 Scheme overview

The scheme consists of three types of subsidies for services from approved childcare providers:⁴⁴

1. A **universal subsidy** for younger children (aged between 24 weeks and 36 months or children older than 36 months but not qualified for ECCE). This subsidy pays €0.50 per hour up to a maximum of 45 hours per week;⁴⁵
2. An **income-assessed subsidy** for children of all ages (between 24 weeks and 15 years) living in families with a “reckonable”⁴⁶ income of up to €60,000. This subsidy is means tested and pays between €0.50 and €5.10 per hour for up to a maximum of 20 hours per week (**standard hours**) or a higher maximum of 45 hours per week (**enhanced hours**)⁴⁷ if all parents are engaged in work, study or training; and⁴⁸
3. A **sponsor referral programme**⁴⁹ which helps vulnerable children to be able to access support by allowing several state bodies⁵⁰ to refer a child to the NCS to receive up to the maximum subsidy for as many hours as deemed necessary, regardless of whether or not the child satisfies the scheme rules. This maintains a similar approach used in the legacy CCSP and TEC⁵¹ schemes, which allows, when necessary, vulnerable children who might otherwise be left behind to access the scheme support.

⁴³ This was in recognition that families with more children have higher childcare costs per work hour and to compensate for the fact that additional amounts in social protection payments reflect the costs of more children rather than more disposable income.

⁴⁴ An approved childcare service provider is one which is registered with Tusla and has a contract with the Minister to provide services under the NCS.

⁴⁵ Before September 2020, the maximum number of weekly hours for the universal subsidy was 40.

⁴⁶ Reckonable income is income after both taxes and welfare payments, with a multiple child discount (explained in the next section).

⁴⁷ Before September 2020, the maximum number of weekly hours was 15 for the standard entitlement and 40 for the enhanced entitlement.

⁴⁸ Parents are also eligible for enhanced hours for a period of up to four weeks in advance of work or study starting and for a period of up to four weeks following the end of a period of work or study. They are also eligible if they are unavailable to care for the child, for example because of ill health or disability.

⁴⁹ See reference [8]. Further details on the sponsor referrals are provided in section 5.4.

⁵⁰ The sponsor bodies are the Minister for Education, Minister for Justice, Child and Family Agency, Health Service Executive and local authorities.

⁵¹ Legacy schemes are discussed in section 3.5 below.

In all cases, the subsidies are paid directly to the childcare service providers with the condition that this is passed on to families in reduced fees paid by parents. Hence, the intention is that the combined subsidy amount and parent co-payment (reduced fee) should not exceed the provider's fee in the absence of the subsidy. In order to help ensure this, a condition of scheme participation for providers is the publication of fees and any discounts⁵² in a way which is equally visible to both NCS and non-NCS participants. Providers must also agree to allow the Scheme Administrator to publish their fee list online.⁵³ Providers must also retain detailed and accurate receipts and financial records for all co-payments that relate to the NCS for the purpose of auditing by NCS compliance officers.

3.3 The income-assessed subsidy

This section provides further detail on the structure of the income-assessed subsidy.

There are two dimensions in the calculation of the income-assessed subsidy:

- The hourly rate depends on the age of the child and the family reckonable income.
- The maximum number of hours depend on parents' engagement in work, study or training and the child's participation in ECCE or school.

Family "reckonable" income is income after taxes and welfare payments (akin to net income) and other deductions for both the applicant and any partner. The reckonable income figure also includes a "multiple child deduction" whereby €4,300 is deducted for applicants with two children under age 15 and €8,600 is deducted for applicants with three or more children under age 15. This deduction is intended to account for the increased costs of multiple children.

Table 1 presents the minimum and maximum subsidy rates for children of different ages. The subsidy rate is calculated as:

- The maximum subsidy rate for families with reckonable income below €26,000;
- A tapering reduction between the maximum and minimum rate for families with reckonable income between €26,000 and €60,000. Given the current parameters, this amounts to a reduction in the subsidy rate of between €0.10 and €0.14 (dependent on child age)⁵⁴ for each additional €1,000 of reckonable income; and
- Although the minimum rate is €0.00 for children qualifying for ECCE or in school, a minimum subsidy of €0.33 is applied when the value is below this (for families with reckonable income below €60,000) to ensure that the payment is a meaningful amount.

⁵² Discounts must be equally available to NCS participants and non-participants.

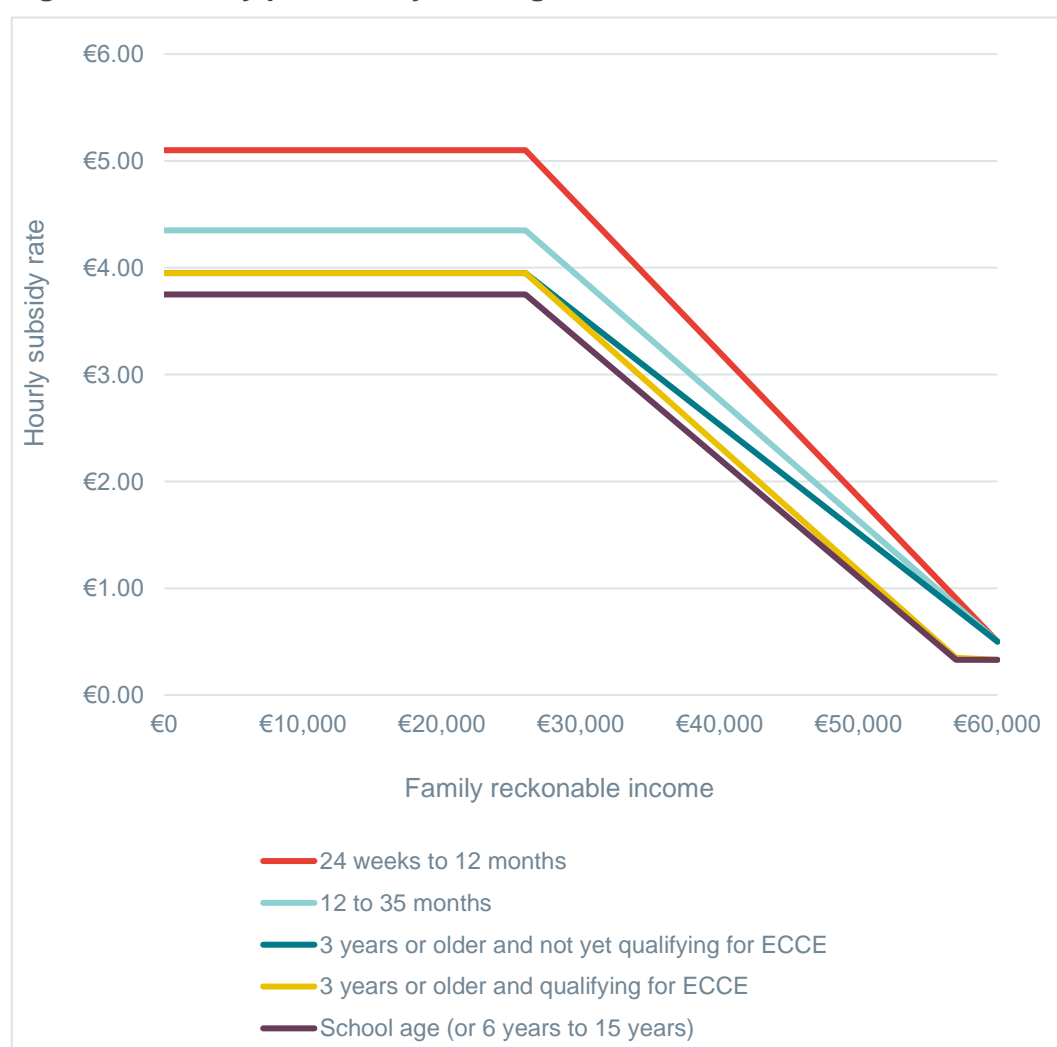
⁵³ If a provider wishes to change its fees, as it is free to do, it must give 20 working days' notice to both the Scheme Administrator and the parents.

⁵⁴ This is the difference between the maximum and minimum rates, divided by 34, as there are 34 €1,000 intervals between the upper and lower thresholds of the taper range (€60,000 minus €26,000).

Table 1: Income-assessed minimum and maximum subsidy rates

Child age	Minimum subsidy per hour	Maximum subsidy per hour
24 weeks to 12 months	€0.50	€5.10
12 to 35 months	€0.50	€4.35
3 years or older and not yet qualifying for ECCE	€0.50	€3.95
3 years or older and qualifying for ECCE	€0 (€0.33)	€3.95
School age (or 6 years to 15 years)	€0 (€0.33)	€3.75

Source: Reference [16], pages 29-30.

Figure 1: Subsidy per hour by child age and reckonable income

Source: Frontier Economics calculations.

The subsidy rates are presented graphically in figure 1. It should be noted that if family reckonable income moves from just below to just above the upper threshold of €60,000, the change in the subsidy rate will vary by the age of the child:

- For the three younger groups (pre-ECCE), the subsidy rate will continue at €0.50 if they apply for the universal element.
- For the two older age groups, the subsidy ceases.

An intention to taper the income-assessed subsidy into the subsidy level at €60,000 most likely explains why the minimum subsidy rate is presented differently between the three younger age groups and the two older ones (the actual minimum of €0.50 for the three younger and an effective minimum of €0.33 for the two older age groups). This difference in the presentation means that the rate in figure 1 drops slightly more steeply and has a flat notch before the upper limit of €60,000 for the two older age groups than the three younger groups.

The maximum weekly hours for the income-assessed subsidy are either standard or enhanced hours. The applicant qualifies for enhanced hours if they (and their partner if applicable) are at least one of the following:

- In work, including employment, self-employment, apprenticeship or statutory state-sponsored labour market activation programme;⁵⁵
- In study, including education and training programmes, which leads to an award of the National Framework of Qualifications (NFQ) accredited by Quality and Qualifications Ireland (QQI), State Examinations Commission or listed on the National Academic Recognition Information Centre (NARIC) Ireland Foreign Qualifications Database;
- Transitioning into or out of work or study (for up to a period of four weeks); or
- Unavailable to care for the child, for example because of ill health or disability.

Since September 2020, the maximum standard weekly hours have been 20 hours and the maximum enhanced weekly hours have been 45 hours.⁵⁶

However, the NCS was designed to operate in conjunction with the ECCE programme, which offers children 15 hours of free preschool care for 38 weeks each year for two years prior to school entry from the age of two years and nine months. The NCS counts ECCE hours and school hours as part of the NCS entitlement hours, which means that the income-assessed subsidy effectively supports “wraparound” care for ECCE and school children.

⁵⁵ Employment is defined broadly by the NCS in order to capture the broadest possible range of working people (reference [36]) and there is also no minimum hours requirement (reference [16]).

⁵⁶ Prior to September 2020, maximum standard hours were 15 and maximum enhanced hours were 40.

Table 2: Standard and enhanced hours during term and holidays

Child education stage	Standard hours during term	Standard hours during holidays	Enhanced hours during term	Enhanced hours during holidays
Prior to ECCE	20	20	45	45
Qualifying for ECCE	5	20	30	45
In school	0	20	15 - 23	45

Source: Updated from reference [16], pages 32-33

Notes: The enhanced hours during term for school children are 23 hours for junior or senior infant classes within primary schools, 18 hours for first to sixth class in primary schools and 15 hours for post-primary schools.

As shown in table 2, this means that there is no subsidy for parents of school children who do not meet the criteria for enhanced hours (primarily non-working parents), while the subsidy for similar parents with children in ECCE is only for five hours each week during term. However, these parents do receive a subsidy for up to 20 hours during the school holidays or when ECCE is not operating.

3.4 Subsidy amounts and proportions of costs

Several examples of the NCS payments for different types of families are provided in official sources.⁵⁷ These include:

- A household with one child aged two and net earnings of €27,000 would receive a weekly subsidy of €190 for 45 hours of childcare per week.
- A household with two children aged 11 months and seven years and net earnings of €27,000 would receive a weekly subsidy of €297 during term time and €398 out of term for 45 hours of childcare.
- A household with two children aged three and five and net earnings of €34,000 would receive a weekly subsidy of €195 during term time and €327 out of term for 45 hours of childcare (in addition to 15 hours of free ECCE for the child aged three).
- A household with three children aged two, seven and ten and net earnings of €57,000 would receive a weekly subsidy of €134 during term time and €197 out of term time for 45 hours of childcare per week.

These examples illustrate how the subsidy amounts reflect differences in the number and age of children and different childcare costs during term and out of term for children eligible for ECCE and for school children. However, these examples have several weaknesses:

⁵⁷ Reference [42].

- They are for families where all parents meet the requirements for enhanced hours (primarily work or study) and do not illustrate the level of support for families where one parent is not in work or study.
- The incomes in the examples are all below the €60,000 threshold for an income-assessed subsidy and do not illustrate the level of support for families above this threshold which are entitled to the universal subsidy.
- The examples do not unpick how the support varies across the different children in the family.
- The examples do not capture how the subsidy amounts relate to the childcare costs incurred by parents. These costs are potentially high given the use of full-time care for all children (45 hours each week, year round).

Tables 3 to 6 seek to provide a broader picture of the magnitude of subsidies, considering the average NCS amounts for families which meet and do not meet the work or study requirements for enhanced hours at four different income levels (including above the €60,000 threshold for the universal subsidy).

The examples also consider part-time childcare (captured as 20 hours each week) versus full-time childcare (captured as 45 hours each week) as well as differences between term-time and out-of-term childcare. As these total hours of use during term time are *in addition* to any time spent in ECCE or school, the term-time hours are five hours (part-time) and 30 hours (full-time) for children in ECCE, and zero hours (part-time) and 22 hours (full-time) for children in school, reflecting the number of hours that parents pay for and are potentially subsidised by the NCS.

Finally, the bottom panel of each table presents the average subsidy amount as a proportion of average fees for part-time and full-time care for each age of child.⁵⁸

The patterns of subsidies are quite distinctive between those for a child under age one and a two-year-old (tables 3 and 4) and a child aged three (and eligible for ECCE) and a school-age child (tables 5 and 6). This reflects a dichotomy in the structure of the NCS. Children under age three (or not yet eligible for ECCE) are all eligible for at least the universal subsidy and there is no distinction in the structure of the subsidy between term time and out of term. On the other hand, children eligible for ECCE or of school age have no universal option and the structure during term differs substantially from out of term due to the inclusion of ECCE and school hours in the NCS entitlement during term time only.

⁵⁸ These fees are from reference [9]. The reported fees are for 2018/19 (page 104) and the figures used here update these numbers to 2020/21 using an annual inflation rate of 3.6%, which was the inflation rate between 2017/18 and 2018/19 for full-day care (also from page 104).

Table 3: Estimated NCS support for children under age one

Parents in work or study (enhanced hours requirement)	Annual reckonable (net) income	Childcare use during term and out of term	
		20 hours	45 hours
NCS weekly payment			
No	€26,000 or less	€102	
No	€35,000	€78	
No	€50,000	€37	
No	€60,000 plus	€10	€22.50
Yes	€26,000 or less	€102	€230
Yes	€35,000	€78	€175
Yes	€50,000	€37	€83
Yes	€60,000 plus	€10	€22.50
% of childcare costs			
No	€26,000 or less	78%	49%
No	€35,000	59%	37%
No	€50,000	28%	18%
No	€60,000 plus	8%	11%
Yes	€26,000 or less	78%	100%
Yes	€35,000	59%	83%
Yes	€50,000	28%	40%
Yes	€60,000 plus	8%	11%

Source: Frontier calculations using childcare fees from reference [9].

Notes: The estimated weekly costs are €131 for 20 hours (part-time) and €210 for 45 hours (full-time).

Table 4: Estimated NCS support for children aged two

Parents in work or study (enhanced hours requirement)	Annual reckonable (net) income	Childcare use during term and out of term	
		20 hours	45 hours
NCS weekly payment			
No	€26,000 or less	€87	
No	€35,000	€67	
No	€50,000	€33	
No	€60,000 plus	€10	€22.50
Yes	€26,000 or less	€87	€196
Yes	€35,000	€67	€150
Yes	€50,000	€33	€73
Yes	€60,000 plus	€10	€22.50
% of childcare costs			
No	€26,000 or less	72%	44%
No	€35,000	55%	33%
No	€50,000	27%	16%
No	€60,000 plus	8%	11%
Yes	€26,000 or less	72%	98%
Yes	€35,000	55%	75%
Yes	€50,000	27%	37%
Yes	€60,000 plus	8%	11%

Source: Frontier calculations using childcare fees from reference [9].

Notes: The estimated weekly costs are €121 for 20 hours (part-time) and €200 for 45 hours (full-time).

Table 5: Estimated NCS support for children aged three and eligible for ECCE

Parents in work or study (enhanced hours requirement)	Annual reckonable (net) income	Childcare use during term		Childcare use out of term	
		5 hours	30 hours	20 hours	45 hours
NCS weekly payment					
No	€26,000 or less	€20		€79	
No	€35,000	€15		€58	
No	€50,000	€6		€23	
No	€60,000 plus	€0			
Yes	€26,000 or less	€20	€119	€79	€178
Yes	€35,000	€15	€87	€58	€131
Yes	€50,000	€6	€35	€23	€52
Yes	€60,000 plus	€0			
% of childcare costs					
No	€26,000 or less	67%	15%	67%	40%
No	€35,000	49%	11%	49%	29%
No	€50,000	20%	4%	20%	12%
No	€60,000 plus	0%			
Yes	€26,000 or less	67%	90%	67%	90%
Yes	€35,000	49%	66%	49%	66%
Yes	€50,000	20%	26%	20%	26%
Yes	€60,000 plus	0%			

Source: Frontier calculations using childcare fees from reference [9].

Notes: The hours during term are in addition to 15 hours ECCE. The estimated weekly costs for term time are €30 for five hours (part-time) and €132 for 30 hours (full-time). The estimated weekly costs for out of term are €119 for 20 hours (part-time) and €198 for 45 hours (full-time).

Table 6: Estimated NCS support for children aged six and in school

Parents in work or study (enhanced hours requirement)	Annual reckonable (net) income	Childcare use during term		Childcare use out of term	
		0 hours	22 hours	20 hours	45 hours
NCS weekly payment					
No	€26,000 or less		€0	€75	
No	€35,000		€0	€55	
No	€50,000		€0	€22	
No	€60,000 plus			€0	
Yes	€26,000 or less		€83	€75	€169
Yes	€35,000		€61	€55	€124
Yes	€50,000		€24	€22	€50
Yes	€60,000 plus			€0	
% of childcare costs					
No	€26,000 or less		0%	66%	41%
No	€35,000		0%	49%	30%
No	€50,000		0%	19%	12%
No	€60,000 plus			0%	
Yes	€26,000 or less		93%	66%	93%
Yes	€35,000		68%	49%	68%
Yes	€50,000		27%	19%	27%
Yes	€60,000 plus			0%	

Source: Frontier calculations using childcare fees from reference [9].

Notes: The hours during term are in addition to school hours. The estimated weekly costs for term time are €89 for 22 hours (full-time prorated to 22 hours). The estimated weekly costs for out of term are €113 for 20 hours (part-time) and €182 for 45 hours (full-time).

For children under age three (or not yet eligible for ECCE), the following patterns can be observed:

- For non-working⁵⁹ parents with reckonable income below €60,000, the subsidy amount does not vary above 20 hours as the subsidy hours are capped at 20 hours. Consequently, the subsidy covers a lower proportion of fees above 20 hours for these parents (with the differences becoming smaller at higher income levels as the subsidy amount decreases).
- For working parents with reckonable income below €60,000, the subsidy amounts and estimated average proportions of costs covered are identical to those not working for 20 hours (or fewer) of childcare. The subsidy only depends on whether the parents are working for childcare hours above 20. Even though the subsidy rate is unchanged, the estimated proportions of fees covered are considerably higher for those using 45 hours than for those using 20 hours because the hourly fee charged by providers is lower at the higher level of weekly hours.
- For non-working and working parents with income above €60,000, the universal subsidy amount and estimated average proportion of fees covered is considerably lower, even relative to the amounts and proportions for those earning €50,000.
- There is a small range of income for non-working parents with income below €60,000 and using more than 20 hours of childcare where the universal subsidy pays a higher amount than the income-assessed one. At just below €60,000, non-working parents using 45 hours of childcare can receive just over €10 under the income-assessed subsidy (covering 20 hours) compared to €23 under the universal subsidy (covering 45 hours). This is because the universal scheme offers more hours but a lower subsidy rate for non-working parents.
- The most generous subsidies (captured in the highest estimated proportions of fees) are for working parents with incomes at or below €35,000 (average proportions of 83%, 100%, 75% and 98%) and for non-working parents with incomes at or below €26,000 (average proportions of 78% and 72%). The least generous subsidies are for those with incomes over €60,000 (average proportions of 8% and 11%).
- Finally, comparing tables 3 and 4 shows that both subsidy amounts and estimated average proportions of fees are slightly higher for children under age one than children aged two.

For children eligible for ECCE or attending school, the following patterns can be observed:

- For out-of-term time, the patterns are almost identical to those for the pre-ECCE children, with the exception that there is no universal subsidy for parents with income over €60,000.

⁵⁹ “Non-working” and “working” are used as concise terms for those not meeting and meeting the work and study requirements for enhanced hours.

- For children eligible for ECCE, the term-time subsidy covers only an additional five hours for non-working parents, but an additional 30 hours for working parents, creating a larger gap in subsidy amounts between those using a total of 45 hours (including ECCE hours) and those using a total of 20 hours. For non-working parents using 45 hours, the subsidy covers a lower estimated proportion of fees (between 4% and 15%). For parents, the proportions of fees covered are the same in term time as out of term.
- For school children, there are no term-time subsidies for children of non-working parents. For school children of working parents, the subsidies only cover 22 hours (for age six), and the subsidy amounts are lower than out of term, but the estimated proportions of fees covered are the same for term time and out of term.
- As with the younger ages, the most generous subsidies are for working parents with incomes at or below €35,000 (average proportions of 66%, 90%, 68% and 93%) and for non-working parents with incomes at or below €26,000 (average proportions of 67% and 66%). The least generous support is the lack of subsidies for those with incomes over €60,000.
- While the subsidy amounts are slightly lower for (six-year-old) school children than children eligible for ECCE, there is little difference in the estimated proportion of fees. However, both are lower for the two older ages considered than the two younger ages.

3.5 Replacement of legacy schemes

The NCS replaced two sets of schemes (collectively called the “legacy scheme”) which had provided childcare subsidies to parents:

- Community Childcare Subvention schemes (CCS, CCSP, CCSU and CCSR(T)); and
- TEC (Training and Employment Childcare), which was the collective term for three schemes including Childcare Education and Training Support (CETS), After-School Childcare (ASCC) and Community Employment Childcare (CEC).

The CCS and CCSP (Community Childcare Subvention Plus) schemes were targeted schemes, paying a portion of childcare costs for children up to the age of 15 for low-income parents. The schemes made payments based on four eligibility bands, each with a weekly rate for full-day, part-time, sessional and half-session care. In 2018/19, the weekly rates ranged from €50 to €145 for full-day care across the four bands (with rates for shorter durations reduced commensurately). A universal element (CCS Universal (CCSU)) paid €20 a week for full-day care (and commensurably lower amounts for shorter sessions) for children aged from six months to the first point of entry into the ECCE programme.⁶⁰ It should be noted that this universal element was introduced in September 2017 due to delays to the introduction of the NCS in order to mirror the envisaged changes in the NCS, including the introduction of a new universal subsidy for children under age three.

⁶⁰ Reference [9].

Other changes at this time increased subsidy values, including an increase in the highest subsidy from €95 per week to €145 per week.

Finally, two additional strands (CCS Resettlement and CCS Resettlement Transitional (CCSR(T)) paid weekly subsidies (€145 for part-time or €72.50 for sessional care) for children of refugees to help promote integration into Irish society and for children of families experiencing homelessness. These strands covered year-round care for children up to the age of six and school holiday care for children aged six to 12. In 2018/19, approximately 42,000 benefitted from CCS and CCSP, while around 32,000 benefitted from CCSU and 500 from CCSR(T).⁶¹

The CETS, ASCC and CEC schemes were collectively known as the TEC schemes. The CETS provided childcare to training course participants, while the ASCC programme provided school-age childcare for primary school children for certain categories of working parents and parents on government employment programmes. The CEC provided childcare for children of parents who were participating in the Community Employment scheme. In 2018/19, just over 3,000 children participated in TEC programmes.⁶²

There were several reasons for replacing this collection of schemes with the NCS:

- Replacing the multiple schemes with a single, streamlined system would reduce the administrative burden and the complexity of access for parents.
- Under the legacy scheme rules, support was generally tied to receipt of social welfare or the holding of a medical card. This meant that people who were employed but had low incomes or frequently moved between employment and unemployment would not be eligible for support. By structuring supports solely around income, the NCS offered a constant source of support through such transitions in and out of employment.
- The NCS provides a more flexible platform for implementing changes in the targeting and level of support. Subsidy rates, income level thresholds and maximum hours can be modified in response to new needs or challenges in childcare⁶³ or to changes in the level of public investment in childcare subsidies.⁶⁴

One of the principles for the NCS was that support levels would be set to ensure that the maximum subsidies (for those on the lowest incomes) exceeded those in the legacy schemes. Table 7 compares the maximum weekly term-time subsidy rates for the NCS and the legacy schemes.⁶⁵

⁶¹ Reference [9].

⁶² Reference [9].

⁶³ Reference [7].

⁶⁴ Reference [37].

⁶⁵ Based on the table presented in reference [37].

Table 7: Maximum weekly subsidies under NCS and legacy schemes

	Maximum weekly NCS subsidy in term time	Maximum CCSP weekly payment	Maximum TEC payment per week
Child aged under one	€230	€145	€145
Child aged 1 to 3 years	€196	€145	€145
Preschool child eligible for ECEC	€120	€80	€80
School-age child (aged 6)	€83	€80	€45 (plus top-up)

Source: Tables 3-6 for NCS, reference [9] for CCSP and reference [37] for TEC.

The table shows that the maximum rates for the four age groups do exceed the maximum rates in the CCSP (and all CCS strands) and in the TEC. It should be noted that this comparison is complicated by the fact that NCS rates were set on the basis of the 2016/17 legacy scheme rates but the legacy scheme rates were substantially increased in September 2017 (with the highest rates increasing from €95 per week to €145 per week) to mirror the envisaged changes under the NCS, and these increases created substantially larger gaps between ongoing legacy scheme support and NCS support for some families.

Moreover, as shown in the preceding tables, the weekly subsidy amounts for NCS vary substantially across whether parents are working, income levels and the number of childcare hours used. While CCSP and TEC recipients may be well matched to the lowest reckonable income category for the maximum NCS subsidy amounts, they may not be best matched with all parents being in work or study and using 45 weekly hours of childcare. Of particular note, school-age children of non-working parents are not entitled to any subsidies during term time under the NCS but may receive support under the CCSP. Hence, the principle based on maximum weekly subsidy amounts may be met but will not capture the proportions of families which received greater or less support under the NCS than the legacy schemes.

No new registrations for TEC were accepted after 14 February 2019 and no new registrations for the CCS were accepted after 15 November 2019. However, those registered and receiving a subsidy prior to these dates were entitled to retain the subsidy for a transitional period. Initially, this “saver” arrangement was to end in August 2020 but was later amended to permit existing beneficiaries to receive payments from the legacy schemes until they are no longer eligible because they are no longer using the qualifying early learning and care or school-age childcare. As new applications have ceased, this means that the NCS will replace the legacy schemes once existing entitlements have ended.

Although beneficiaries under the saver arrangements can adjust their days or session types, they are not entitled to be reassessed. If they apply for the NCS, the registration with any legacy scheme will remain until a provider registers a claim against the NCS, at which point the registration with the legacy scheme will cease.

Hence, it should be possible for current beneficiaries to be issued with a CHICK (and know the level of the NCS support) before deciding whether to switch to the NCS.

This saver arrangement was intended to help ensure that existing beneficiaries of the legacy schemes would not lose out from the transition to the NCS, initially until August 2020 and currently until their entitlement ceases. However, two points should be noted. First, calculating the change in support from transitioning to the NCS is complex, particularly for existing legacy scheme beneficiaries who would qualify for the income-assessed subsidy. The option of applying for the NCS to obtain the CHICK value may not be understood or may carry considerable burden for ongoing legacy scheme beneficiaries. Second, the saver arrangement does not mitigate that newly eligible parents who would have received greater support under the legacy schemes now receive less support under the NCS.

3.6 Meeting the scheme principles

This section discusses how well the design of the NCS meets its original objectives and principles. It also considers the clarity and fairness of the scheme design. It should be noted that the impacts of practical implementation on the achievement of the original objectives and principles and on clarity and fairness are considered in subsequent chapters. Each objective and principle is discussed in turn.

Replacement of legacy schemes

Intention: To replace the existing targeted childcare programmes with a single, streamlined programme and set support levels to ensure that the maximum subsidies (for those on the lowest incomes) exceed those in the legacy schemes.

The broad structures of the legacy schemes are replicated in the NCS. The CCSU is reflected in the universal subsidy of the NCS, offering a similar level of support to children prior to point of entry to ECCE.⁶⁶ The other elements of CCS and TEC are captured in the income-assessed subsidy, with the longer hours available under TEC reflected in the enhanced hours element.

However, the NCS differs in several fundamental ways:

- By combining several different schemes into a single process, it, in theory, greatly enhances the clarity in understanding what support is available and the ease of process for parents and providers. Subsequent chapters will consider whether this has been achieved in practice.
- By shifting from a “passport” based eligibility assessment, based on receipt of social welfare or holding a medical card, to an assessment based solely on family income, the levels of support will have altered for individual families, with some families receiving more support under the NCS and some receiving less.

⁶⁶ It should be noted that delays to the introduction of the NCS resulted in changes in the legacy schemes in September 2017 to mirror some of the NCS changes envisaged, including the introduction of a new universal subsidy for children under age three, and increased subsidy values, including an increase in the highest subsidy from €95 per week to €145 per week.

- By shifting to an income-based assessment, the NCS offers greater consistency and predictability in support for parents. The main issue for families which would have previously accessed the legacy schemes is the shift between standard and enhanced hours with transitions in and out of work or study or training. However, similar changes in support existed under the legacy schemes if parents shifted between CCS strands or between CCS and TEC schemes.
- The NCS offers support on the basis of hourly rates rather than set amounts for blocks of time as full-day, part-time, sessional and half-session childcare. This should, in theory, offer parents greater flexibility in using subsidised hours which meet their needs. It should also, in theory, be more efficient for government expenditure if families can more precisely use the childcare hours they need.

Overall, the NCS does, in theory, replace the legacy schemes with a single scheme which is more streamlined and potentially offers greater consistency and flexibility for parents in support. However, while NCS subsidies for those on the lowest incomes, in theory, exceed those on the legacy schemes and the saver arrangement should guard against any current beneficiaries from having a reduction in support, it is possible that some newly eligible families which would have benefitted from the legacy schemes will have lower levels of support under the NCS.⁶⁷

Broadening the scope of support

Intention: To broaden the scope of childcare support to improve the accessibility and affordability of childcare for families in Ireland.

There are two ways in which the NCS has broadened the scope of childcare support:

- Offering a universal subsidy for all children prior to ECCE entry in a more transparent manner without application to schemes associated with low income or specific needs enhances the potential reach of the NCS over the legacy schemes (even if this does not technically increase the scope).
- The higher levels of support in the income-assessed subsidy (particularly for families in work or study) for parents reasonably high up the income distribution with children up to the age of 15 extends the scope to families which would not have been previously eligible for support.

Hence, the NCS has broadened the scope of support and offers subsidies to families which would not have been previously eligible. It should be noted, however, that the universal subsidy currently offers a relatively low level of support (around an estimated 10% of childcare fees) and there is no universal element for children above the age of three.

⁶⁷ As noted above, the increase in CCS rates in September 2017 meant that gaps in support between the legacy schemes and the NCS were greater than intended when the NCS rates were set.

Consistent level of support across child ages

Principle: Varying subsidy rates by the age of the child so that the financial support forms a consistent proportion of childcare costs regardless of the child's age.

The analysis in the tables above shows that, for given levels of family income and parental work or study, the financial support does form a consistent proportion of childcare fees regardless of the child's age. This provides consistency in the level of support as the child ages.

Progressiveness

Principle: Awarding higher subsidy rates to those with the least income to build progressiveness into the core of the scheme, with an allowance for families with more children.

The income-assessed subsidy (in combination with the universal subsidy for families with higher incomes) builds a substantial degree of progressiveness into the core of the scheme. This progressiveness operates via the hourly rate rather than entitlement hours or proportions of childcare expenditure, permitting clarity for families in the level of support per hour. There is an allowance for larger families in the multiple child deduction in the calculation of reckonable income.

Work and study incentives

Principle: Awarding subsidies for a higher number of hours for parents in paid employment, study or training to enhance parents' opportunities and incentives to undertake these activities.

The use of standard and enhanced entitlement hours in the income-assessed subsidy offers a discrete increase in the maximum number of hours of support when all parents meet the work or study (or availability to care) criteria. This increases the incentive to be in work or study for families which would not consider the benefits worthwhile in the absence of the additional support.

The following should be noted:

- The tapering of the subsidy as income (typically earnings) increases creates a disincentive to work longer hours. While this taper is estimated to create a loss in the subsidy amount of between €0.27 and €0.31 for each additional € of reckonable income for families with one child, the loss is between €0.53 and €0.62 for families with two children and between €0.80 and €0.94 for families with three children.⁶⁸ Hence, the disincentive to increase earnings is quite substantial for families with reckonable income in the €26,000 to €60,000 band and two or more children receiving subsidies.
- The additional support is conditional on using more childcare hours but not on the hours of work or study. Hence, parents who were working anyway could respond to the additional hours of subsidy entitlement by using more

⁶⁸ Reference [3], table 4.

hours of (paid) childcare than they would otherwise have done without any change in work or study.⁶⁹

- On the other hand, the discrete eligibility for enhanced hours regardless of the number of hours of work or study creates an incentive for parents to be in work or study at even very low levels of hours. This has the advantage that even low levels of work or study can be a useful (and sometimes essential) initial step to greater attachment to the labour market. Hence, while potentially less efficient from a short-term budgetary perspective (additional subsidies paid for those on very low work or study hours), the discrete nature of the work or study requirement has potentially beneficial impacts on longer-term labour market participation (and longer-term budgetary considerations).
- By requiring both parents in a couple to be in work or study (or unavailable to care for the child), the scheme creates particularly strong incentives for second earners in a couple (typically mothers) to undertake work or study.

Limiting co-payments for parents

Principle: Limiting co-payments for parents (the amount that parents must pay the provider for each hour of childcare in addition to the subsidy) to ensure that parents benefit from more affordable childcare.

Co-payments for parents are monitored and fee lists must be published, allowing transparency in the share of fees covered by the NCS subsidy. However, while the intention is for the combined subsidy amount and parent co-payment not to exceed the provider's fee in the absence of the subsidy, there is a risk that fees per se may rise because of the subsidy (and thereby increase co-payments). Monitoring of fee changes due to the subsidy may be challenging for several reasons:⁷⁰

- Use of an initial baseline for fee levels may be problematic because some providers may be charging higher (more profitable) rates than others at the time of the baseline.
- There are no baseline fees for new providers and using local comparisons may be problematic as the nature of the services can vary substantially.
- Costs generally rise over time, requiring regular increases in fees. However, the magnitude of required fee increases can vary across providers and be subject to specific local conditions (or supply or demand shocks for individual services). Hence, monitoring or guiding on "reasonable" or "acceptable" fee increases can be problematic.

The ability to limit co-payments for parents is fundamentally constrained by the fact that childcare service providers are responsible for setting their fees and neither DCEDIY nor the Scheme Administrator has any role in the setting of fees. The measures to enhance transparency of fees may support competitive pressures

⁶⁹ However, this is more efficient than a subsidy which offers a higher proportion of fees for those working or in study as the additional subsidy amounts in that case can be used for more expensive childcare without any impact on childcare hours or hours of work or study.

⁷⁰ It should be noted that the terms of reference for the Expert Group for the new funding model include an essential and top priority to make recommendations for a mechanism to control fee rates for different types of provision.

(parents will choose to use providers with lower fees) to ensure that the subsidies are passed on to parents in the form of reduced fee payments.

Clarity

Issues around the clarity of the scheme are mainly considered in the following chapter on administration, but there are a few issues which arise from the design and presentation of the scheme:

- The “universal” subsidy only applies to children under age three (or prior to entry to ECCE). An alternative term could be “preschool universal” or similar.
- The use of the term “enhanced” hours can be interpreted as meaning a higher rate for some hours or a subsidy for higher quality or specialised childcare. The term is also not clear on the conditions for the additional hours. An alternative term could be “additional hours for working parents” or similar.⁷¹
- The inclusion of ECCE and school hours in the NCS hours count is confusing. School hours and subsidised or free hours from other schemes are typically not presented in this way. It is misleading for parents to understand themselves to be eligible for a subsidy for 20 standard hours only to find that most of these are delivered within ECCE or are all delivered within school during term time. It would be clearer if the scheme were presented for children over the age of three as out-of-term support for non-working parents (that is, those not meeting the criteria for enhanced hours) and year-round support for working parents (with the maximum NCS hours during term presented as varying between 17 and 30, dependent on the educational stage of the child). This would further simplify the scheme by removing the low level of five hours of support for children in ECCE with non-working parents.⁷²

There is one substantive issue reducing clarity in the structure of the scheme to note. Parents consider that a move into work must calculate the trade-off between a potential reduction in the subsidy rate as a result of higher earnings and an increase in the maximum number of entitlement hours to understand how the subsidy will change. Similarly, parents moving out of work may face the reverse trade-off of a higher subsidy rate and a lower maximum number of hours. However, given that this calculation is feasible and given the advantages of the progressiveness and work incentives which give rise to this complication, there is not a strong case for addressing this issue.

It should be noted that expert opinion on the clarity of the scheme rules and parent views on scheme clarity were intended to form part of the first NCS Annual Monitoring Report but will be reported for the first time in the second annual report.⁷³ Parents’ and providers’ perceptions on clarity are also reported below in the chapter on administration.

⁷¹ It is challenging to concisely capture the conditions of work, study, training or unavailability for childcare.

⁷² This entitlement arose only when the standard hours were increased to 20 in September 2020.

⁷³ Reference [35], page 9.

4. ADMINISTRATION OF THE NCS

This chapter considers the administrative effectiveness and efficiency of the NCS. The first section summarises the administrative structure, while the following two sections describe how parents and services were prepared for the introduction of the NCS. The fourth section presents application process statistics, while the fifth section examines the evidence on the usability of the application process and problems experienced by parents. The final section focuses on the administrative experience for services.

Key findings

- The NCS presented significant new administration challenges for parents and providers: parents needed to be involved in an independent application process for childcare support for the first time, while providers faced greater administrative complexities in registration, attendance and co-payment arrangements than in previous schemes.
- Pobal was appointed the Scheme Administrator, with a range of responsibilities covering applications and provider management. Administration costs were just under €8 million in 2020, constituting 14% of the total scheme expenditure. This proportion may have been inflated by the suspension of services and claims for several weeks during the initial Covid-19 pandemic but, on the other hand, may also have been deflated by the scheme closure during this period.
- An extensive communication and training strategy was undertaken prior to the scheme launch to prepare parents and providers. Evidence suggests that the communication strategy raised parent awareness of the scheme. There was some negative feedback on the training and many providers did not feel fully prepared for their role in the scheme when it launched.
- Most applications (96%) were made online in 2020. Processing was quick from October 2020: during October to December 2020, 66% of all applications were processed within a day and 29% within two to 10 days. Longer processing times were linked to applications going to review, although only 2% of awards went to review and only one went to appeal.
- There was no single, widespread administrative issue for parents and a marked drop in the prevalence of problems after the first quarter of 2020. The issue of too much form-filling and too many information requirements was quite prevalent for offline applications, but there was little difference in administrative issues between universal and income-assessed applications. Overall, 41% of parents did not report any administrative problems, while 37% reported a single issue. Issues were more prevalent for couples with a non-working parent, families with multiple preschool children or both preschool and school children, and, unusually, higher-income households.

- Feedback from providers indicated a wide range of administrative issues and large proportions reported having experienced specific problems. Only 3% of providers did not report any problems, while 51% reported experiencing between one and five problems and 45% reported experiencing more than five problems. The prevalence of issues was greater among private providers than community providers, among those open for more weeks each year, and for multisite providers than single-site providers.

4.1 Administrative structure

Scheme introduction

The NCS was established under the Childcare Support Act 2018.⁷⁴ This Act created an entitlement to financial support towards the cost of childcare for qualifying applicants and sets out the conditions and key parameters relating to the overall operation of the scheme. These conditions include governance, data protection, functions of the Scheme Administrator, eligibility for financial support and terms and conditions of participation for service providers.

Funding of €54.5 million was made available for the scheme in 2020 as part of Budget 2019. Following a soft launch in September 2019, the scheme opened for online applications on 20 November 2019 and was officially launched on 11 December 2019.

The delivery of the NCS was interrupted by the Covid-19 emergency. Following the instruction for childcare services to close on 12 March 2020, NCS payments continued on an ex gratia basis until 12 April 2020 and NCS registrations were end-dated. Childcare services reopened on 29 June 2020 and the NCS was opened for re-registering and new registrations from 29 June 2020.

Scheme Administrator

Pobal was appointed as the Scheme Administrator in April 2019 to administer the scheme on behalf of DCEDIY. As such, Pobal has responsibility for the scheme's implementation, including day-to-day operational management in accordance with policy, legislation and ministerial direction.

These responsibilities include management and delivery of:

- A Parent Support Centre;
- The scheme's supporting IT infrastructure;
- The scheme's application, award and registration processes;
- Subsidy payments, including recoupment of overpayments from providers and parents;
- Scheme review and appeal mechanisms; and
- Service provider on-boarding, contracting and general support processes.

⁷⁴ Information for this section draws on reference [16], the published Policy Guidelines. This source describes all processes in detail, including the mechanisms for compliance and dealing with non-compliance.

In addition, Pobal has responsibility for quality control processes, compliance, estimation of resource requirements and meeting DCEDIY management information requests. However, Pobal has no discretion over the scheme rules in relation to qualifying for a subsidy, the calculation of the subsidy amount, attendance and payment of subsidies, which are stipulated in primary and secondary legislation.

The scheme was the first time that parents were required to apply directly for financial support rather than through a childcare provider. The Early Years Platform was developed as a new system for this purpose, consisting of a parent portal and a dedicated service provider portal called “HIVE”. Since the scheme launch, several improvements have been made to the portals, although work on enhancements were delayed when the Early Years Platform was modified in 2020 to allow it to implement Covid-19-related schemes (including the Temporary Wage Subsidy Childcare Scheme).

Process for parents

The scheme provides a subsidy to a parent in respect of a named child (although the subsidy is paid to the provider). The application process for the parents is as follows:

- Online applicants must initially register with MyGovID, an online identity authentication system. From March 2020, applicants applying to the scheme by post can confirm their identity using hard-copy documents.
- Completion of an application for the named child on the parent portal on the Pobal Early Years Platform. For an income-assessed subsidy, this may include agreement to using data from the Department of Social Protection (DSP) or Revenue providing proof of income. From March 2020, applicants can also apply by post. Parents can complete one application for multiple children.
- An email from Pobal advising the parent to view their award on the portal. The notification of award informs the parent of whether the child qualifies for a subsidy and the details of the award, including type of subsidy, hourly rate, number of hours per week, any expected change in the award (e.g. following a child’s birthday or change in education stage), and the duration of the award. Each successful applicant (child) is given a unique reference number (called a CHICK).
- The parent takes the CHICK to their provider (which must be in contract to deliver NCS) and agrees the hours and fee with the provider. The provider then registers the child and the agreed hours on the HIVE.
- An email from Pobal requesting the parent to approve the registration for the agreed hours. Upon confirming these hours, the parent is made aware that they will be required to meet the difference between the subsidy and the agreed fee for the hours of childcare used. Once approved, subsidies can be paid to the provider.

Each subsidy award is valid for a maximum of 12 months, but the Scheme Administrator can specify a shorter duration (for example, when an income assessment is only valid for six months).

Where an applicant's circumstances change after a subsidy award has been granted, the parent can inform the Scheme Administrator and have the subsidy adjusted. Applicants are required to inform of any loss in eligibility (for a subsidy per se or enhanced hours) and subsidy hours will be adjusted. Parents can choose whether to inform of changes which make them eligible for enhanced hours (and are presumed likely to do so). There is no new income assessment if eligibility changes and no requirement for parents to inform of changes in current income,⁷⁵ but parents can request a reassessment (and are presumed to do so if favourable to them).

Requirements for service providers

There are two conditions for a service provider to participate in the scheme:

- The provider must enter into a formal agreement (contract) with the Minister which sets out the terms and conditions associated with participation. These include regulations in relation to service provision, financial governance and general record-keeping and reporting obligations; and
- The provider must be registered with Tusla, the child and family agency. Tusla has statutory responsibility for enforcing and executing regulations regarding the quality of childcare services.

There are two stages for providers to join the scheme:

- An on-boarding process to establish the provider on the Early Years Platform, approving details on the organisation's legal structure, facilities, and the Primary Authorised User (PAU) and giving access to the provider portal; and
- A provider application for the NCS through the portal (including a check on Tusla registration and uploading of fees list and service calendar) and contract agreement.

The requirements for service providers include:

- Publishing the service's fee list, service calendar and opening hours using a standard template and in the format required by the Scheme Administrator. All documents must be accessible to parents as well as on any online platform used by the provider to advertise services;
- Consent to the submission of the fees list to the Scheme Administrator and the online publication of this list by the Scheme Administrator;
- Registering children and agreed hours on the HIVE after agreeing the hours and fee with parents;
- Maintaining attendance records in the required format;

⁷⁵ Consistent with the fact that the information from the last complete tax year used in the original application will not be affected by changes in current income.

- Not charging any parent any sum in excess of the difference between the agreed fee and the subsidy payable and retaining adequate records of these parental co-payments;
- Completing weekly returns confirming that all subsidised children continue to attend their service in line with their registered hours and notifying the Scheme Administrator of any absence or departures. These returns are a precondition for payment and form the basis on which the payment is calculated. Providers must ensure that NCS subsidies are applied correctly against the published fees. Payments to providers are made in arrears following the weekly return;
- Completing and submitting to the Scheme Administrator an annual financial declaration in which they confirm that (a) annual reports for the financial year have been submitted in line with Companies Registration Office (CRO) and Revenue deadlines and with all NCS funding reported as a discrete line item and (b) they have offset scheme subsidies against published fees in full; and
- Facilitating the compliance process, including permitting scheme officers to make on-site visits to confirm that they are complying with the rules on attendance and financial reporting.

Administration cost

In 2019, the cost of administration for the NCS was €1,694,841 and the total value of claims was €1,023,643. Given that these figures covered an initial small number of months when the scheme was being launched and claims were very low, it is not surprising that the administrative costs are high relative to the total value of claims (administration costs constituted 62% of total scheme expenditure).

In 2020, the cost of administration for the NCS was €7,972,323 and the total value of claims was €47,056,971. In this year, administration constituted 14% of the total scheme expenditure.⁷⁶ This proportion may have been inflated by the suspension of services and claims for several weeks during the initial Covid-19 pandemic but, on the other hand, may also have been deflated by the scheme closure during this period.

4.2 Preparing parents and providers

An NCS communications and engagement strategy was published in February 2018, complemented by a comprehensive training strategy with a major nationwide training programme delivered to early years professionals and other key stakeholders in 2019.

⁷⁶ Reference [35], table 3.14 and page 5. The 14% is €7,972,323 administrative cost from table 3.14 as a proportion of the sum of €7,972,323 administrative cost and total value of claims of €47,056,971 reported on page 5.

Identifying needs

In spring 2015, the then-DCYA (Department for Children and Young Affairs) conducted online consultations with stakeholders regarding future investments in the early years and school-age care and education sector in the context of the development of the policy proposal for the NCS (then ACS).⁷⁷ Service providers were identified as one of the main stakeholders and various consultations and surveys were undertaken during 2016-2018 to inform on the design of the NCS.

In 2016, DCYA reached out to a range of stakeholders including service providers and parents on the design for the new scheme. The affordability of childcare remained a central concern for all stakeholders, while providers focused on issues of administration, quality and sustainability and parents focused on fairness and equality. It was acknowledged that parents were not only the largest stakeholder group but they would also need to be involved in an independent application process for the first time. Hence, it was recognised that parents would need to be informed early in the preparation process to help them develop an understanding of their new role.

A DCYA survey in autumn 2016 revealed the kind of support expected by providers and parents to transition into the scheme.⁷⁸ These supports included:

- Information, guidelines and checklists;
- Training, workshops and coaching/mentoring;
- Extended registration time periods;
- Online and telephone support;
- Consultation and engagement; and
- Increased funding and resources, including for staff time and ICT.

A training needs analysis in 2018⁷⁹ identified several key themes that providers suggested would help prepare them to transition to the NCS, including:

- A strong preference for face-to-face training as well as demand for e-learning, including training through online platforms and webinars;
- The provision of good quality “how-to” guides and videos;
- Trainers with high levels of programme knowledge and competency with the business systems;
- Long-term and ongoing training;
- Timely communication regarding the introduction of scheme; and
- Assistance with financial planning and awareness of General Data Protection Regulations (GDPR).

The consultation with providers also raised concerns about parents’ preparedness and lack of access for the rural population and people without internet access.

⁷⁷ Reference [4].

⁷⁸ Reference [6].

⁷⁹ Reference [25].

Providers also reported that they would be the first source of contact for parents with application issues and most providers felt that parents would require assistance with applications.⁸⁰

The autumn 2016 survey also collected information on parents' views on the administration and training needs for the new subsidy scheme.⁸¹ An online website application was the most preferred application method (preferred by 79%).⁸² The main areas of support needed by parents were reported to be:

- Support for parents with literacy difficulties or lack of computer access;
- Information and support sessions for parents on a regional basis, such as through Family Resource Centres, CCCs, local schools or health centres; and
- Outreach advice and support (such as television advertisements).

The primary information needs of parents (identified in the training needs analysis⁸³) was to understand what the NCS is, how to access the subsidies, and how to use and update the applicant portal.

Communications campaign

The communications and engagement campaign was launched in January 2019. A number of strategies were planned to be delivered through this campaign, supported by training support material (such as “how-to” guides and videos). The campaign involved frequent updates on the scheme to parents through online and offline media. The main sources of information are the NCS website and media campaigns such as digital, national and outdoor campaigns. Tables 8 and 9 present a list of the communication channels used for different types of stakeholders.^{84 85}

⁸⁰ Reference [24].

⁸¹ Reference [6].

⁸² Reference [6], page 8.

⁸³ Reference [26], section 11.6

⁸⁴ These lists are from a preparation document for the communications strategy in 2020.

⁸⁵ No further statistics on how the campaign was implemented were identified.

Table 8: Communication channels for parents and providers

Stakeholder	Communication channels
Parent	<p>Website and parent portal – www.ncs.gov.ie</p> <p>Information materials – leaflets, posters etc.</p> <p>Advertising – digital, programmatic, radio, video on demand (VOD), out of home (OOH), print</p> <p>NCS Parent Support Centre – 01 906 8530 / https://ncs.gov.ie/en/contact-us/</p> <p>NCS Facebook page – www.facebook.com/nationalchildcarescheme</p> <p>NCS YouTube channel – www.youtube.com/nationalchildcarescheme</p> <p>City/County Childcare Committees – www.myccc.ie</p> <p>Dedicated mailbox (not openly advertised) – ncs@dcya.gov.ie</p> <p>Local government offices – Intreo Centres, libraries, Citizens Information Centres, DEASP Offices etc.</p> <p>Parent advocacy groups – National Parents Council etc.</p> <p>Local and national events – Pregnancy and Baby Fair, Bloom, Ploughing etc.</p>
Provider	<p>Website and provider portal – www.earlyyearshive.ncs.gov.ie</p> <p>Information materials – leaflets, posters etc.</p> <p>Advertising – digital, programmatic, radio, video on demand (VOD), out of home (OOH), print</p> <p>Early Years Provider Centre – 01 522 7777 / eypc@pobal.ie</p> <p>Pobal Programmes Implementation Platform (PIP) Announcements</p> <p>NCS Facebook page – www.facebook.com/nationalchildcarescheme</p> <p>NCS YouTube channel – www.youtube.com/nationalchildcarescheme</p> <p>City/County Childcare Committees – www.myccc.ie</p> <p>Dedicated mailbox (not openly advertised) – ncs@dcya.gov.ie</p> <p>Local government offices – Intreo Centres, libraries, Citizens Information Centres, DEASP Offices etc.</p> <p>Provider advocacy groups – Early Childhood Ireland (ECI), Association of Childhood Professionals (ACP), Seas Suas etc.</p> <p>Local and national events – Early Childhood Ireland (ECI) Annual Conference etc.</p> <p>Consultation Groups</p>

Source: Reference [10].

Table 9: Communication channels for public and partners

Stakeholder	Communication channels
Public	<p>NCS website – www.ncs.gov.ie</p> <p>DCYA website – www.gov.ie/dcy</p> <p>Information materials – leaflets, posters etc.</p> <p>Advertising – digital, programmatic, radio, video on demand (VOD), out of home (OOH), print, DCYA website</p> <p>NCS Facebook page – www.facebook.com/nationalchildcarescheme</p> <p>NCS YouTube channel – www.youtube.com/nationalchildcarescheme</p> <p>DCYA Twitter - @DCYAPress</p> <p>Press releases</p> <p>Briefings, Parliamentary Questions, Representations, Media Queries, Freedom of Information (FOI) requests</p> <p>Local and national events - Pregnancy and Baby Fair, Bloom, Ploughing etc.</p>
Partner	<p>Ongoing NCS project staff – Project Board, Executive Board, ICT Steering Group etc.</p> <p>Pobal – Pobal Ops, Training, Communications etc.</p> <p>City/County Childcare Committees – CCI reps</p> <p>Office of the Government Chief Information Officer (OGCIO), DEASP and Revenue</p> <p>Local government offices – Intreo Centres, libraries, Citizens Information Centres, DEASP Offices etc.</p> <p>Sponsor bodies</p> <p>KICK (Creative and Digital Agency)</p> <p>Mindshare (Media Buying Agency)</p> <p>Abtran (Business Process Management Service)</p> <p>Sector – EY Forum, e-bulletin, e-zine etc.</p>

Source: Reference [10].

Research was undertaken to track the impact of the campaign on parental awareness of the scheme.⁸⁶ This involved three waves with parents with children under age three and financially constrained parents with children under age 15 during 2019. Tables 10 and 11 reproduce the findings from this research.

⁸⁶ Reference [10]. This source states that the NCS Information Campaign was launched on 22 July 2019 and ran until the launch of the scheme on 20 November. No further information about how the research was undertaken (or number of respondents) was provided in the source.

Table 10 shows that awareness of the scheme increased during the second half of 2019 from 30% to 52% of parents with children under age three and from 19% to 38% for financially constrained parents with children under age 15. Awareness of the need for a verified MyGovID account was high, while awareness of which children are eligible was slightly lower. Messaging for the 2019 campaign focused heavily on MyGovID to ensure that parents could access the online system from the launch of the scheme. Awareness of the key messages was slightly lower among financially constrained parents with children under age 15 than among parents with children under age three.

Table 10: Awareness of NCS and key messages among parents in 2019

	Parents with children under age three	Financially constrained parents with children under age 15
Proportion aware of NCS		
July/August 2019	30%	19%
October/November 2019	45%	35%
December 2019	52%	38%
Proportion aware of messages		
You need a verified MyGovID account to apply online	51%	41%
The NCS subsidies are available for children attending any participating Tula-registered childcare service	32%	26%
The universal subsidy of the NCS is available for all families with children under three years old	31%	25%
The income-assessed subsidy of the NCS is available to families with children aged between 24 weeks and 15 years	22%	20%

Source: Reference [10].

Table 11 shows that the main drivers of raising awareness were quite similar for the two types of families: advertising, social media, childcare provider and word of mouth were the most commonly cited channels, while websites and newspapers were cited considerably less.

Table 11: Main drivers of raising awareness in 2019

	Parents with children under age three			Financially constrained parents with children under age 15		
	W1	W2	W3	W1	W2	W3
Advertising (radio, posters, etc.)	23%	29%	34%	22%	34%	34%
Social media	23%	40%	29%	26%	31%	29%
Childcare provider	35%	26%	29%	45%	27%	29%
NCS website	12%	10%	17%	15%	8%	17%
Word of mouth (family/friends)	36%	21%	16%	22%	20%	16%
Government website	17%	9%	14%	15%	9%	14%
Another website	12%	8%	13%	11%	16%	13%
Newspaper	12%	14%	3%	7%	6%	3%
Other	2%	5%	3%	4%	2%	3%

Source: Reference [10].

Training

A two-phase training schedule was announced in December 2018.⁸⁷ The first phase (scheduled to start in March 2019) covered programme knowledge, compliance rules on attendance and scheme governance, while the second phase (scheduled to start in September 2019) covered business systems training.

A blended learning approach was adopted to meet the different needs identified in the earlier consultations and each method covered the following training areas:

- Face-to-face: programme knowledge and system proficiency;
- How-to guides: administrative and system functions including PAU certification, online contracting, fee lists, service calendars, application process and other service provider tasks; and
- E-learning: delivery of digital content providing access to user activity data and level of engagement.

⁸⁷ Reference [26].

A total of 646 nationwide training events were planned, potentially reaching over 12,000 participants.^{88 89}

Feedback on the training was collected through surveys (from 921 providers after phase 1 and 386 providers after phase 2).⁹⁰ Most providers (around nine out of ten of those responding to the survey) reported that the training had provided them with information and ideas to support them in their role. However, there was a feeling that more time on the system to become familiar with the portal would have meant they had been better prepared, and around a third of providers who had attended training had not felt ready for their roles. The training was criticised in a number of specific ways:

- There was insufficient information and trainers were not always able to answer questions.
- Too much time was spent on easier steps and other areas were too rushed.
- Information was directed towards the needs of parents rather than providers.
- Training was too abstract.
- The training portals crashed and were slow and Wi-Fi issues at venues disrupted the training.
- The online system was not fully ready so the providers were unable to experience all the elements.

How prepared were providers?

The review survey (undertaken in May 2021)⁹¹ asked providers to recall how prepared they had been at scheme launch and in which areas they had felt unprepared (from a list of options in the survey).

Table 12 presents the proportions of providers reporting that they felt unprepared in each area:

- Around half had felt unprepared in knowing how to access and navigate the provider portal or how to enter information or obtain information from the portal.
- Large proportions (42% and 46% respectively) had not felt prepared in understanding how the scheme operates and understanding the eligibility rules for parents.
- Some 29% had felt unprepared in knowing how to access help, while a similar proportion of 28% had felt unprepared for the financial planning involved in the scheme.
- Smaller proportions had been unprepared for the timing of the launch and for data protection requirements.

⁸⁸ Reference [26], section 11.4.

⁸⁹ Documentation of the number of events implemented and numbers of participants was not identified.

⁹⁰ References [27] and [28].

⁹¹ See section 1.2 for a description of the survey.

Table 12 also shows how these proportions were similar for private providers and community providers.

Table 12: Areas where services felt unprepared at scheme launch

Proportion unprepared in area	Private services	Community services	All
Timing of launch	16%	15%	16%
Understanding of how the scheme operates	42%	40%	42%
Understanding of eligibility rules for parents	44%	48%	46%
Accessing and navigating the portal	56%	45%	52%
Entering and obtaining information on the portal	48%	43%	46%
Data protection requirements	13%	10%	12%
Financial planning	26%	32%	28%
Knowing how to access help	31%	27%	29%
Other area	13%	13%	13%
<i>Number of services</i>	<i>431</i>	<i>257</i>	<i>968</i>

Source: Survey of services offering NCS.

Notes: All services includes 280 which could not be matched to administrative data and have missing data for the type of service.

Overall, only 3% of providers had felt prepared in all these areas and a quarter (25%) had felt unprepared in one of the areas. Some 55% had felt unprepared in two to four areas, while the remaining 16% indicated that they had lacked sufficient preparation in five or more areas. On average, providers had felt unprepared in 2.8 areas.

Table 13 compares the mean number of unprepared areas across different types of providers and providers in different regions. The mean number is slightly lower for community services, providers which are open for 38 weeks or fewer each year and single-site providers, suggesting that there is a distinct type of provider which felt more prepared. The mean number is also lower for providers in the Mid-East and South-West, although strong conclusions should not be drawn from this given that the number of providers in each region in the survey is not large.

Table 13: Mean number of unprepared areas by service characteristics

	Mean number of unprepared areas	Number of services
Private	2.9	431
Community	2.7	257
Annual opening weeks		
38 weeks or fewer	2.4	255
39 to 49 weeks	2.8	196
50 weeks or more	3.1	492
Single-site service	2.4	162
Multisite service (chain)	3.0	526
Border	3.1	90
Dublin	2.9	242
Mid-East	2.5	56
Mid-West	2.9	67
Midlands	2.9	100
South-East	2.9	176
South-West	2.6	101
West	2.8	120
All	2.8	968

Source: Survey of services offering NCS.

Notes: All services includes 280 which could not be matched to administrative data and have missing data for the type of service and whether single site or multisite.

Table 14 presents the findings from a different survey question asking providers how prepared they felt at scheme launch. Across all providers, 11% reported that they had felt prepared and 48% reported that they had felt quite prepared. A third (33%) reported that they had been somewhat unprepared, while 8% felt that they had not been prepared at all.

Again, community providers and those open for fewer weeks each year were slightly more likely to report that they had been prepared, but multisite providers were more likely to report that they had felt prepared or quite prepared than single-site providers. Providers in the Midlands were most likely to report they had been prepared, while those in Dublin were most likely to report they had not been prepared at all. Providers in the South-West were least likely to report they had been prepared and least likely to report they had not been prepared at all.

Table 14: How well prepared providers felt at scheme launch

	Prepared	Quite prepared	Somewhat unprepared	Not prepared at all
Private	11%	47%	33%	10%
Community	13%	50%	31%	6%
Annual opening weeks				
38 weeks or fewer	13%	48%	35%	4%
39 to 49 weeks	13%	48%	34%	5%
50 weeks or more	9%	48%	31%	12%
Single-site service	12%	44%	38%	7%
Multisite service (chain)	12%	49%	30%	9%
Border	9%	44%	38%	9%
Dublin	11%	44%	35%	11%
Mid-East	11%	46%	39%	4%
Mid-West	13%	48%	31%	7%
Midlands	17%	42%	33%	8%
South-East	13%	49%	28%	10%
South-West	4%	56%	37%	3%
West	10%	58%	25%	7%
All	11%	48%	33%	8%

Source: Survey of services offering NCS.

Notes: Sample sizes are shown in table 13.

However, the key message from both tables 13 and 14 is the similarity in the figures across provider characteristics: the degree of preparedness did not vary substantially across these different types of providers or region.

4.3 Usability of the application process

Application statistics

A very high proportion (96%) of applications were completed online in 2020.⁹² This suggests that the option of applying online is valued by applicants, although some issues with the process are highlighted below.

⁹² Reference [35].

The NCS provides for a review and appeals process. A review involves a re-examination of a decision by the Scheme Administrator in relation to eligibility, a subsidy award or payment of a subsidy and involves the manual examination of all relevant data by an officer of the Scheme Administrator. A review may be initiated by the applicant, the provider or the Scheme Administrator. If an applicant disagrees with the outcome of a review, they can then submit an appeal.

Of the 92,257 CHICKs calculated in 2020, 2% (1,538) were linked to a review.⁹³ Of the 1,538 CHICKs linked to a review, 1,035 (67%) were upheld, 500 (33%) were declined and 53 (less than 1%) were invalid. One case was escalated to the Ombudsman on appeal.⁹⁴

Table 15: Processing times of applications

Processing duration	Universal	Income assessed	Sponsor	All
Under 1 day	100%	<1%	97%	38%
1 day	0%	45%	0%	28%
2 days	0%	9%	0%	6%
3 days	0%	3%	0%	2%
4 days	0%	3%	0%	2%
5-10 days	0%	30%	<1%	19%
11-30 days	0%	8%	2%	5%
31-60 days	<1%	1%	0%	<1%
61-100 days	<1%	<1%	1%	<1%
Total	100%	100%	100%	100%
<i>Number of applications</i>	<i>8,252</i>	<i>15,351</i>	<i>1,051</i>	<i>24,654</i>

Source: Reference [35].

Notes: Processing times were calculated using a sample consisting of all applications submitted between 1 October and 31 December 2020, where the application “submitted on” date precedes the “CHICK calculation” date. Columns may not sum to 100% due to rounding. <1% indicates positive proportions less than 0.5%.

Table 15 presents the distribution of processing times for different types of applications. Two-thirds (66%) of all applications were processed within one day, with a further 29% being processed between two and ten days. However, almost all universal and sponsor applications were processed in less than a day, while just

⁹³ Reference [35]. This figure does not include reviews that were cancelled by the applicant prior to completion.

⁹⁴ Reference [35], pages 30-31.

under 40% of income-assessed applications required five or more days⁹⁵ (and just under 10% required 11 or more days). 2% of sponsor applications had a processing time of between 11 and 30 days, largely due to incorrect or missing information on the application which required follow-up with various stakeholders in the sponsor process.⁹⁶

It should be noted, however, that these figures are for October to December 2020. As shown in the next chapter, the monthly number of CHICKs lagged considerably behind the monthly number of applications in the earlier part of the year, indicating longer processing times prior to the statistics shown in table 15.

Table 16 presents the average processing times by application route. The mean processing time for all types of applications without a manual assessment (presumed to mean not going to review) is two days or less. All types of offline applications not going to review have mean durations of one or less, indicating that offline applications are generally processed as quickly (if not more quickly) than online applications. Unsurprisingly, income-assessed applications going to review and requiring a manual assessment take, on average, considerably longer: 10 days for online and 22 days for offline. This indicates that the longer processing durations for income-assessed applications in table 15 are due in part to their being reviewed. Indeed, it suggests that processing times are, on average, very quick when no review is involved.

Table 16: Mean processing times for different application routes

	Mean time
Universal online	Less than one day
Universal offline	Less than one day
Income assessed online	2 days
Income assessed online with manual assessment	10 days
Income assessed offline	Less than one day
Income assessed offline with manual assessment	22 days
Sponsored online	2 days
Sponsored offline	1 day

Source: Reference [35].

Notes: See notes to previous table. Manual assessment is presumed to mean with a review.

⁹⁵ This may reflect applications which allow partners five days to object to the processing of the application.

⁹⁶ Reference [35], page 31.

Use of support services

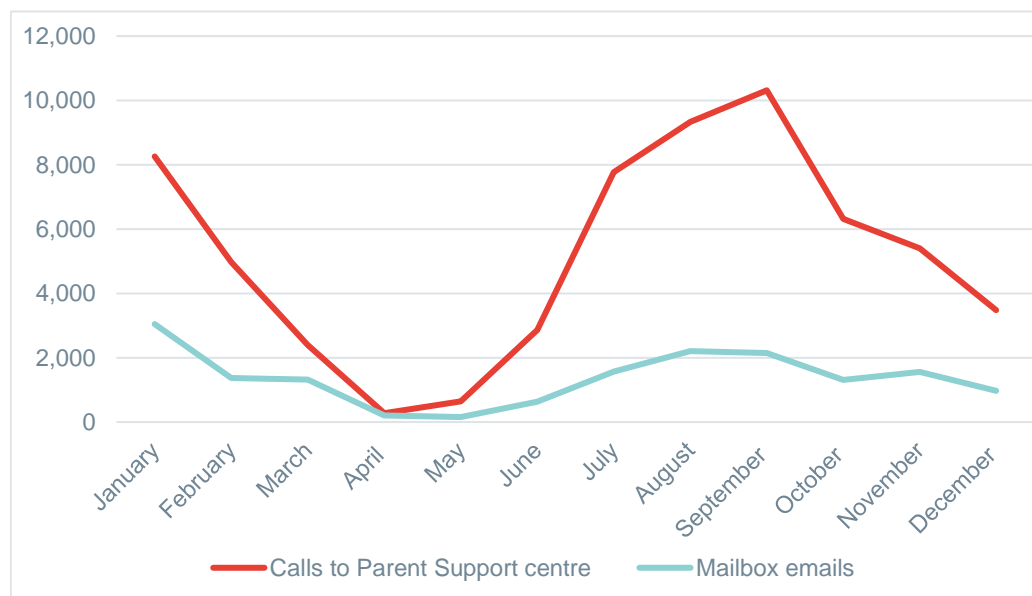
The use of support services for parents in 2020 included:⁹⁷

- 2,794 applicants who submitted requests via HIVE for support from the Parent Support Centre (constituting 6% of online applicants);⁹⁸
- 71,737 telephone calls to the Parent Support Centre (with a response rate of 95%); and
- 16,485 mailbox emails received through the “contact us” form on NCS.gov.ie

More recently, Pobal created a dedicated sponsor team with a helpline for sponsor applications from April 2021.

The number of telephone calls to the Parent Support Centre and the number of mailbox enquiries were initially quite high in January 2020, declined dramatically through the following two months and were very low during April and May (during the Covid-19 shutdown) (figure 2). They rose sharply from June, peaking in September and declining again in the autumn. These patterns mirror those for applications and CHICKs (shown below in section 5.1), suggesting a steady need for support relative to applications rather than any substantial change over time.

Figure 2: Monthly numbers of parent enquiries in 2020



Source: Reference [30].

⁹⁷ Reference [35], page 33 and reference [30].

⁹⁸ Unique applicants were identified using the Personal Public Service Number (PPSN).

Table 17: Areas of support requested

Calls to Parent Support Centre	%	Mailbox emails	%
Subsidy entitlement	1%		
MyGovID assistance	3%		
How to apply	4%		
Application request	5%		
Application assistance	30%	Application assistance	25%
Application status enquiry	13%		
Application amendment	2%	Application amendment	7%
CHICK/award query	22%	CHICK/award query	18%
Saver query	< 1%		
Sponsors enquiry	< 1%		
		Refer back	24%
		Reviews	6%
		Appeals	< 1%
		Technical issue	1%
		Complaints	< 1%
Frontline enquiry	1%	Childcare provider	2%
General enquiry/not categorised	20%		17%
Total	100%		100%
<i>Number of calls</i>	<i>62,023</i>	<i>Number of emails</i>	<i>16,486</i>

Source: Reference [30].

Table 17 presents the areas where support was requested for calls to the Parent Support Centre and for the mailbox emails. This shows:

- The most commonly asked-about areas for the calls were application assistance, application status enquiry and CHICK/award queries. Mailbox enquiries had a similar pattern, with the most common issues being around application assistance and CHICK/award queries.

- A smaller proportion of telephone enquiries related to beginning an application in the form of MyGovID assistance, questions about how to apply and application requests. There were relatively few telephone enquiries about application amendments, the savers scheme and sponsor enquiries.
- A substantial proportion of mailbox enquiries were categorised as “refer back”, which is when an application is referred back for more information from the parent and the enquiry relates to what else the parent needs to send to Pobal in order to complete the application. There were smaller proportions of mailbox enquiries around application amendments and reviews. Very small proportions related to appeals, technical issues or complaints.

Considering that the number of calls to the Parent Support Centre was around four times that of mailbox emails, this shows that the support centre was the main point of contact for most application and award issues, while the mailbox approach was utilised by many fewer parents and used more for post-award issues.⁹⁹

There were only a small number of complaints to the mailbox. More broadly, Pobal reported that there had only been 29 complaints in the first half of 2021, a rate of about 0.1%.¹⁰⁰ Pobal also reported a favourable response from parents on using the NCS: asked on a scale of 1 to 10 how likely they would recommend the NCS to other parents, parents gave an average score of 7.8.¹⁰¹

Administration issues for parents

A number of administration issues for parents were identified from various communications and feedback sessions¹⁰² and parents were asked whether they had experienced each of these issues in the review survey in May 2021.

Table 18 presents the prevalence of each issue as reported in the survey and shows:

- None of the individual issues were extremely widespread: no issue was reported by more than 14% of parents.
- The most commonly reported issues were around communications with providers (having to notify providers when making registration changes (11%) and problems because providers and parents could not access the same information (14%)) and obtaining help and understanding the scheme (locating guidance (8%), understanding guidance (11%), help using the online system (11%) and obtaining help with applications (6%)).¹⁰³

⁹⁹ It should be noted, however, that this may have been driven by different categorisations used for the calls and the mailbox enquiries, with post-award issues not being classified as such for the calls.

¹⁰⁰ Informal discussion with Pobal representatives.

¹⁰¹ It should be noted that this rating may reflect broad satisfaction with the scheme per se rather than just applying to and using the NCS system.

¹⁰² References [12] and [33].

¹⁰³ Pobal provided some clarifications on these issues. Parents are required to notify providers when making registration changes for security reasons. Guidance is available in various areas on the NCS home page (although it is dispersed across different areas). Parents can seek help on understanding the guidance, on using the online system and with applications from the Parent Support Centre, while service providers and local CCCs can also assist with understanding the guidance.

- Slightly smaller proportions of parents reported “system” problems around NCS registrations being lost in spam folders (8%)¹⁰⁴ and CHICKs being accidentally cancelled (6%).¹⁰⁵ A small proportion also reported a delay in the processing of the Public Services Card or MyGovID (5%).
- Similar proportions reported challenges in completing applications in the form of too much form-filling or information required (9%) and lack of technology or internet access to use the online application (4%).
- Some 12% of parents mentioned that they had a different issue from the list offered.¹⁰⁶

Table 18 also shows that a higher proportion of offline applicants (those applying by post) than online applicants experienced some issues:

- Over a third (37%) of those applying offline experienced a delay in the processing of the Public Services Card (compared to 4% of online applicants experiencing a delay in the processing for MyGovID).
- The proportion of parents reporting that there was too much form-filling or information required was double that for those applying offline than online (20% compared to 9%).
- Offline applicants were also more likely to report that they had experienced some other issue than online applicants.

On the other hand, lower proportions of offline applicants than online applicants reported all the other listed issues (in some cases because the issue should not have been relevant to offline applicants).

¹⁰⁴ Pobal reported that Parent Support Centre agents routinely alert parents to the possibility of emails going into spam folders and provide guidance on how to prevent this, including white-listing or prioritising emails from the NCS email address.

¹⁰⁵ Pobal reported that the website has been improved to reduce accidental new applications which cancel existing CHICKs.

¹⁰⁶ The question in the survey was “Have you experienced any of the following issues with applying and using the scheme?”.

Table 18: Issues with applying for and using the scheme for parents by application mode for first application

Proportion with issue	Online application	Offline application	All
A delay in the processing of the Public Services Card/MyGovID	4%	37%	5%
Lack of technology or internet access to use online application	4%	3%	4%
Too much form-filling/information required	9%	20%	9%
NCS registration emails being lost in spam folders	8%	3%	8%
CHICKs being accidentally cancelled	6%	0%	6%
Having to notify providers when making registration changes	11%	7%	11%
Problems because providers and parents cannot access the same information	14%	7%	14%
Difficulty in locating guidance documents	8%	3%	8%
Difficulty in understanding guidance	11%	3%	11%
Lack of help using the online system	11%	3%	11%
Unable to obtain help with applying and using the scheme	6%	3%	6%
Other issue	12%	20%	12%
<i>Number of families</i>	<i>3,066</i>	<i>30</i>	<i>3,096</i>

Source: Parents' survey.

Table 19 presents the prevalence of issues for different types of applications, including a mix of universal and income-assessed applications for some parents who made multiple applications. Somewhat surprisingly, given the difference in requirements for the two types of applications, the prevalence of problems is quite similar across the different application types.

Table 19: Issues with applying for and using the scheme for parents by application type

Proportion with issue	Universal only	Income assessed only	Both universal and income assessed
A delay in the processing of the Public Services Card/MyGovID	6%	3%	4%
Lack of technology or internet access to use online application	2%	4%	4%
Too much form-filling/information required	8%	9%	9%
NCS registration emails being lost in spam folders	7%	9%	7%
CHICKs being accidentally cancelled	7%	4%	8%
Having to notify providers when making registration changes	12%	9%	11%
Problems because providers and parents cannot access the same information	16%	13%	14%
Difficulty in locating guidance documents	9%	7%	7%
Difficulty in understanding guidance	11%	10%	13%
Lack of help using the online system	11%	9%	13%
Unable to obtain help with applying and using the scheme	5%	6%	8%
Other issue	14%	12%	9%
<i>Number of families</i>	<i>857</i>	<i>1,233</i>	<i>464</i>

Source: Parents' survey.

Notes: Parents with multiple applications could have both application types. Sponsor applications are not included because only one survey respondent had a sponsor application and also had other types of applications.

Table 20: Issues with applying for and using the scheme for parents by time of first application

Proportion with issue	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
A delay in the processing of the Public Services Card/MyGovID	4%	6%	4%	4%	5%	10%	4%
Lack of technology or internet access to use online application	5%	3%	4%	5%	3%	2%	3%
Too much form-filling/information required	8%	11%	8%	8%	9%	9%	7%
NCS registration emails being lost in spam folders	11%	9%	6%	6%	6%	6%	9%
CHICKs being accidentally cancelled	9%	6%	3%	3%	4%	0%	2%
Having to notify providers when making registration changes	15%	13%	8%	7%	7%	6%	4%
Problems because providers and parents cannot access the same information	21%	16%	9%	9%	9%	10%	4%
Difficulty in locating guidance documents	9%	9%	6%	5%	5%	5%	9%
Difficulty in understanding guidance	11%	14%	7%	10%	7%	9%	9%
Lack of help using the online system	13%	10%	10%	8%	8%	7%	7%
Unable to obtain help with applying and using the scheme	6%	8%	3%	7%	4%	4%	7%
Other issue	14%	11%	11%	10%	14%	11%	18%
<i>Number of families</i>	<i>894</i>	<i>327</i>	<i>201</i>	<i>655</i>	<i>277</i>	<i>141</i>	<i>123</i>

Source: Parents' survey.

Table 20 presents the prevalence of issues by time of first application. To note, the longer the time since first application, the greater the probability of issues because parents are more likely to have made multiple applications. Yet there is a distinct drop in the proportion of parents reporting issues after the first quarter in 2020. The exceptions to this are the proportions reporting delays in the processing of the Public Services Card or MyGovID (which spiked in the first quarter of 2021¹⁰⁷) and the proportions reporting a lack of technology or internet access for online applications and too much form-filling or information required (which have remained reasonably constant over time). This is consistent with initial issues in the operation of the system being reduced (if not completely addressed) quite quickly after the start of operations, while other issues which are more difficult to address through administrative delivery (such as the burden of information requirements and technological access) have tended to remain at the same level.

Table 21: Mean number of issues by application characteristics

	Mean number of issues	Number of families
Online application	1.03	3,066
Offline application	1.10	30
Universal	1.06	857
Income assessed	0.96	1,233
Universal and income assessed	1.09	464
First application in		
Q4 2019	1.25	894
Q1 2020	1.17	327
Q2 2020	0.82	201
Q3 2020	0.82	655
Q4 2020	0.82	277
Q1 2021	0.77	141
Q2 2021	0.83	123
All	1.03	3,116

Source: Parents' survey.

Notes: Parents with multiple applications could have both application types. Sponsor applications are not included because only one parent in the survey had a sponsor application and also had other types of applications.

Less than half (41%) of parents in the survey did not report any issues with applying for or using the scheme, while just over a third (37%) reported a single issue. Some

¹⁰⁷The processing of the Public Services Card and MyGovID take place outside of the NCS and access to the Public Services Card was more challenging during the pandemic due to the closure of local DSP offices.

10% reported exactly two issues, while the remaining 12% reported three or more. Reflecting reasonably low prevalence for each issue, multiple issues were not common.

The mean number of issues reported was 1.03. Reflecting the patterns seen for each issue separately, the mean number of issues was higher for offline applications than online ones (driven by the three issues which affected offline applications to a substantial degree) (table 21). Combining the mix of differences across application types for individual issues, the mean number was lower for applicants who had only made income-assessed applications. Table 21 also shows how dramatically the mean number of issues dropped after the first quarter in 2020 as initial system issues were reduced.

Tables 22 and 23 present the mean numbers of issues for different types of families and across different areas. The tables show:

- The mean number of issues was higher for couple families than single parents, regardless of working status. The family type experiencing the highest number of issues was couples with at least one parent not working.
- Families with multiple preschool children experienced the highest number of issues, while those with a mix of preschool and school children reported a higher mean number of issues than those with a single preschool child or only school children.
- The mean number of issues increased with household income, with those in the top band reporting an average of 1.13 issues compared to 0.94 in the lowest band.
- The mean number of issues across different levels of local disadvantage reflected a similar, although not quite so clear,¹⁰⁸ pattern as that for household income: more affluent areas reported more issues than more disadvantaged areas.
- The mean number of issues was distinctly higher among families living in the Mid-East than in other regions and distinctly lower among those living in the South-East.

Some of these patterns may be explained by families experiencing or perceiving more issues when their use of the scheme is more complex. For example, having a mix of parents who are working and not working could indicate that circumstances changed, leading to multiple applications. Or having a mix of preschool children with and without eligibility for ECCE or having a mix of preschool and school children could make understanding differences in subsidised hours (and rates) more complex or could mean that the parents must use multiple providers. The relationship between more issues and higher income in itself is surprising as more affluent families are usually better able to manage administrative demands. This relationship may reflect that higher-income families have a more complex application experience because of more complex financial

¹⁰⁸ Household income will tend to identify any relationships more clearly than local area disadvantage because affluent families can reside in areas which are, on average, disadvantaged and disadvantaged ones can reside in areas which are, on average, affluent.

arrangements such as income from self-employment. Or it could result from higher-income families being more likely to be couples or to have multiple children.

Table 22: Mean number of issues by family characteristics

	Mean number of issues	Number of families
Couple both working full time		
Couple with at least one working part time	1.05	1,557
Couple with at least one not working	1.01	357
Single parent working full time	1.15	314
Single parent working part time	0.98	403
Single parent not working	0.91	268
	0.97	169
Children currently receiving support:		
No children	1.18	50
One preschool child	0.98	2,002
Multiple preschool children	1.29	436
School children only	0.95	165
Mix of preschool and school	1.07	169
Household annual income		
Less than €20k	0.94	361
€20k to less than €40k	0.93	599
€40k to less than €60k	1.07	537
€60k to less than €80k	1.01	401
€80k to less than €100k	1.15	267
€100k or more	1.13	543
All	1.03	3,116

Source: Parents' survey.

Table 23: Mean number of issues by local area characteristics

	Mean number of issues	Number of families
Local deprivation:		
Affluent	1.11	287
Marginally above average	1.13	718
Marginally below average	0.99	829
Disadvantaged	1.08	356
Extremely/very disadvantaged	0.64	111
Region:		
Border	1.08	233
Dublin	1.07	1,030
Mid-East	1.16	214
Mid-West	0.96	127
Midlands	0.98	245
South-East	0.87	503
South-West	1.05	415
West	1.09	338
All	1.03	3,116

Source: Parents' survey

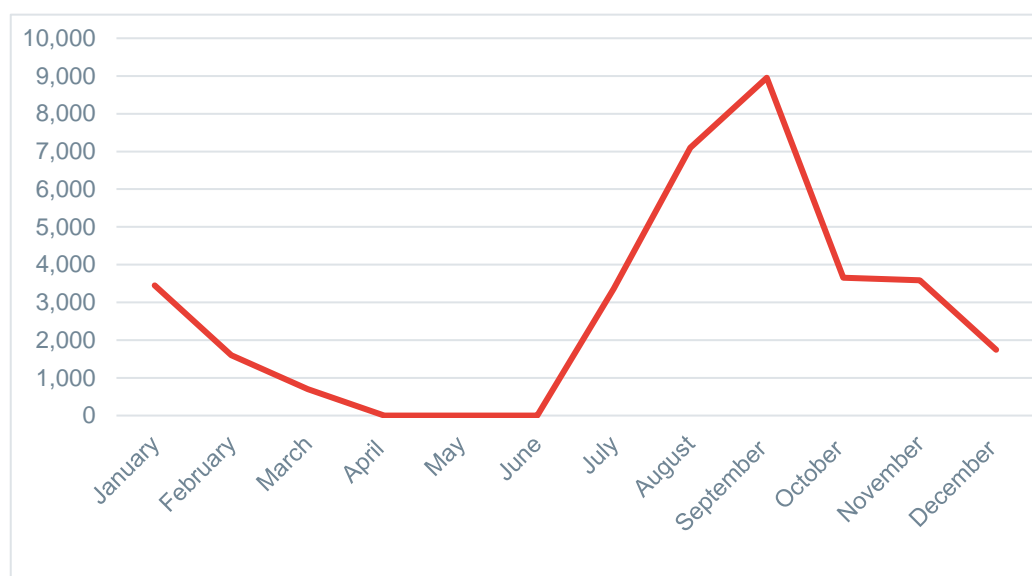
4.4 Administration experience for providers

Use of support services for providers

The telephone support service for providers was closed between April and June 2020 due to the Covid-19 pandemic but took 34,160 calls in the remaining nine months of the year. As shown in figure 3, calls were highest in August and September.

Table 24 presents the top five call categories for each month when the centre was operating. Queries about NCS registrations dominated in every month, while the number of questions related to on-boarding was the second highest until September and NCS returns was a regular issue throughout the year.¹⁰⁹

¹⁰⁹ The total number of calls about NCS registration was 7,328, constituting 21% of all calls, while calls to the top five categories constituted only 30% of all calls (10,118 calls from a total of 34,160). This suggests that there was a long list of other categories or that many calls could not be categorised.

Figure 3: Monthly numbers of calls to the Provider Support Centre in 2020

Source: Reference [30].

Notes: Inbound telephone lines were closed during April to June.

Table 24: Monthly top five call categories for the Provider Support Centre

	Jan	Feb	Mar	Jul	Aug	Sep	Oct	Nov	Dec
NCS registrations	1035	922	890	734	614	1233	853	654	393
On-boarding	266	159	187	160	134				
NCS returns	116	68	80	48		96	92	108	47
NCS programmes	78	62	72						
Registrations	70								
NCS payments		55	68			47	43	45	54
Fees list/Calendar				22	39				41
Login credentials				21					
General					49				
Parent queries					28	63	48		
EYP						161			
Programme queries							42	26	
Claim queries								33	62

Source: Reference [30].

Notes: Inbound telephone lines were closed during April to June.

Administration issues for providers

Feedback from providers and other stakeholders on the scheme administration and technical operation of the HIVE platform included a wide range of issues and suggestions for improvements. This feedback covered issues and recommendations with respect to administrative burden, system developments for the HIVE, current registration process, co-payments process, programme readiness and training. It should be noted that some of these issues may have subsequently been addressed by the Scheme Administrator since being raised.¹¹⁰

Providers raised concern about increased administrative burden:

- Submitting claims would be less time-consuming and less expensive if they could be submitted every month instead of every week.¹¹¹
- The administrative burden has been increased by the requirement to monitor age changes and record registration renewals and birthdays for individual children.¹¹²

Suggestions for HIVE system developments include:¹¹³

- A facility to select more than one source under the Allocation Source filer;
- A facility to view the number of weeks that a child is registered for, any upcoming changes to subsidies and a breakdown of the number of weeks and subsidies for each child;
- Greater clarity on remittance for overpayments and when repayment is offset against funding;
- A master page to link to all the how-to training and FAQs;
- Increased font size on the tabs to make the options more prominent;
- Clarification of the meaning of “approved” and “provisional” in allocations; and
- Retention of funding on the payments page for the period between “payment due” and payments arriving into the bank account.

Pobal reported that most of these issues were currently (July 2021) under review. With reference to accessing guidance, how-to training and FAQs, Pobal reported that provider announcements regularly include links to the available guidance pages on HIVE or step-by-step guidance on the tasks they are requesting. Detailed guides, training videos and FAQs are currently available under the Help & Support page on the HIVE, accessible by keyword-friendly page headings. A search bar functionality is currently being added to the authenticated (logged in) version of the HIVE. In addition, the Early Years Provider Centre is available for queries. Pobal also reported that clarification of the meaning of “approved” and “provisional” in allocations is now included in the training materials.

¹¹⁰ Much of this feedback arose at sessions with representatives of early years service providers during January and February 2021.

¹¹¹ Reference [39].

¹¹² Reference [38].

¹¹³ References [11] and [31].

Suggestions for the registration process include:¹¹⁴

- A facility to see the total number of registrations at the top of the registration list to help track changes;
- Retention of draft registrations until the end of the programme year;
- Addressing issues with the bulk editing function, which does not always operate correctly;
- Greater clarity and explanation for errors when inputting information;
- Removal of the need to exit and re-enter when editing registrations;
- Reminders to update registrations; and
- Addressing the issue that the notification icon upon login indicates there are unread messages but there are actually no new unread notifications.

Pobal again reported that most of these issues were currently (July 2021) under review. It was reported that the bulk editing function passed recent testing and that the notifications icon should remove unread messages once messages have been read.

Suggestions for the process to calculate co-payments include:¹¹⁵

- Reducing the complexity and administrative burden of this process. Providers reported employing specific staff or purchasing software for this function;
- Notifications to providers when CHICKs are no longer valid to avoid errors which have implications for providers' finances;
- Prompts to advise providers when a subsidy for a child changes, for example, due to a change in age; and
- All children having the same annual renewal date, to simplify the system.

Pobal reported that there was currently (July 2021) a co-payment project underway to assist providers in the calculation of co-payments, to reduce the administrative burden and deliver a consistent approach to the calculation of co-payments. A first phase aims to facilitate calculations for registered children on NCS, while the second phase aims to deliver a basic tool for providers to offer estimates of co-payments for parents at the pre-registration stage. Pobal also reported that updates to notifications now mean that the providers are notified 30 days and 10 days in advance of claims ending.¹¹⁶ Prompts to advise of forthcoming subsidy changes are being considered under a review of the registrations and claims process.

¹¹⁴ References [12] and [33].

¹¹⁵ Reference [32].

¹¹⁶ But there are some instances when the provider will not receive any notice of a claim end, for example, when a parent makes changes to their application that result in the award ending.

Programme readiness tasks require submitting bank account details, Tusla registration, service calendar, fees list and NCS Programme Application. Suggestions for improving this process include¹¹⁷:

- A longer lead-in time for providers to complete programme readiness tasks;
- A calendar rather than a week's display on HIVE;
- A facility to edit the fee amount across all lines;
- A facility to copy over fees from the previous year if they have not changed;
- A facility to copy over qualifications from the previous year if they have not changed;
- A clearer and more structured presentation of fees;
- A template for fees policies;
- Sending of emails to providers as well as issuing notifications; and
- Use of PPSN to link children rather than names, as foreign language names can be difficult to spell consistently without foreign language keyboards.

Pobal reported that the NCS calendar had been designed differently to the calendars on the Programmes Implementation Platform (PIP) to improve the user experience and flexibility, meaning that providers do not need to update their calendar on an annual basis. It was reported that a function to edit all fee lines could make fee list editing very cumbersome for providers with multiple fee options. Systems development projects for both of these could be considered in the future. DCEDIY advised against a function to copy over qualifications from one year to the next as qualifications should be checked every year. The presentation of fees and a template for fee policies is currently under review. On the sending of emails to providers, it was reported that the use of notifications was to reduce the level of emails received by providers, although some notifications do trigger an email to advise providers to check their notifications.

Finally, the following suggestions were made regarding support and training:

- Support should be available in the form of guidance documents and video to suit different user styles.
- Ongoing training for programme readiness should be provided for newly established services and for new users of HIVE.¹¹⁸

Overall, most feedback was about improving the usability of the systems rather than issues with the systems failing to operate correctly.

Similar to the approach for the parents' survey, these issues were collated into a short summary list and providers currently under contract to offer the NCS were asked whether they had experienced each one in the review survey in May 2021. In addition, providers were asked whether the issue was ongoing at the time of the survey.

¹¹⁷ References [13] and [34].

¹¹⁸ Pobal reported that there are on-boarding guides available on the on-boarding page and guidance is available elsewhere, but the location of support will be reviewed to improve accessibility.

Table 25: Administration issues for services

Proportion of services with issues	Ever an issue	Currently an issue
Portal difficult to access	39%	15%
Portal crashing or too slow	53%	33%
Inadequate information and explanation on portal	47%	32%
Inadequate range of options on portal	29%	23%
Problems with receiving notifications	29%	23%
Cumbersome management for registration lists and co-payments	40%	34%
Problems with CHICKs	58%	40%
Problems with notification of subsidy changes	42%	36%
Co-payment calculation too complex and time-consuming	45%	38%
Difficulties answering parents' questions on the scheme	46%	0%
Problems arising from providers and parents unable to access same information	58%	45%
Difficult to access how-to training and FAQs	15%	11%
Problems with obtaining help on specific issues/communication with scheme advisers	41%	29%
Other issues	13%	9%
<i>Number of services</i>	<i>968</i>	<i>968</i>

Source: Survey of services offering NCS.

Substantial proportions of providers reported that they had experienced most of the issues (table 25). Most issues had been experienced by 40% or more of providers, with problems with CHICKs and problems arising from providers and parents not being able to see the same information being the most commonly reported issues (each by 58%). The least common issue was difficulty in accessing how-to training and FAQs (reported by 15%).

The proportions which reported that issues were ongoing were slightly lower than the “ever an issue” proportions for most categories. This may reflect that the prevalence of the issues is declining over time or (possibly more likely) that current

experiences will always be lower than “ever” ones even if the prevalence is unchanged. The only issues where the current proportions are considerably lower than the “ever” ones are for the portal being difficult to access, the portal crashing or being too slow, and difficulties answering parents’ questions about the scheme. This suggests that the prevalence of these issues may have reduced.

Given the high prevalence of so many issues, it is not surprising that only 3% of providers did not report any issues, while around half (51%) reported between one and five issues and 45% reported more than five issues (with the maximum of 14 reported by 2% of providers). Regarding ongoing issues, 15% reported no issues, 58% reported between one and five, and 26% reported five or more.

Table 26: Mean numbers of administration issues across service characteristics

	Mean number of issues ever	Mean number of current issues	Number of services
Private	5.9	3.9	431
Community	5.0	3.1	257
Annual opening weeks			
38 weeks or fewer	4.2	2.5	255
39 to 49 weeks	5.3	3.4	196
50 weeks or more	6.4	4.4	492
Single-site service	4.9	3.1	162
Multisite service (chain)	5.7	3.8	526
Border	5.8	4.0	90
Dublin	5.5	3.7	242
Mid-East	5.3	3.5	56
Mid-West	5.5	3.5	67
Midlands	6.0	4.2	100
South-East	5.6	3.7	176
South-West	5.1	3.0	101
West	5.6	3.6	120
All	5.6	3.7	968

Source: Survey of services offering NCS

Notes: All services includes 280 which could not be matched to administrative data and have missing data for the type of service and whether single site or multisite.

The mean number of issues ever experienced was 5.6 and the mean number of ongoing issues was 3.7. The mean number of “ever” and ongoing issues was

higher for private providers than community providers, for providers which open for more weeks each year, and for multisite providers than single-site ones (table 26). The highest prevalence of “ever” and ongoing issues was in the Midlands, while the lowest was in the South-West, although the small numbers of providers in the survey in each region cautions against drawing strong conclusions from this.

Improvements in administration

The administrative challenges faced by providers have been recognised by the Scheme Administrator, Pobal.¹¹⁹ The NCS is understood to have been a substantial administrative change for providers, with greater complexity in registration arrangements compared to previous schemes, and tools for co-payments and attendance could be improved to better meet providers’ needs.

A Super User Forum has provided Pobal with feedback from providers, with notable contributions for improving the programme readiness and payments elements. Other sources of feedback are the Early Years Contact Centre and the Parent Support Centre, which identify areas to review and plan improvements. The appeals and complaints team, through their corrective and preventative actions process, also actively seek to identify quality improvements in the delivery of the NCS. A key remaining challenge is registration, although there have been some improvements, including the provision of claim-end notifications.

Some limitations on the ability of Pobal to respond (or respond quickly) to issues should be noted:

- Some issues are questions of policy which are outside of Pobal’s remit. For example, weekly claims are a policy parameter and cannot be modified by the Scheme Administrator.
- The Pobal processes depend upon inputs from other parts of government and Pobal’s ability to rectify issues when these other organisations do not deliver as intended is limited.
- Changes need to be analysed to ensure that they meet most users’ needs rather than just responding to a small number of unusual cases.
- Developing complex tools (such as the co-payments tool) are large projects and require time to complete.
- Limited resources to address a number of issues means that a triage approach is taken to prioritise the most urgent and (more easily) achievable needs.

In spite of these limitations, Pobal intends to continue to build out further on the NCS systems and to develop additional features and functionality.

¹¹⁹ This section is drawn from an informal discussion with representatives from Pobal.

5. PARENTAL UPTAKE

This chapter examines the use and uptake of the NCS by parents. The first section provides an overview of application and claim numbers. The second section presents the profiles of applicants and claimants and measures of uptake for different types of application and family and local area characteristics. The third section analyses data on the accessibility of the scheme for all parents, while the final section considers the evidence on access for vulnerable families, including the effectiveness of sponsor referrals.

Key findings

- Up until the end of March 2021, applications to the NCS had been made for 93,902 children, with 94% (88,088 children) being awarded one or more CHICKs. However, only 55% (51,782 children) had made a claim and benefitted from a subsidy payment.
- More than half (58%) of applicants¹²⁰ had applied for the income-assessed subsidy (58%), while 26% had applied for the universal subsidy and 14% had multiple applications covering both types. Sponsor referrals constituted 1% of applicants. Almost all applications were made online. Uptake (proportion of applicants with a claim) was higher for those with sponsor referrals (69%), but similar for universal (54%) and income-assessed (51%) applications.
- As a proportion of the population, it is estimated that around 9% of children up to the age of 15 had an application and around 5% had a claim. These proportions were highest for children under age three (around a third are estimated to have had an application and around 20% had a claim), reflecting use of ECCE for children from age three and lower use of formal childcare for children from age five.
- Most applicants (72%) were under the age of five, while 28% were aged five or older. Around two-thirds of applicants were from areas of around average disadvantage, with almost one in ten (9%) from affluent areas and almost a quarter (23%) from disadvantaged areas.¹²¹ Just under a third (31%) had previously availed of CCSP. Among claimants of the income-assessed subsidy, around a third were lone parents, around a third were in families with just one child, and around three-quarters met the work-study test and had an award for enhanced hours.

¹²⁰ Throughout this section, applicants refer to each individual child with an application. Applications covering multiple children are divided into an application (and CHICKs and claims) for each child and multiple applications (and CHICKs and claims) for a given child are combined.

¹²¹ Local disadvantage was captured using the Pobal Haase-Pratschke Deprivation Index. Around average includes those in the marginally above and marginally below average categories. Affluent areas include those in the very affluent and affluent categories (there were no applicants in the extremely affluent category). Disadvantaged areas include those in the disadvantaged, very disadvantaged and extremely disadvantaged categories.

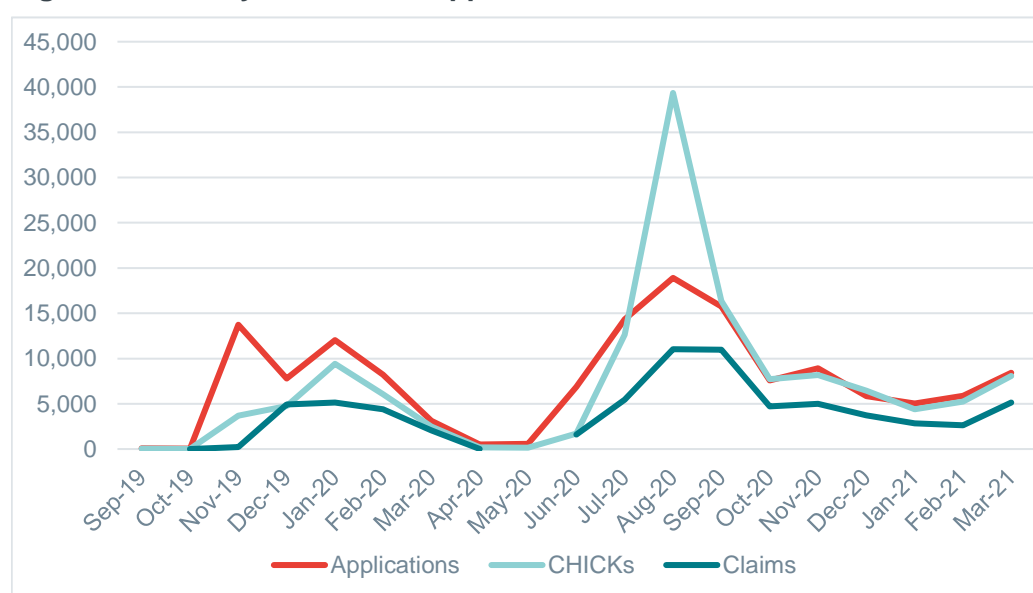
- Uptake (proportion of applicants with a claim) was higher for younger children, ranging from 70% for children under age two to 4% for children aged 13 to 15. Uptake was higher in some regions than others, but there were no differences between urban and rural areas and little difference by local disadvantage level. Uptake was higher for families with prior CCSP claims. Among income-assessed applications, uptake was higher for lone parents, those meeting the work-study test with enhanced hours claims, families with only one child, and families not in the highest income band.
- Awareness of the NCS was not high: 56% of parents with a child under the age of 15 reported that they had been aware of the NCS in September 2020. The most common source of hearing about the NCS among parents with children registered with the NCS was from a childcare provider (reported by 76%), although increasing proportions over time reported word of mouth or from family or friends as the main source.
- High proportions of parents reported that the application process had been very easy (31%) or fairly easy (44%), with smaller proportions reporting it had been difficult (9%) or very difficult (3%). Most parents reported that the application had taken about the time expected or less.
- The application process was more likely to be reported as easier for online applications (as expected) and for income-assessed applications (somewhat surprisingly). It was also more likely to be reported as easier by single parents, families at the lower end of the income distribution and by those living in more disadvantaged areas.
- Evidence on access for vulnerable families was drawn primarily from key informant discussions. These identified a number of barriers for some families. First, some families lack the capability to use the online application, while the offline process carries a high burden. The level of support from CCCs is highly mixed across areas. Second, the sponsor referrals process suffers from a number of weaknesses, including a lack of clarity in the criteria for support, parent reluctance to engage and share information with government bodies, a lack of knowledge or engagement by sponsor bodies, and confusing bureaucracy. Third, there were concerns over the availability of places or reduction in services for families among providers which had previously had high proportions of children in receipt of CCSP due to the lower levels of funding and funded hours under the NCS.

5.1 Overview of application and claim numbers

During the initial 17 months of the NCS (September 2019¹²² to March 2021), there were 143,528 applications for individual children,¹²³ 136,895 CHICKs issued (awards made) and 69,863 claims.¹²⁴

As shown in figure 4, applications were around 10,000 each month during the final two months of 2019 and initial months of 2020 but dropped substantially between March and May 2021 with the onset of the Covid-19 pandemic. The number of applications recovered in June and rose substantially to peak at almost 20,000 in August 2020, before dropping back in September and subsequently remaining at a steady monthly number of between 5,000 and 10,000. The higher numbers in July to September 2020 are likely to have reflected a catch-up following the immediate Covid-19 dip but may have been driven by a pre-new school year batch of applications. At this time, it is not possible to know whether future application patterns will be a steady monthly flow or will exhibit a similar peak in late summer.

Figure 4: Monthly numbers of applications, CHICKs and claims



Source: Frontier Economics analysis of Pobal data.

The CHICKs and claims follow a similar monthly pattern, with two distinctions. First, the number of CHICKs was lower than applications until July 2020 but surged much higher in August 2020 (to almost 40,000) as the processing of CHICKs caught up with the applications from the early months of the scheme. Thereafter, the numbers

¹²² The scheme did not officially launch until 20 November 2019 and the initial months shown here were part of the “soft launch” with a small number of applications.

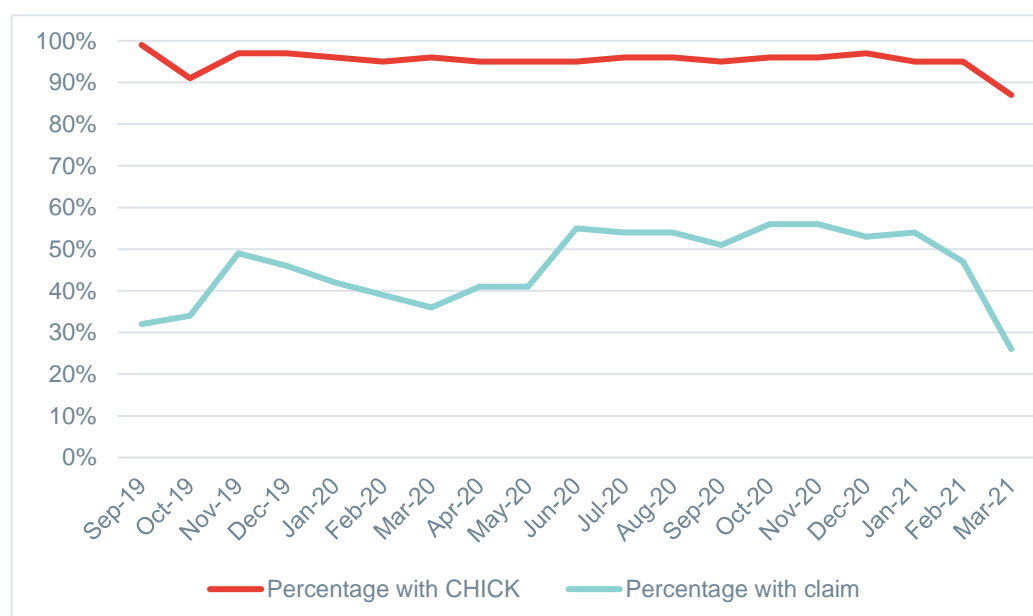
¹²³ Technically, an application can cover more than one child, but this analysis counts applications separately for each child in order to match that each child must have an individual CHICK. Consequently, the number of applications in figure 4 for 2019 and 2020 are higher than reported in reference [35], section 2.2, page 12. The figure presented here has 21,645 applications for individual children in 2019 compared to 14,800 reported in reference [35] and has 102,572 applications for individual children in 2020 compared to 71,654 reported in reference [35].

¹²⁴ All data in this section is from Frontier analysis of the Pobal application data (see section 2.2).

of applications and CHICKs were very close, reflecting a quicker response rate (as shown in the average processing times in tables 15 and 16 above). Second, the monthly numbers of claims were substantially lower than the numbers of applications and CHICKs throughout and tended to lag behind the applications and CHICKs until September 2020 when the steps to obtaining support appear to have become quicker.

Across the initial period from November 2019 to March 2021, 95% of applications resulted in a CHICK (support being awarded), but only 45% of applications led to a claim. Figure 5 shows how the proportion of applications resulting in a CHICK was fairly constant across the period, with some variation in the first two months (during the “soft launch”) and the final month (when some were presumably still being processed). In contrast, the proportion of applications resulting in a claim declined from around 50% in November to just above 35% in March 2020, remained low during the initial months of the pandemic and rose to a reasonably constant 51% to 56% from June 2020 (excepting the dip in March 2021 when some applications were presumably in the process of being claimed). Hence, the longer-term claim proportion appears to be around 55%.

Figure 5: Proportions of applications leading to CHICKs and claims by application month



Source: Frontier Economics analysis of Pobal data.

Over the initial 17 months, 3% of applications were made offline, with 97% made online.¹²⁵ The offline application process was launched on 13 March 2020 and the numbers remained negligible until July (figure 6) when they constituted 3% of all applications. This proportion was 5% in all months since September, except for two small peaks of 8% in October 2020 and 7% in November 2020 (although the

¹²⁵ Reference [35] reports that 4% of applications were made offline in 2020 (page 12), compared to 3% for 2020 in the data used here. The small difference is most likely due to the use of applications for individual children in this analysis.

absolute number of online applications peaked in September 2020). This suggests that, longer term, offline applications may constitute around 5% of all applications.

Figure 6: Monthly numbers of applications by application mode



Source: Frontier Economics analysis of Pobal data

Figure 7: Monthly numbers of applications by application type



Source: Frontier Economics analysis of Pobal data.

Across the initial 17 months, there were 45,390 applications for the universal subsidy, 96,187 for the income-assessed subsidy and 1,951 sponsored applications. Overall, therefore, around one-third (32%) of applications were for the universal subsidy and two-thirds (67%) were for the income-assessed subsidy,

while a very small proportion (1%) were sponsored applications.¹²⁶ Figure 7 shows that the split between universal and income-assessed applications was reasonably constant across the period. The number of sponsored applications increased from September 2020 and have constituted an average of 3% of applications since then.

In 2020, half of the sponsor applications were received from the child and family agency (Tusla), while 28% were from local authorities, 13% from the Department for Justice, 9% from the Health Service Executive (HSE) and less than 1% from the Department of Education.¹²⁷

5.2 Profiles of applicants and claimants and measures of uptake

This section explores the profiles of applicants and claimants and measures of uptake using child-level data. Whereas the previous section counted all applications, CHICKs and claims regardless of whether there were multiple cases for the same child, this section uses data which counts each child only once regardless of the number of applications, CHICKs and claims.¹²⁸ The purpose of this is to present more clearly the numbers of children (and which type of children) are benefitting from the NCS.

Number of children using the NCS

During the initial 17 months of the NCS (September 2019¹²⁹ to March 2021), 93,902 children had at least one application to the NCS, 88,088 children received at least one CHICK and 51,782 had at least one claim. As noted at the start of the previous section, these children created a total of 143,528 applications, which led to 136,895 CHICKs awarded and 69,863 claims.

In 2020 alone, 41,882 children had a claim and benefitted from the NCS. This compares to 108,204 benefitting from ECCE and 82,811¹³⁰ from CCS (including CCSP and CCSU) and TEC in 2018/19.¹³¹

Figure 8 shows the numbers of children with a first application, first CHICK and first claim each month.¹³² This shows the numbers of children reaching each stage for the first time.¹³³ The patterns mirror those for all applications, CHICKs and

¹²⁶ For applications in 2020, the proportions were 32%, 67% and 2%, which is roughly consistent with the proportions reported in reference [35] of 37%, 61% and 2% for 2020 (page 12). The difference is most likely due to the use of applications for individual children in this analysis.

¹²⁷ Reference [35], page 13. These proportions are for all applications (which can cover multiple children) rather than applications for individual children.

¹²⁸ Technically, this involved reshaping the data from CHICK level to child level so that a single observation contains all the applications, CHICKs and claims for each individual child.

¹²⁹ The scheme did not officially launch until 20 November 2019 and the initial months shown here were part of the “soft launch” with a small number of applications.

¹³⁰ The figure reported in section 5.2 of just over 49,000 excludes 33,743 CCSU beneficiaries which are included here.

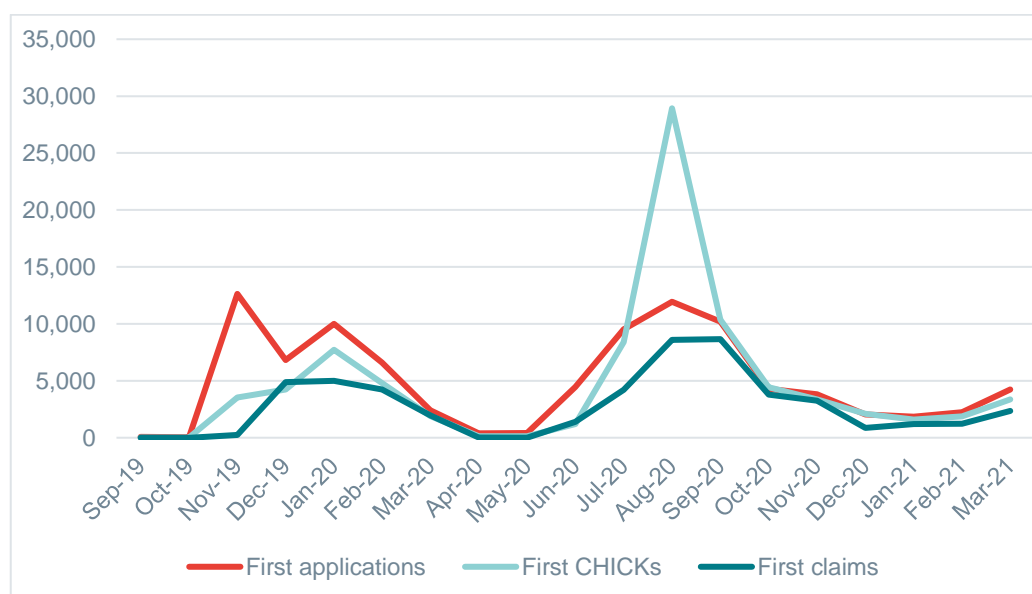
¹³¹ Reference [9], page 8.

¹³² The numbers of children with a first claim were 5,113 in 2019 and 41,882 in 2020. This is broadly consistent with the numbers of children receiving subsidies in reference [35] (5,118 children in 2018 and 46,606 children in 2020, section 2, page 10).

¹³³ To note, some children had multiple applications before the first CHICK or multiple CHICKs before the first claim, and some children had initial CHICKs or claims followed by further applications, CHICKs and claims.

claims shown in figure 4, but the numbers become lower over time, as more of the applications, CHICKs and claims in the earlier figure are second or subsequent ones for a given child.

Figure 8: Numbers of children with first application, first CHICK and first claim by month



Source: Frontier Economics analysis of Pobal data.

Table 27: Number of CHICKs and proportion claimed per child

Proportion of all applicants				
Number of CHICKs	No claims	Some claimed	All claimed	All
None	6%	----	----	6%
1	30%	----	27%	58%
2	7%	9%	10%	25%
3	1%	5%	1%	8%
4 plus	< 1%	3%	< 1%	3%
All	45%	17%	38%	100%

Source: Frontier Economics analysis of Pobal data.

Notes: Columns and rows may not sum to "all" due to rounding. <0.5% indicates a positive percentage which rounds to less than 1%. ---- indicates cells which are not feasible.

Table 27 summarises the numbers of CHICKs and claims for each of the 93,902 children with at least one application. The numbers of applications are not presented because almost all led to a CHICK being awarded and, with the

exception of those with no CHICK, the number of applications were very similar to the number of CHICKs.

The final column of the table shows that 6% of applicants were unsuccessful and were not awarded a CHICK,¹³⁴ while 58% were awarded one CHICK, 25% were awarded two CHICKs and smaller proportions were awarded three or more CHICKs. This is consistent with the short time that the scheme has been in operation: CHICKs must generally be renewed on an annual basis (and sometimes after 6 months), so most children would not have needed to renew within the first 14 months of the scheme (discounting the initial almost three months for the “soft launch”). The small proportion of three or more CHICKs may reflect those with a change in circumstances before the year (or six months) was complete.

The bottom row of the table shows that 45% of applicants had no claim,¹³⁵ including 6% who were not awarded a CHICK.¹³⁶ It also shows that 17% had a claim for some, but not all, CHICKs that had been awarded to them, while 38% had claims for all CHICKs awarded to them.

The interior cells of the table (all bar the “all” column and “all” row) sum to 100% and show the patterns in the combinations of number of CHICKs and number of claims. This shows that there were three main types of applicants:

- Just under a third (30%) had a single CHICK and no claims.
- Just over a quarter (27%) had a single CHICK and one claim.
- Just over a quarter (26%) had two CHICKs and were roughly split across having no claims, one claim and two claims.¹³⁷

It is likely that this picture will change in the future. Children are likely to have more CHICKs and more claims the longer the scheme is in operation and the opportunity for individual children to use the scheme for longer periods increases (requiring more renewals of the CHICK). It is also possible that the number of unclaimed CHICKs may decrease if parents learn more about the scheme or how best to use it.

Interpreting profiles and uptake

The profile of NCS applicants, children with CHICKs and those with a claim (claimants) are presented in the following subsections for:

- Application mode and type;
- Child age;
- Local characteristics covering region, urbanity and local disadvantage level;

¹³⁴ This is consistent with reference [35], which reports that 96% of applications led to a CHICK in 2020 (page 16).

¹³⁵ This is consistent with reference [35], which reports that 54% of applications led to a successful claim in 2020 (page 16).

¹³⁶ This will also include a small number who only received a CHICK towards the end of the period of analysis and had not had time to make a claim.

¹³⁷ The 26% consisted of 7% with no claims, 9% with some (one) claim and 10% with all (two) claims.

- Prior use of CCSP or TEC; and
- Additional characteristics for income-assessed applications, including whether a couple or lone parent, whether parents met the work-study test, standard or enhanced awards, number of children and reckonable income band.

For each characteristic, the following are presented:

- Monthly numbers of first application (in some cases) to consider whether awareness and/or decision to apply varied across the characteristics;
- The profiles of applicants, children with CHICKs and claimants across the characteristics to show how families are applying for the scheme and which types of families are applying to and using the scheme; and
- Measure of uptake, including the proportions of applicants receiving CHICKs and the proportion of those with CHICKs making claims, to consider whether the movement through these steps varied by the characteristics.¹³⁸ In some cases, population statistics were available to measure uptake as the proportions of the subgroups in the population which made an application and the proportion which had a claim.

It should be noted that the measures of uptake can be observed in the profiles for applicants, those with a CHICK and claimants.¹³⁹ However, the explicit measures of uptake are clearer to understand and to observe the magnitudes of differences.

For all children, the uptake from application to CHICK was 98% and from CHICK to claim was 59%. Overall, 55% of those who made an application made a claim, with the key step being uptake in terms of making a claim.

Profiles and uptake by application mode and type

Tables 28 and 29 present the profiles and uptake measures for application mode (online or offline). As the child-level data combined multiple applications, some children had both online and offline applications.

Consistent with the proportion for applications, only a small proportion of children (4%) only had an offline application. However, the proportion of those with claims who had applied offline was slightly higher (5%) and the uptake from application to claim was 68% compared to 55% for those who had applied online. This higher rate for offline applications reflected both a higher proportion of offline applications being awarded CHICKs (98% compared to 94% for online applicants) and a higher proportion of children with CHICKs having a claim (69% compared to 58% for online applicants).

¹³⁸ These proportions were measured as whether they had ever completed the step and not necessarily from the first application or first CHICK.

¹³⁹ If the profiles are identical across all three, it means that all categories must have the same uptake rates. If a category has a growing (declining) proportion through the steps, it means it has a higher (lower) uptake rate.

Table 28: Profile by application mode

	Proportion of applicants	Proportion of children with CHICKs	Proportion of claimants
Online only	96%	95%	95%
Offline only	4%	4%	5%
Both online and offline	<1%	<1%	1%
All	100%	100%	100%

Source: Frontier Economics analysis of Pobal data.

Notes: Columns may not sum to 100% due to rounding. <1% indicates a positive percentage which rounds to less than 1%.

Table 29: Uptake by application mode

	Applied → CHICK	CHICK → claim	Applied → claim
Online only	94%	58%	55%
Offline only	98%	69%	68%
Both online and offline	100%	84%	83%
All	94%	59%	55%

Source: Frontier Economics analysis of Pobal data.

Tables 30 and 31 present the profiles and uptake measures for application type. Again, as the child-level data can combine multiple applications, some children had a mix of application types.

Most children (58%) only applied for the income-assessed subsidy, while around a quarter (26%) only applied for the universal subsidy and most of the remainder (14%) applied for both at different times. Sponsor referrals constituted 1% of applicants. The proportions with each application type for children with claims is very similar. However, table 31 shows that the proportion of applicants awarded a CHICK was lower for those with only income-assessed applications (just 90%), quite likely reflecting that eligibility for the universal subsidy is much simpler to understand prior to application than eligibility for the income-assessed subsidy. The proportion of those with a CHICK making a claim was higher for those with a mix of application types (possibly because multiple applications in themselves make a claim more likely) or with a sponsor application (potentially reflecting a greater and more certain need to use the subsidy).

Table 30: Profile by application type

	Proportion of applicants	Proportion of children with CHICKs	Proportion of claimants
Universal only	26%	28%	26%
Income assessed only	58%	55%	54%
Universal + income assessed	14%	15%	18%
Sponsor only	1%	1%	2%
Sponsor + one/both other	0%	0%	1%
All	100%	100%	100%

Source: Frontier Economics analysis of Pobal data.

Notes: Columns may not sum to 100% due to rounding.

Table 31: Uptake by application type

	Applied → CHICK	CHICK → claim	Applied → claim
Universal only	100%	54%	54%
Income assessed only	90%	58%	51%
Universal + income assessed	100%	71%	71%
Sponsor only	100%	69%	69%
Sponsor + one/both other	100%	86%	86%
All	94%	59%	55%

Source: Frontier Economics analysis of Pobal data.

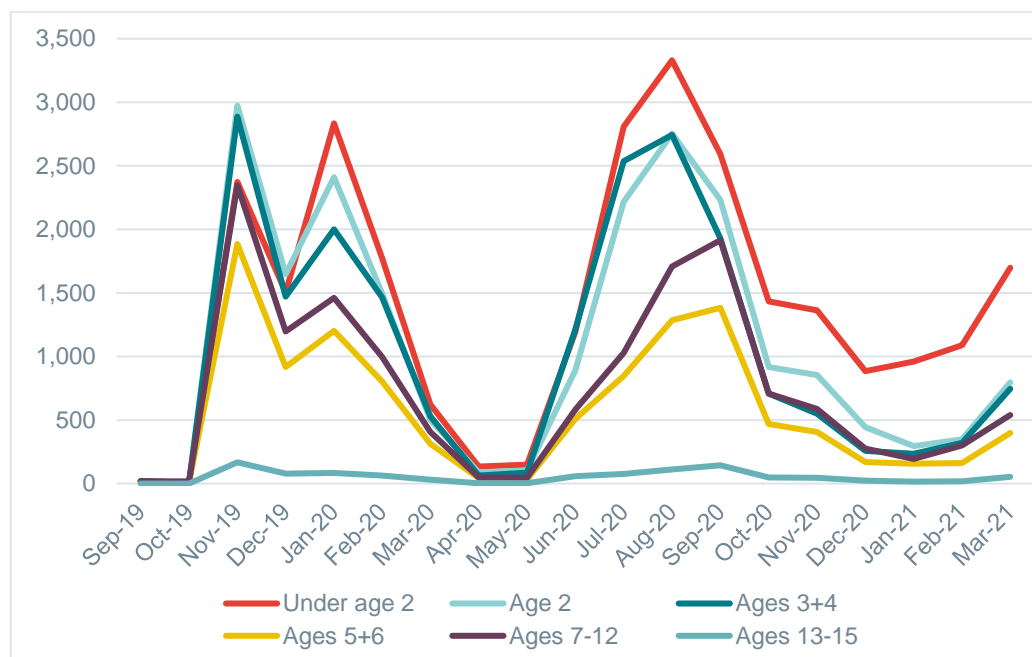
Profiles and uptake by child age

Child age was analysed rather than educational stage because much of the data did not have educational stage, but the ages were grouped to roughly correspond to educational stage.¹⁴⁰

¹⁴⁰ Ages under 2 and age 2 correspond to pre-ECCE (although this stage also contains some three-year-olds). Ages 3+4 correspond to ECCE and Early Start (although these also contain some two-year-olds and some five-year-olds). Ages 5+6 correspond to junior/senior infants (although this stage also contains some four-year-olds and children aged seven plus). Ages 7-12 correspond to 1st to 6th Class (although this stage also contains some

Figure 9 shows the monthly numbers of children making their first application for each of the six age groups. Although at different levels, the patterns across months were very similar for all ages. The main distinctions were that the three older age groups had relatively lower application numbers in June and July 2020 and relatively higher numbers in September (consistent with applications for school children being made at the start of the new school year rather than earlier in the summer, as for younger children) and that applications for children under age two were permanently relatively higher than the other age groups from October 2020.

Figure 9: Numbers of children with first application by age group



Source: Frontier Economics analysis of Pobal data.

Notes: The total numbers of children in the age groups were 26,766 for under age 2, 20,985 for age 2, 19,766 for ages 3+4, 10,996 for ages 5+6, 14,371 for ages 7-12 and 1,018 for ages 13-15.

Almost three-quarters of children with applications to the NCS were under the age of five, with 29% of applicants aged under two, 22% aged two and 21% aged three or four (table 32). The remaining quarter were split roughly equally between the 5+6 age group and the 7-12 age group. However, over a third of claimants (36%) were aged under two and only 19% of claimants were aged five or older.

younger children and some aged 13 and 14). Ages 13-15 correspond to post-primary (although this stage also contains some 12-year-olds).

Table 32: Profile by age group

	Proportion of applicants	Proportion of children with CHICKs	Proportion of claimants
Under age 2	29%	29%	36%
Age 2	22%	23%	26%
Ages 3+4	21%	21%	18%
Ages 5+6	12%	12%	9%
Ages 7-12	15%	15%	10%
Ages 13-15	1%	1%	0%
Total	100%	100%	100%

Source: Frontier Economics analysis of Pobal data.

Notes: Columns may not sum to 100% due to rounding. Age is at time of first application (for unsuccessful applicants) or first CHICK (for successful applicants).

Table 33: Uptake by age group

	Population → apply	Applied → CHICK	CHICK → claim	Applied → claim	Population → claim
Under age 2	28%	95%	74%	70%	20%
Age 2	32%	95%	67%	64%	20%
Ages 3+4	14%	93%	51%	47%	7%
Ages 5+6	8%	93%	47%	43%	3%
Ages 7-12	4%	92%	41%	38%	1%
Ages 13-15	1%	88%	4%	4%	<1%
All	9%	94%	59%	55%	5%

Source: Frontier Economics analysis of Pobal data combined with population statistics for 2016.

Notes: <1% indicates a positive percentage which rounds to less than 1%. Age is at time of first application (for unsuccessful applicants) or first CHICK (for successful applicants).

Table 33 presents the uptake rates by age group, including estimates of the proportions of the population with applications and with claims. The population

uptake estimates use population numbers¹⁴¹ (by child age¹⁴²) from 2016.¹⁴³ The population numbers are point-in-time figures (effectively annual numbers), while the NCS data covers children over 15 months, which means that the uptake levels from the population may be slightly over estimated.

Overall, it is estimated that 9% of the population of children applied for the NCS.¹⁴⁴ The proportion of the population applying for the NCS greatly varied by child age. The estimates indicate that uptake was around a third for children under age three (28% for children under age two and 32% for children aged two) and 14% for children aged three or four, while the uptake for school children was lowest.¹⁴⁵ This most likely reflects the provision of other free care and education as children aged three and older receive ECCE, Early Start or school hours. For the oldest age groups, children are less likely to be using formal childcare¹⁴⁶ because they are more likely to be able to care for themselves or have alternative options to formal childcare.

The proportion of applicants with a CHICK was higher for children aged two and under than for those aged three and older. This most likely reflects that the universal subsidy (which has a higher success rate than the income-assessed subsidy) is only available to children under age three. However, it was also the case that the proportion of children with a CHICK who had a claim was notably higher for children aged two and under than those aged three and older, the reason for which is not clear.

Due to these differences in the uptake between application and claim, the differences in the proportions of the population making a claim and receiving any subsidy disappeared for children under age two and two years old but were wider across the remaining age groups than for the proportions applying. The estimates suggest that 20% of children under age three benefitted from the scheme, while only 7% of children aged three or four and very small proportions of older children did so.

¹⁴¹ Data for 2016 census extracted from <https://data.cso.ie/>.

¹⁴² The population under age two was multiplied by 0.75 to estimate the number between six months (24 weeks) and two years who would be eligible for the NCS. This adjustment was not made for the population estimates by region or urbanity because it would have made so little difference.

¹⁴³ These estimates were checked against child population numbers for 2020 provided by DCEDIY. There were only very minor differences: the population to apply rates were slightly lower for children under age two at 30% and for children aged two at 34%, and the population to claim rate was 21% for children under age two and 22% for children aged two. The population to claim rate was slightly higher for children aged five to six at 4%, and the population to apply rate was slightly lower for children aged seven to 12 at 3%. All other rates were the same using the 2020 population data. The estimates using the 2016 population data are presented to be consistent with the data available for region and urbanity used below.

¹⁴⁴ Allowing for the fact that this proportion covers more than one year of claims while population numbers are for one year, this is broadly consistent with the estimated eligible proportion of 6.6% (reference [3], table 3) based on simulations using 2017 data.

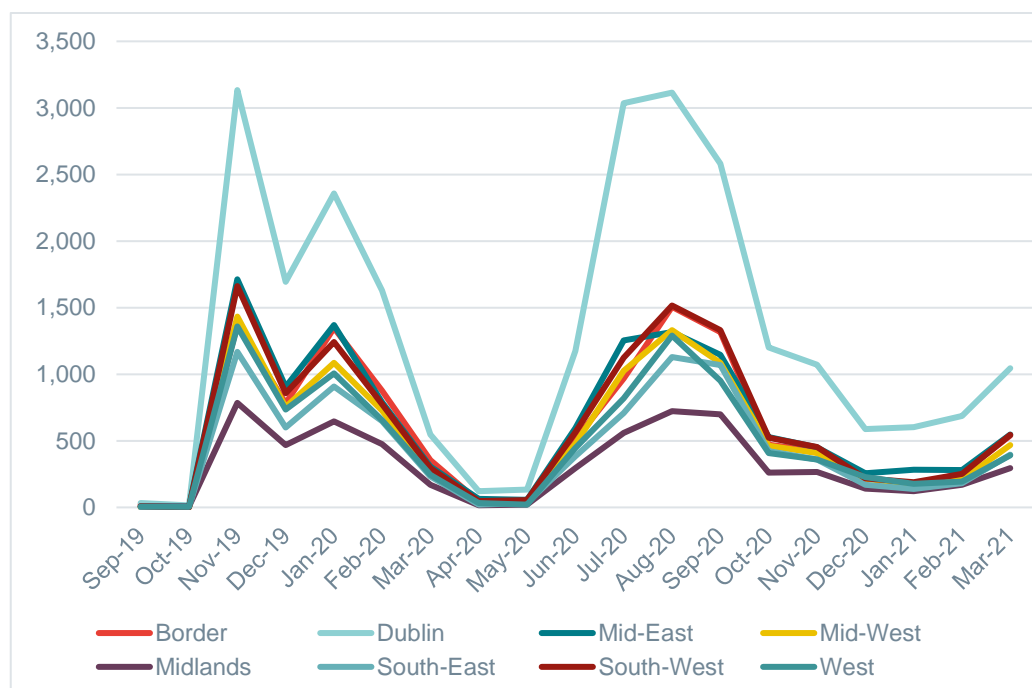
¹⁴⁵ The uptake rates from population to claim are very similar to those reported in reference [35], which uses birth rates in the relevant years to estimate the population numbers. Reference [35] (pages 34 and 44-48) reports uptake rates in 2020 of 15.5% for children aged one, 20.2% for children aged two, 13.5% for children aged three, 6.6% for children aged four, 4.7% for children aged five and 3.2% for children aged six. This roughly corresponds to the 15% for children under age two, 20% for children aged two and 7% for children aged three and four reported here.

¹⁴⁶ Table 5.4 in reference [9] shows that enrolment numbers are dramatically lower for children over age five than for younger children.

Profiles and uptake by region

Figure 10 presents the monthly numbers of children with first applications by region. The patterns were very similar across all regions, with the level consistently higher for Dublin and generally a little lower for the Midlands.

Figure 10: Numbers of children with first application by region



Source: Frontier Economics analysis of Pobal data.

Notes: The total numbers of children in each region were 11,245 (Border), 24,767 (Dublin), 11,872 (Mid-East), 10,176 (Mid-West), 6,118 (Midlands), 8,576 (South-East), 11,660 (South-West) and 9,333 (West).

Across the entire period, just over a quarter (26%) of applicants were from Dublin, with around 10% from each of the other seven regions (table 34). The profile across regions for children with CHICKs and claims was almost identical.

Table 35 presents the uptake rates by region including estimates of the proportions of the child population (up to age 15) with applications and with claims (with the same caveats as above around the population numbers being from 2016). There was some variation in the estimated application rate among the population across the regions, with the highest proportion (15%) in the Mid-West and the lowest (6%) in the Midlands. There was little difference in the proportion of applicants awarded a CHICK across regions or in the proportion of those with a CHICK with a claim, with the exception of a slightly lower claim rate in the Midlands. Consequently, the estimated proportion of the population with a claim varied across regions with the same pattern as applications, ranging from 3% in the Midlands to 8% in the Mid-West.¹⁴⁷

¹⁴⁷ Reference [35] presents population to claim uptake rates by child age and county (pages 34-35 and 44-46). These range from 1.9% to 28.6% across the 26 counties and six age groups.

Table 34: Profile by region

	Proportion of applicants	Proportion of children with CHICKs	Proportion of claimants
Border	12%	12%	12%
Dublin	26%	27%	27%
Mid-East	13%	13%	12%
Mid-West	11%	11%	11%
Midlands	7%	6%	6%
South-East	9%	9%	9%
South-West	12%	12%	12%
West	10%	10%	10%
Total	100%	100%	100%

Source: Frontier Economics analysis of Pobal data.

Notes: Columns may not sum to 100% due to rounding. <0.5% indicates a positive percentage which rounds to less than 1%.

Table 35: Uptake by region

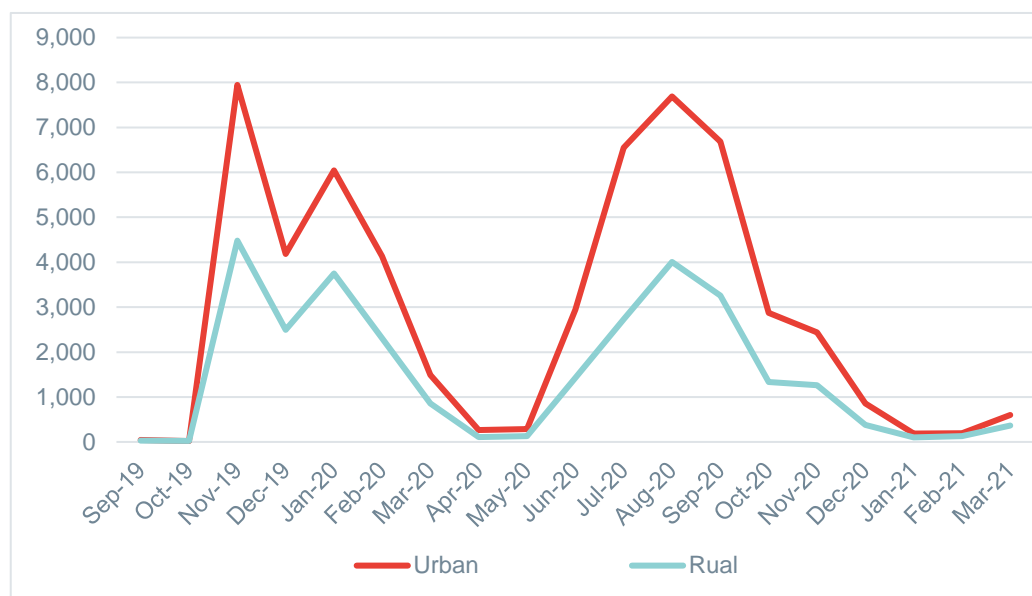
	Population → apply	Applied → CHICK	CHICK → claim	Applied → claim	Population → claim
Border	13%	92%	60%	55%	7%
Dublin	9%	95%	58%	56%	5%
Mid-East	7%	94%	57%	54%	4%
Mid-West	15%	93%	59%	55%	8%
Midlands	6%	93%	54%	51%	3%
South-East	9%	93%	61%	56%	5%
South-West	8%	94%	59%	55%	4%
West	10%	93%	60%	56%	5%
All	9%	94%	59%	55%	5%

Source: Frontier Economics analysis of Pobal data combined with population statistics for 2016.

Profiles and uptake by urbanity

Figure 11 presents the monthly numbers of first applications by urban and rural areas. The patterns for both types of areas are similar, with the numbers for rural areas consistently lower than those for urban areas.

Figure 11: Numbers of children with first application by urban-rural



Source: Frontier Economics analysis of Pobal data.

Notes: The total number of children was 55,431 in urban areas and 29,193 in rural areas.

Overall, two-thirds (66%) of first applications were from children in urban areas and one-third (34%) from children in rural areas (table 36). These proportions were almost identical for children with CHICKs and for claimants.

Table 37 indicates that there was almost no difference in the estimated proportions of the child population with first applications between urban and rural areas and no difference in the proportions of applicants being awarded CHICKs and the proportion of children with CHICKs with claims. Consequently, the estimated proportion of the child population with claims was almost identical for both types of area.

Table 36: Profile by urban-rural

	Proportion of applicants	Proportion of children with CHICKs	Proportion of claimants
Urban	66%	66%	65%
Rural	34%	34%	35%
Total	100%	100%	100%

Source: Frontier Economics analysis of Pobal data.

Notes: Columns may not sum to 100% due to rounding.

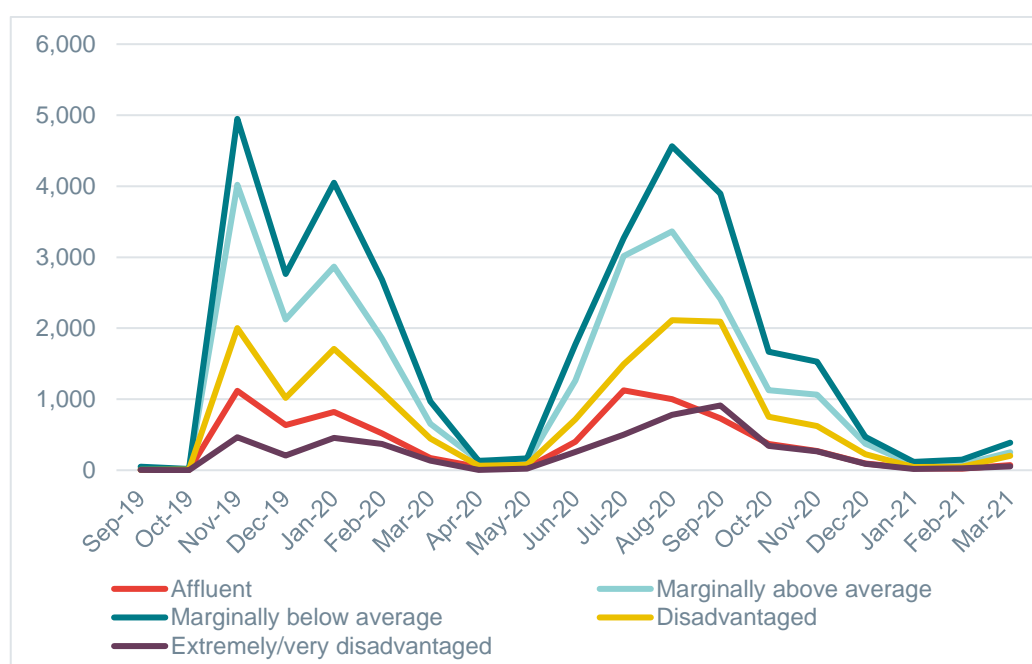
Table 37: Uptake by urban-rural

	Population → apply	Applied → CHICK	CHICK → claim	Applied → claim	Population → claim
Urban	9%	94%	60%	57%	5%
Rural	7%	93%	61%	57%	4%
Total	8%	94%	61%	57%	5%

Source: Frontier Economics analysis of Pobal data combined with population statistics for 2016.

Profiles and uptake by local disadvantage level

The patterns in the monthly numbers of first applications were similar across areas with different levels of disadvantage during the first half of 2020 (figure 12).¹⁴⁸

Figure 12: Numbers of children with first application by area disadvantage

Source: Frontier Economics analysis of Pobal data.

Notes: The total numbers of children were 7,475 in affluent areas, 24,826 in marginally above average areas, 33,590 in marginally below average areas, 14,734 in disadvantaged areas and 4,913 in extremely and very disadvantaged areas.

Interestingly, there was some divergence in the second half of the year, with numbers initially rising more quickly in the three more affluent types of areas

¹⁴⁸ Local deprivation is measured using the Pobal Haase-Pratschke Deprivation Index, which captures the relative affluence or disadvantage of a particular geographical area using data from the National Census on unemployment, educational attainment and population change for each electoral division (ED). Five categories were used here, combining "affluent" and "very affluent" into a single "affluent" category and combining "very disadvantaged" and "extremely disadvantaged" together. There were no applications recorded as being from "extremely affluent" areas.

(affluent, marginally above average and marginally below average) before numbers in the disadvantaged and extremely/very disadvantaged areas began to rise. Indeed, the order of the timing of the peaks in numbers in the second half of 2020 follows exactly from the most affluent to the most disadvantaged area.

Around two-thirds of applicants were from areas marginally above or marginally below average (29% and 39%), with almost one in ten (9%) from affluent areas and almost a quarter (23%) from disadvantaged areas (table 38). These proportions were identical for children with CHICKs and children with claims.

Table 38: Profile by area disadvantage

	Proportion of applicants	Proportion of children with CHICKs	Proportion of claimants
Affluent	9%	9%	9%
Marginally above average	29%	29%	29%
Marginally below average	39%	39%	39%
Disadvantaged	17%	17%	17%
Extremely/very disadvantaged	6%	6%	6%
Total	100%	100%	100%

Source: Frontier Economics analysis of Pobal data.

Table 39: Uptake by area disadvantage

	Applied → CHICK	CHICK → claim	Applied → claim
Affluent	96%	63%	61%
Marginally above average	95%	60%	57%
Marginally below average	93%	61%	57%
Disadvantaged	94%	60%	56%
Extremely/very disadvantaged	94%	59%	55%
All	94%	61%	57%

Source: Frontier Economics analysis of Pobal data.

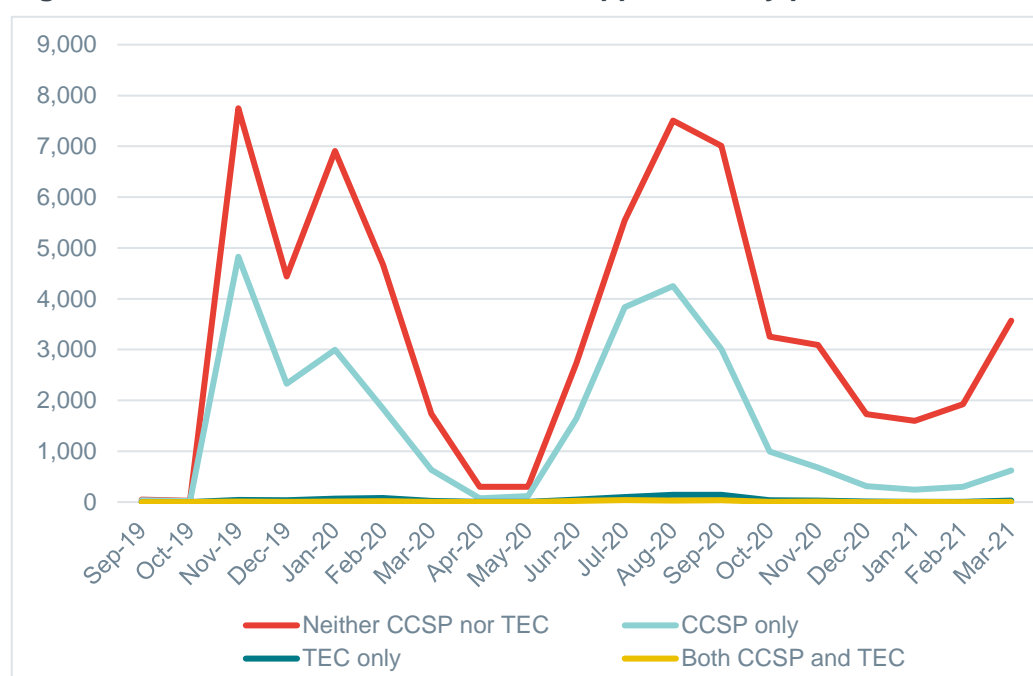
Unfortunately, population numbers for children by this categorisation of area disadvantage could not be identified and it was not possible to estimate population

uptake proportions. However, table 39 shows that the proportion of applicants who were awarded a CHICK and the proportion of children with a CHICK with a claim were very similar across areas with different levels of disadvantage. Although these proportions were slightly higher for the affluent group, this was not sufficient to create any difference between the profile for applicants and the profile for children with claims.

Profiles and uptake by prior CCSP or TEC

Figure 13 presents the monthly number of children with first applications by whether they were previously in receipt of CCSP or TEC (or both). Interestingly, the patterns of first applications are similar for those with and without prior use of these legacy schemes.

Figure 13: Numbers of children with first application by prior CCSP or TEC



Source: Frontier Economics analysis of Pobal data.

Notes: The total numbers of children were 64,128 for children without prior CCSP or TEC, 28,760 for children with prior CCSP, 809 for children with prior TEC and 205 for children with prior CCSP and TEC.

Just over two-thirds (68%) of NCS applicants had no prior use of CCSP or TEC, while just under a third (31%) had previously availed of CCSP (and a very small proportion of TEC) (table 40). The proportion of claimants with no prior use of CCSP or TEC was slightly smaller (64%) and the proportion of claimants with prior CCSP use was commensurately slightly higher (35%). As shown in table 41, this difference in profiles was driven by a substantially higher proportion of children with CHICKs having a claim for those with prior CCSP over those with no prior use of CCSP or TEC (67% compared to 55%).

Table 40: Profile by prior CCSP or TEC

	Proportion of applicants	Proportion of children with CHICKs	Proportion of claimants
Neither CCSP nor TEC	68%	69%	64%
CCSP only	31%	30%	35%
TEC only	1%	1%	1%
Both CCSP and TEC	0%	0%	0%
Total	100%	100%	100%

Source: Frontier Economics analysis of Pobal data.

Notes: Columns may not sum to 100% due to rounding. <0.5% indicates a positive percentage which rounds to less than 1%.

Table 41: Uptake by prior CCSP and TEC

	Applied → CHICK	CHICK → claim	Applied → claim
Neither CCSP nor TEC	94%	55%	52%
CCSP only	93%	67%	62%
TEC only	93%	61%	57%
Both CCSP and TEC	85%	69%	59%
All	94%	59%	55%

Source: Frontier Economics analysis of Pobal data.

In 2018/19, just over 49,000 children availed of CCS/CCSP or TEC.¹⁴⁹ Just under 30,000 children who had previously availed of CCSP or TEC had applications to the NCS up to the end of March 2021. This suggests that an estimated 60% of children who had been on these legacy schemes in the previous year may have moved to the NCS.¹⁵⁰ However, the timing of the moves shown in figure 13 is interesting. Under the savers provision, it might have been expected that all those who were going to switch from CCSP (or TEC) to the NCS would have changed as soon as they were able to: those for whom the change was beneficial would have an incentive to move immediately, while those for whom the change was detrimental or neutral could have remained on the CCSP (or TEC) scheme as long as they remained eligible using the savers provision. Those losing eligibility for the

¹⁴⁹ Reference [9], page 8. The earlier figure of 82,811 at the start of section 5.2 included 33,743 CCSU beneficiaries which are excluded here,

¹⁵⁰ The 40% who did not move may have ceased to use childcare or become ineligible for support or may have remained on the legacy schemes under the savers provision.

CCSP might have presented a steady movement to the NCS. The fact that the patterns of applications for those with prior CCSP or TEC mirror those without prior use suggests one of two dynamics (or a mixture of both). One possibility is that awareness of the NCS scheme followed a similar pattern for both those with and without prior use of CCSP (or TEC). Another possibility is that those with prior use of CCSP (or TEC) had ceased to use the CCSP (or TEC) some time before the NCS launch and had the same incentives as others to apply for the NCS.

Profiles and uptake for income-assessed subsidies

Tables 42 and 43 present the profiles of applicants, children with CHICKs and claimants, and the corresponding uptake measures for income-assessed subsidies by whether the applicant is in a couple or a single parent and by parents who met the work-study test. The profiles for children with CHICKs and claimants and the uptake rate between these are also presented by whether the award was for standard or enhanced hours, number of children in the family and family reckonable income band. These selections were driven by the fact that only applications for income-assessed subsidies required the information for these five characteristics and that the latter three were not available for unsuccessful applicants (meaning that the profile for applicants could not be constructed). However, as noted above, as there were so few unsuccessful applicants, it is likely that the profile for children with CHICKs will closely resemble that for applications and the proportion of those with CHICKs with a claim is the important step for uptake following application.

Table 42: Profile of additional characteristics for income-assessed applications

	Proportion of applicants	Proportion of children with CHICKs	Proportion of claimants
Lone parent	31%	32%	35%
Couple	69%	68%	65%
Total	100%	100%	100%
Met the work-study test	77%	77%	83%
Did not meet the work-study test	23%	23%	17%
Total	100%	100%	100%
Enhanced only	----	76%	81%
Standard only		19%	13%
Both enhanced and standard		5%	6%
Total		100%	100%
1 child	-----	33%	38%
2 children		42%	42%
3 or more children		25%	20%
Total		100%	100%
Reckonable income band:	----		
Less than €25k		28%	29%
€25k to (less than) €40k		29%	32%
€40k to (less than) €50k		17%	19%
€50k or more		25%	20%
Total		100%	100%

Source: Frontier Economics analysis of Pobal data.

Notes: Columns may not sum to 100% due to rounding. ---- indicates where data is not available.

Table 43: Uptake by additional characteristics for income-assessed applications

	Applied → CHICK	CHICK → claim	Applied → claim
Lone parent	94%	66%	61%
Couple	89%	56%	49%
Met the work-study test	91%	64%	58%
Did not meet the work-study test	88%	43%	38%
Enhanced only	----	64%	----
Standard only		41%	
Both enhanced and standard		79%	
1 child	-----	69%	----
2 children		58%	
3 or more children		47%	
Reckonable income band:	----		----
Less than €25k		61%	
€25k to (less than) €40k		63%	
€40k to (less than) €50k		65%	
€50k or more		46%	
All	90%	59%	53%

Source: Frontier Economics analysis of Pobal data.

Notes: ---- indicates where data is not available.

Tables 42 and 43 show the following:

- Just under one-third (31%) of applicants were lone parents and just over two-thirds (69%) were couples. The proportion of claimants was slightly higher for lone parents (35%) and slightly lower for couples (65%), driven both by a higher application success rate for lone parents (94% compared to 89% for couples) and a higher claim rate for lone parents (66% compared to 56% for couples).
- Just over three-quarters (77%) of applicants met the work-study test and just under a quarter (23%) did not meet the test (with one or two parents who were not in employment, education or training).¹⁵¹ The proportion of

¹⁵¹ This is roughly consistent with employment rates of 64%, 60% and 64% for women with youngest children aged 0-3, 4-5 and 6 or over in the 2016 census (<https://www.cso.ie/en/releasesandpublications/ep/p->

claimants was slightly higher for those meeting the work-study test (83%) and slightly lower for those not meeting the test (17%), primarily driven by a much higher claim rate for successful applicants meeting the test.

- By definition,¹⁵² there was a very similar pattern for those with an award for enhanced hours (meaning parents meet the work-study test) and those with an award for standard hours (meaning parents do not meet the work-study test).
- A third (33%) of children with CHICKs were in single-child families, while 42% were in families with two children and a quarter (25%) were in families with three or more children. Among claimants, the proportion in families with a single child was slightly higher (38%) and the proportion in families with three or more children was slightly lower (20%), driven by a much higher claim rate for families with a single child.
- By construction,¹⁵³ children with CHICKs were evenly distributed across the four bands for household reckonable income. Among claimants, the proportions were slightly higher for the three lower income bands and lower for the highest income band, driven by a lower claim rate for the highest band. This is consistent with those in the highest income band having less incentive to claim the CHICK due to a lower award amount.

5.3 Accessibility

Awareness of the scheme

As reported in section 4.2, research undertaken as part of the communications campaign indicated increasing awareness of the NCS through the second half of 2019: the proportion of parents with children under age three who were aware of the scheme increased from 30% in July/August to 45% in October/November and 52% in December. For financially constrained parents with children under age 15, the proportions were 19%, 35% and 38%.

In an IPSOS MRBI survey¹⁵⁴ in August/September 2020, 56% of parents or guardians with children under the age of 15 were aware “that some families with children age 14 years and under are eligible for financial support towards the cost of registered childcare under the National Childcare Scheme”.¹⁵⁵ In comparison, 96% were aware “that all children between 2 years 8 months and 5 years 6 months are eligible for two years of free preschool education under the Early Childhood Care and Education (ECCE) Programme”. The survey also showed that awareness of the NCS varied across different types of families:

[wamii/womenandmeninireland2016/employment/](#)), although the proportion in work is likely to be higher among parents using childcare.

¹⁵² Meaning that the patterns are similar because enhanced and standard hours are defined by the work-study test.

¹⁵³ The bands were constructed in this way to ensure reasonable sample sizes within each band.

¹⁵⁴ The survey conducted telephone interviews with 503 parents and guardians between 31 August and 16 September.

¹⁵⁵ References [17] and [18].

- Awareness was 75% among families in social class F compared to 57% among those in class ABC1 and 53% in class C2DE. However, it should be noted that the survey only had 20 respondents in social class F and this finding should be treated with caution.
- Awareness was higher among female respondents (58%) than male ones (48%).
- Awareness was lower in the “Rest of Leinster” region (48%) compared to awareness in Dublin (58%), Munster (60%) and Connaught/Ulster (60%).
- There was little difference in awareness by age of children: awareness was 58% among parents with any children not in school, 57% among parents with any primary school children and 54% among parents with any secondary school children.

While the level of awareness may seem quite low, it should be noted that the survey covered mainly school-age children (73% of the children) and that parents reported that they used registered-type childcare as their main childcare arrangement for only 34% of preschool children¹⁵⁶ and around 13% of school-age children.¹⁵⁷ This suggests that awareness extended beyond those currently using eligible types of childcare. Indeed, among parents reporting that the main childcare arrangement was care at home by themselves or their partner, around 55% of those with school children were aware of the NCS and 49% of those with preschool children were aware of the NCS.¹⁵⁸

The survey of parents registered for the NCS for this review in May 2021 also asked how parents had heard about the NCS, allowing multiple answers from a list of nine (and the option of “other”). Most (79%) parents reported a single source, while 15% reported two types of sources and the remaining 6% reported three or more. Four of the options (referral from a government agency or sponsor body, employer, Intreo office, and other) were selected by very few respondents (1% or less) and are not presented.

More than three-quarters (76%) of parents reported that they had heard about the NCS from a childcare provider. Smaller proportions reported that they had heard about the scheme by word of mouth or from family or friends (19%), government websites or media channels (15%), newspapers, radio, TV or media adverts (8%) and other online or social media (7%). Only 2% reported that they had heard about the NCS from leaflets or posters.

This contrasts with the research for the communications strategy (reported in table 11 in section 4.2), which identified the main sources of awareness for parents with children under age three as advertising, social media, childcare providers and word of mouth (reported by 34%, 40%, 35% and 36% of parents with children under age three in various waves of the research). These proportions would be expected to be lower than in the review survey because of the earlier timing and the sample of

¹⁵⁶ ECCE was specifically excluded from the list of childcare use for preschool children and 61% of two- to five-year-olds in the survey were availing of ECCE.

¹⁵⁷ Main childcare arrangement was asked for before and after school and during the holidays and 13% was the maximum proportion across these three.

¹⁵⁸ Subsample sizes were too small to report awareness for other types of childcare and care at home by the respondent and partner was by far the most commonly reported arrangement (even for preschool children).

all parents rather than those registered for NCS. But the comparison shows how important childcare providers have become in raising awareness since the launch of the scheme relative to the other drivers.

Table 44 shows how the sources of awareness about the NCS have changed over time, as measured by when parents first applied to the scheme:

- The proportions learning about the scheme through government websites and media channels, other online or social media, and newspapers, radio, TV and media adverts were highest among those applying in the final quarter of 2019 and first quarter of 2020 and subsequently dropped slightly for those registering in later quarters. This is likely to reflect the impact of communication strategies in the initial months of the scheme.
- Awareness through childcare providers peaked in the second quarter of 2020 and gradually declined in the following quarters. This may reflect a gradual switch from initially informing existing parents at the service about the NCS to a focus on informing new users of the service.

Awareness by word of mouth and family or friends rose steadily across the period, as might be expected, as more parents became used to the scheme and shared their experience with others.

Table 44: How heard about NCS by time of first application

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Childcare provider	73%	73%	81%	77%	75%	69%	67%
Word of mouth/family or friends	17%	21%	24%	20%	23%	28%	28%
Government website/media channels	22%	14%	9%	10%	12%	9%	12%
Other online/social media	9%	7%	5%	6%	6%	3%	6%
Leaflets/posters	3%	2%	1%	2%	2%	3%	2%
Newspapers/radio/TV/ media adverts	12%	8%	5%	6%	4%	2%	4%
<i>Number of families</i>	<i>894</i>	<i>327</i>	<i>201</i>	<i>655</i>	<i>277</i>	<i>141</i>	<i>123</i>

Source: Parents' survey.

Those applying for the universal subsidy were more likely than those applying for the income-assessed subsidy to have heard about the scheme from a childcare provider, while those applying for the income-assessed subsidy were more likely to have heard through the five other sources (table 45).

Table 45: How heard about NCS by application type

	Universal only	Income assessed only	Both universal and income assessed	All
Childcare provider	87%	69%	76%	76%
Word of mouth/family or friends	16%	21%	21%	19%
Government website/media channels	10%	18%	16%	15%
Other online/social media	3%	9%	7%	7%
Leaflets/posters	2%	3%	3%	2%
Newspapers/radio/TV/media adverts	7%	9%	8%	8%
<i>Number of families</i>	<i>857</i>	<i>1,233</i>	<i>464</i>	<i>3,116</i>

Source: Parents' survey.

Notes: Parents with multiple applications could have both application types. Sponsor applications are not included because only one parent had a sponsor application and also had other types of applications.

This pattern was also reflected in the variation in sources of awareness across household income, shown in table 46. The two highest income groups in that table (annual income of €80,000 or more) which were more likely to have applied for the universal subsidy were more likely to have heard about the scheme from a childcare provider and less likely to have heard about it from other sources. Among the four lower income groups, a slightly higher proportion in the lowest income group had heard about the scheme through a childcare provider and slightly lower proportions through the other sources.

Table 46: How heard about NCS by annual household income

	Less than €20k	€20k to less than €40k	€40k to less than €60k	€60k to less than €80k	€80k to less than €100k	€100k or more
Childcare provider	74%	71%	66%	72%	79%	86%
Word of mouth/family or friends	22%	23%	20%	21%	21%	17%
Government website/media channels	11%	16%	18%	19%	14%	13%
Other online/social media	6%	8%	9%	8%	7%	4%
Leaflets/posters	3%	3%	3%	2%	1%	1%
Newspapers/radio/TV/ media adverts	2%	6%	10%	12%	10%	8%
<i>Number of families</i>	<i>361</i>	<i>599</i>	<i>537</i>	<i>401</i>	<i>267</i>	<i>543</i>

Source: Parents' survey.

Ease of application

The review survey with parents in May 2021 asked parents two questions about how easy the application process had been. The first asked whether the application process had been easy or difficult (across five gradations) and the second asked whether the time needed for the application had been more or less than expected.

Across all parents, 31% reported that the application process had been very easy, while 44% reported that it had been fairly easy. Only 9% reported that it had been difficult and 3% reported that it had been very difficult (with the remaining 14% reporting that it had been neither particularly easy nor difficult). In terms of the time needed, 29% reported that the application had taken less time than expected, 43% reported it had taken about the expected time and 18% reported that it had taken more time than expected (with the remaining 9% reporting that they had no prior expectation of the time needed).

Figures 14 to 19 examine the variation in these responses across application mode, type and time of application. The figures show:

- Offline applications were found to be more difficult than online ones: a third (33%) of offline applicants found the process fairly difficult or very difficult compared to 11% of online applicants. Only 13% of offline applicants found the process very easy compared to 32% of online applicants. Offline

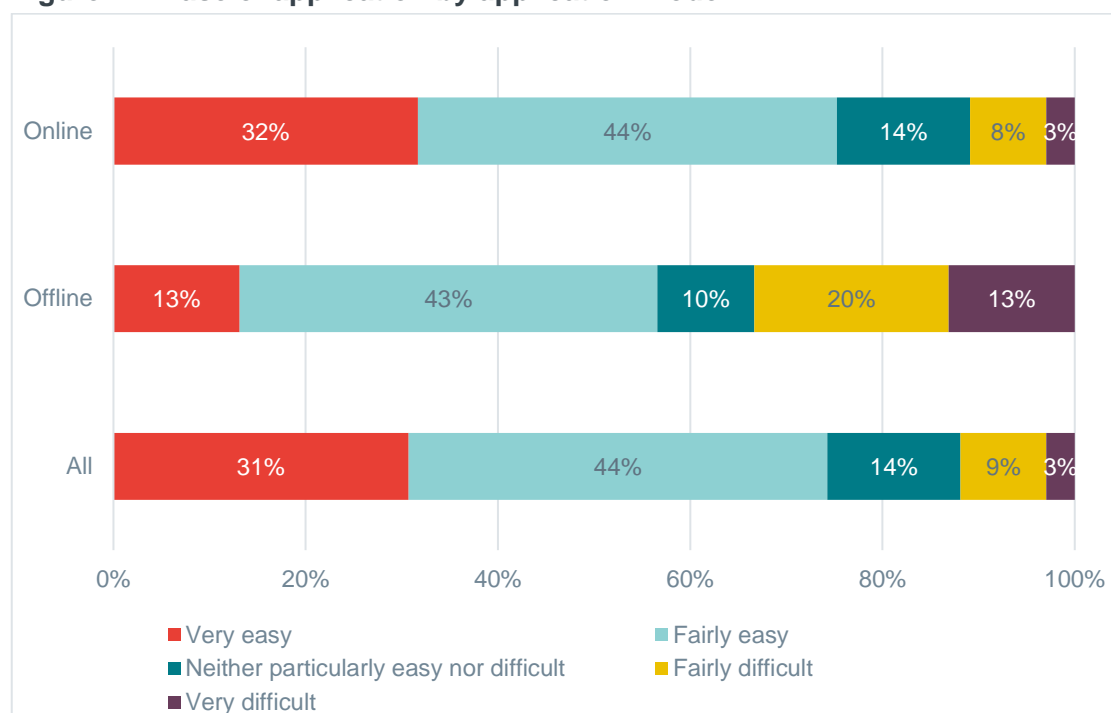
applicants were also more likely to report that the process had taken more time than expected than online applicants (33% compared to 18%). While this strongly suggests that the online application was easier than the offline one, it should be kept in mind that those opting to use the offline application (or were unable to use the online one) may have found any application process more challenging.

- Surprisingly, given the different levels of information required, those applying for the income-assessed subsidy were more likely to report an easier process and finding the process slightly less time-consuming than expected than those applying for the universal subsidy.
- The proportions reporting that the process was very easy rose over time, with a marked increase in 2021 over 2020. The proportions reporting that the process was fairly difficult or very difficult correspondingly fell over time, although without the marked drop in 2021. In terms of time needed, the proportion reporting that less time than expected was needed also substantially increased in 2021, with a smaller drop in the proportion reporting that more time than expected was needed.

Figures 20 to 27 examine the variation in these responses across family type and income and local area disadvantage and region. The figures show:

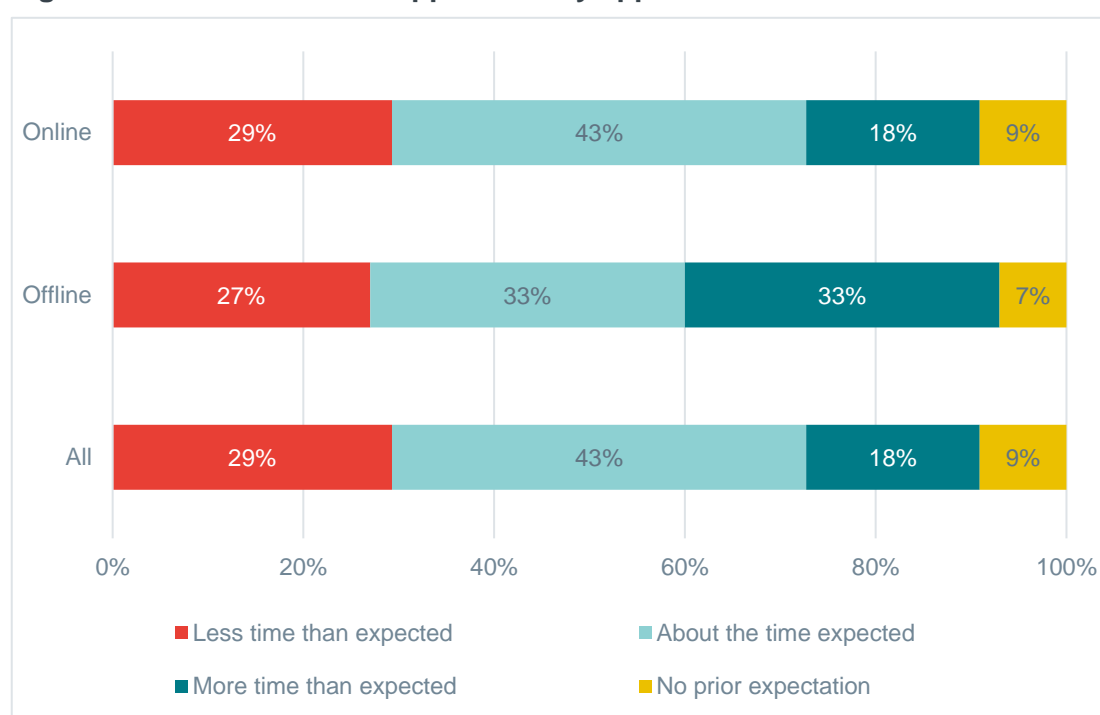
- The application process was found to be easier and requiring less time for single parents than for couples, regardless of work status.
- The application process was found to be easier and requiring less time for those at the lower end of the income distribution (household income less than €40,000) than for those at higher levels of income.
- Relatedly (although less clear cut), the application process was found to be easier and requiring less time for those living in disadvantaged areas (particularly extremely or very disadvantaged areas) than those living in more affluent areas.
- There were no strong patterns in the reporting of the ease of the process or time required across different regions.

The patterns for couples and single parents and across household income and local disadvantage are consistent with the patterns in the number of administrative issues reported in section 4.5. As with those issues, couples may experience or perceive a more difficult and time-consuming application process than single parents because they are reporting information for more than one individual. But again, the relationship between finding the process more difficult and higher income is surprising as more affluent families are usually better able to manage administrative demands. As before, this relationship may reflect that higher-income families have a more complex application experience because of more complex financial arrangements such as income from self-employment. Or it could result from higher-income families being more likely to be couples.

Figure 14: Ease of application by application mode

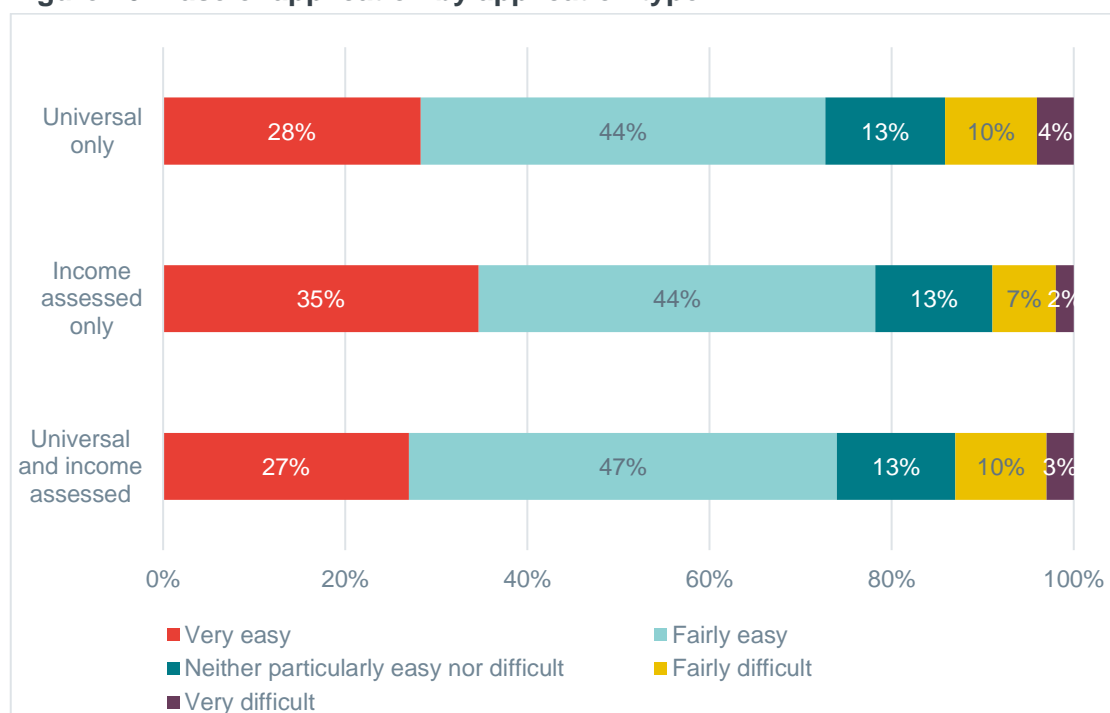
Source: Parents' survey.

Notes: Sample sizes are 3,062 for online, 30 for offline and 3,111 for all. The all bar includes 19 parents with missing application mode.

Figure 15: Time needed for application by application mode

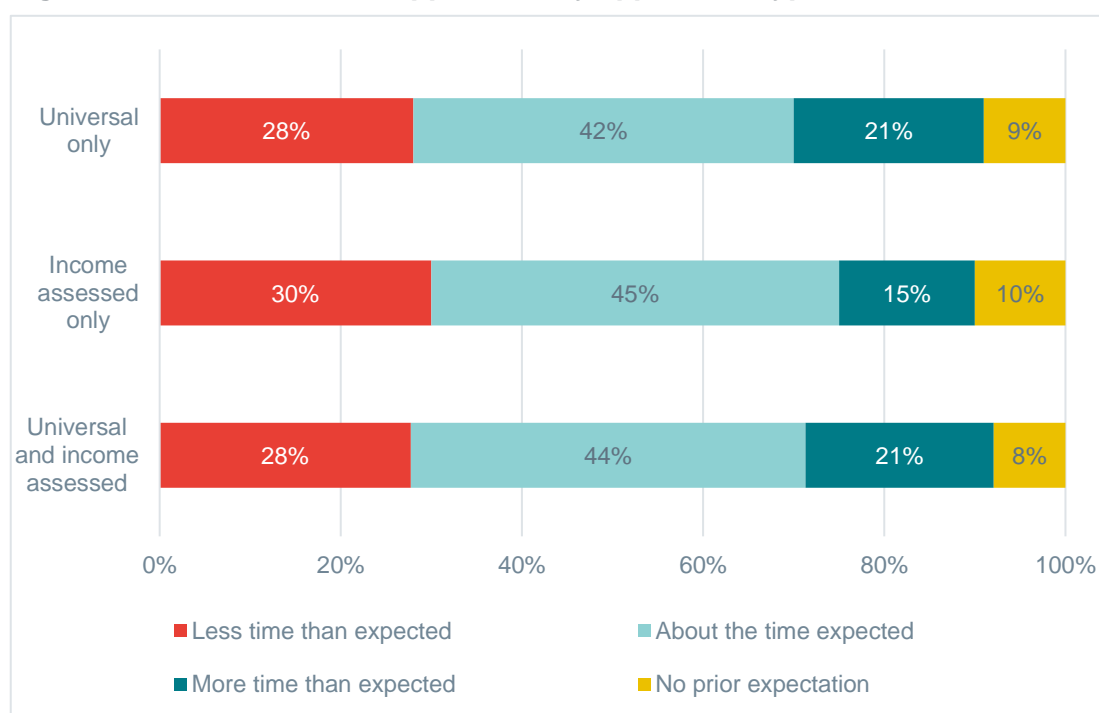
Source: Parents' survey.

Notes: Sample sizes are 3,059 for online, 30 for offline and 3,107 for all. The all bar includes 18 parents with missing application mode.

Figure 16: Ease of application by application type

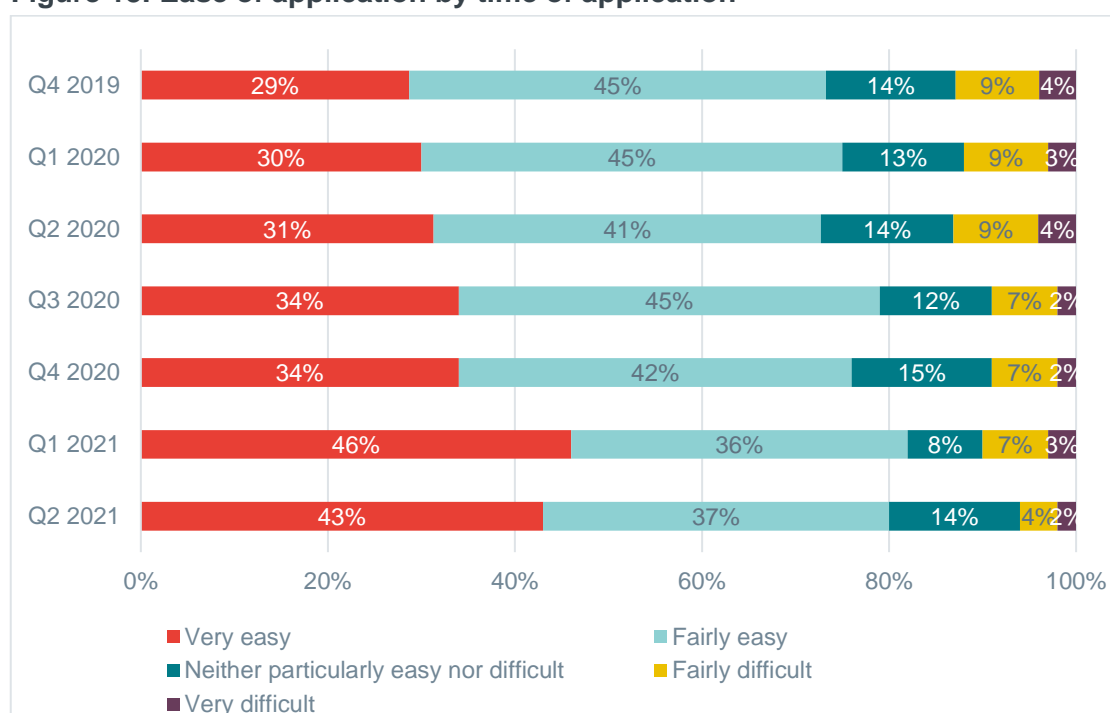
Source: Parents' survey.

Notes: Sample sizes are 854 for universal only, 1,231 for income assessed only and 464 for universal and income assessed.

Figure 17: Time needed for application by application type

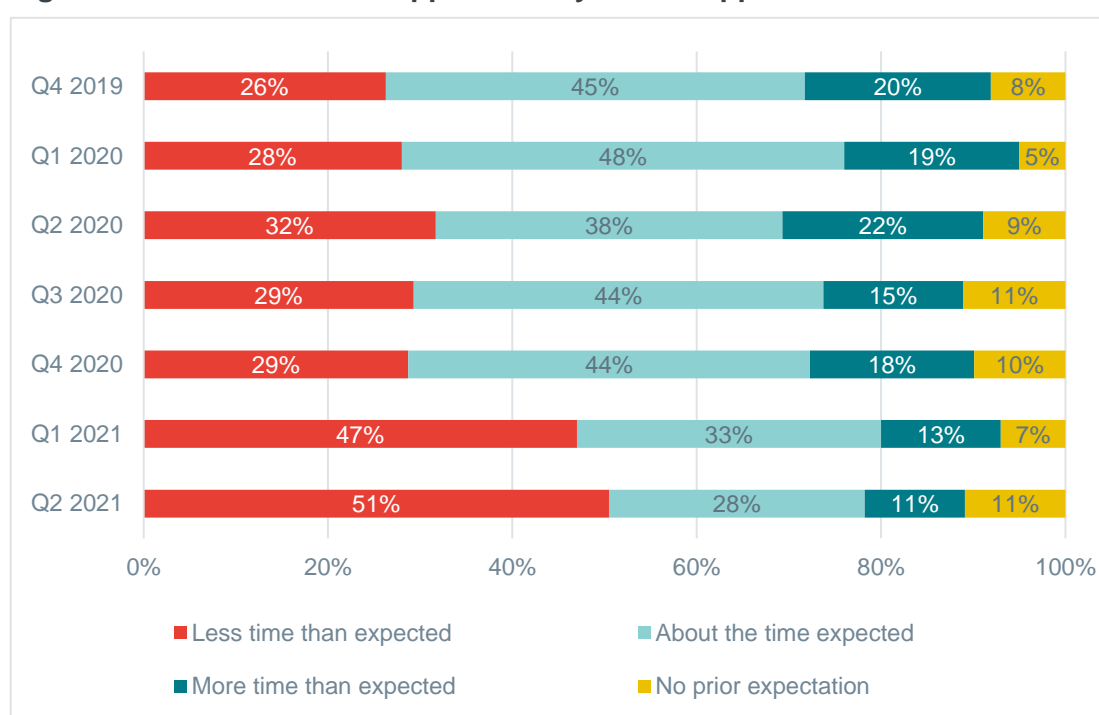
Source: Parents' survey.

Notes: Sample sizes are 857 for universal only, 1,228 for income assessed only and 463 for universal and income assessed.

Figure 18: Ease of application by time of application

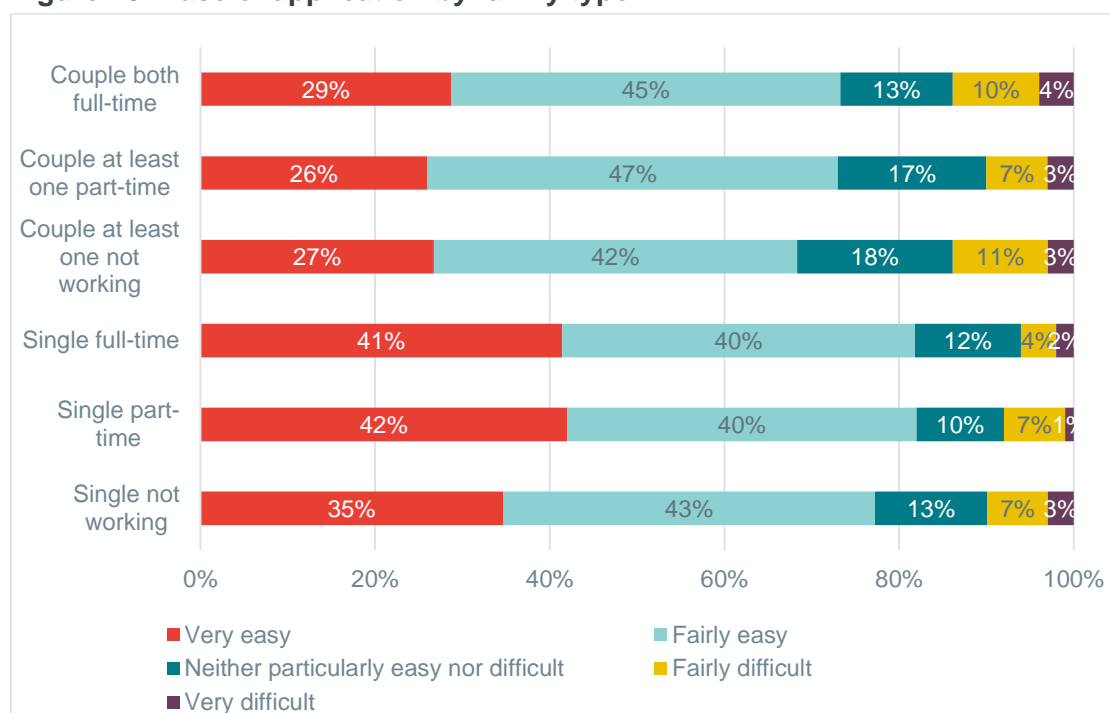
Source: Parents' survey.

Notes: Sample sizes are 893 for Q4 2019, 327 for Q1 2020, 201 for Q2 2020, 655 for Q3 2020, 276 for Q4 2020, 140 for Q1 2021 and 123 for Q2 2021.

Figure 19: Time needed for application by time of application

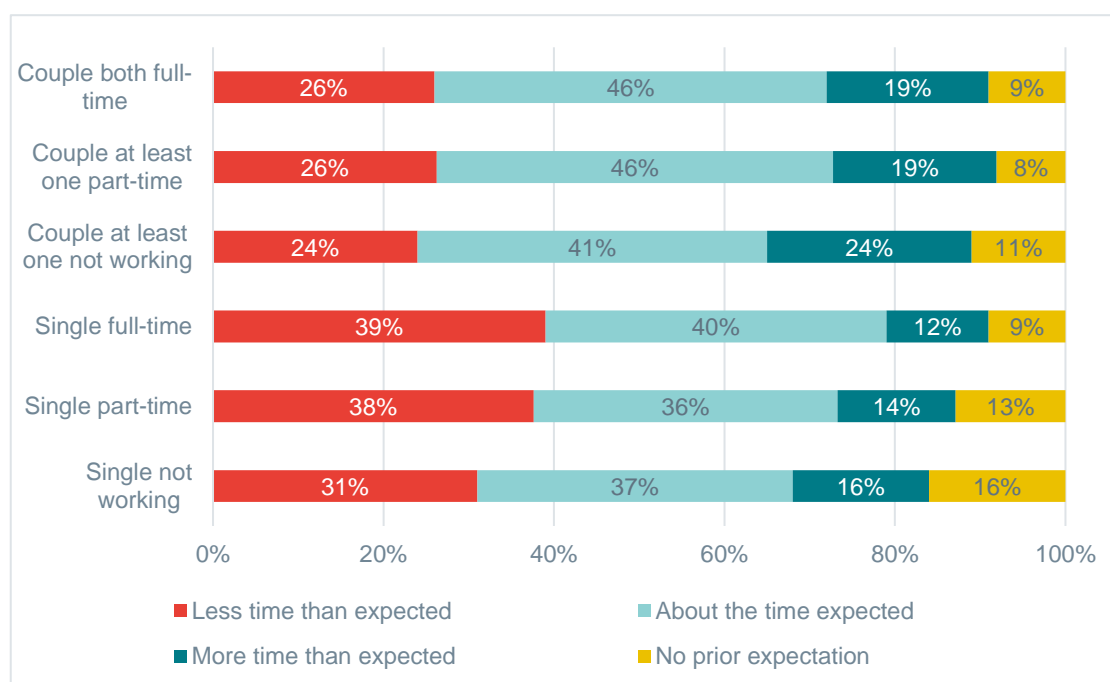
Source: Parents' survey.

Notes: Sample sizes are 890 for Q4 2019, 327 for Q1 2020, 199 for Q2 2020, 654 for Q3 2020, 277 for Q4 2020, 141 for Q1 2021 and 123 for Q2 2021.

Figure 20: Ease of application by family type

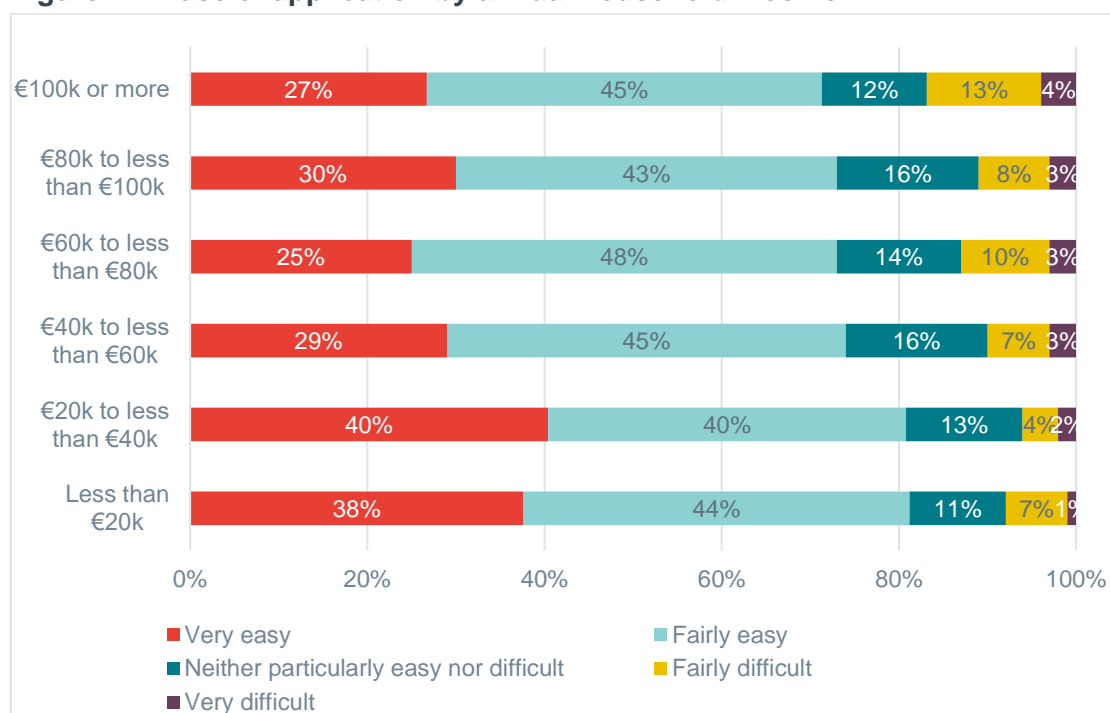
Source: Parents' survey.

Notes: Sample sizes are 1,553 for couple both full-time, 357 for couple at least one part-time, 314 for couple at least one not working, 403 for single full-time, 267 for single part-time and 169 for single not working.

Figure 21: Time needed for application by family type

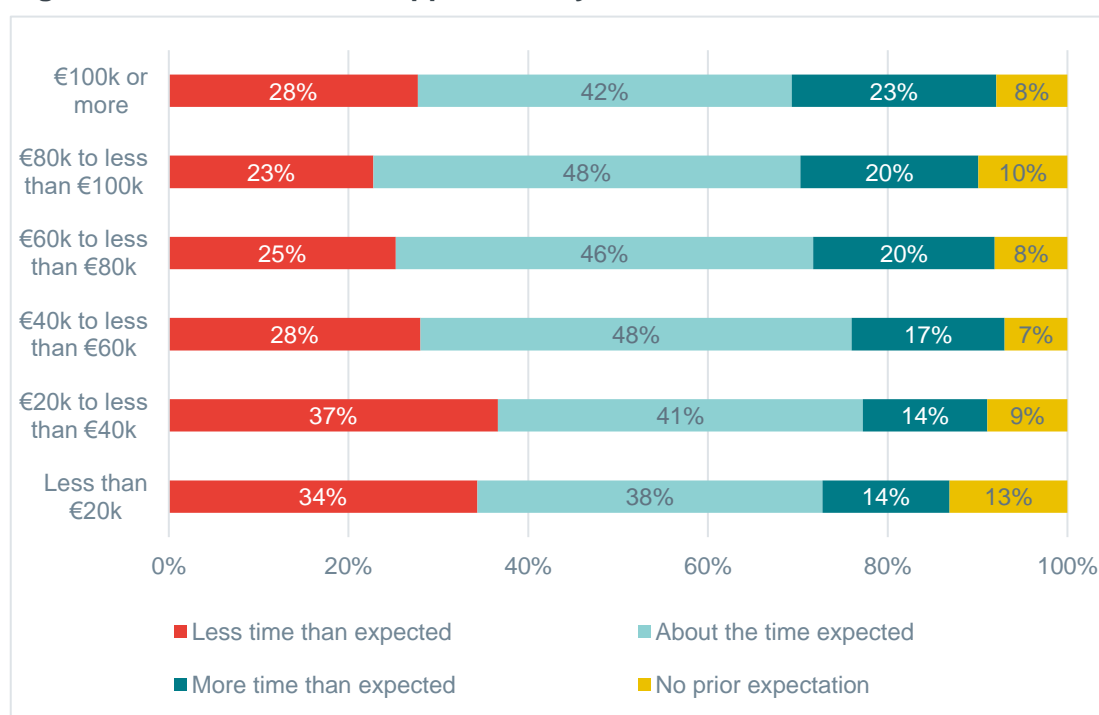
Source: Parents' survey.

Notes: Sample sizes are 1,555 for couple both full-time, 357 for couple at least one part-time, 314 for couple at least one not working, 399 for single full-time, 267 for single part-time and 167 for single not working.

Figure 22: Ease of application by annual household income

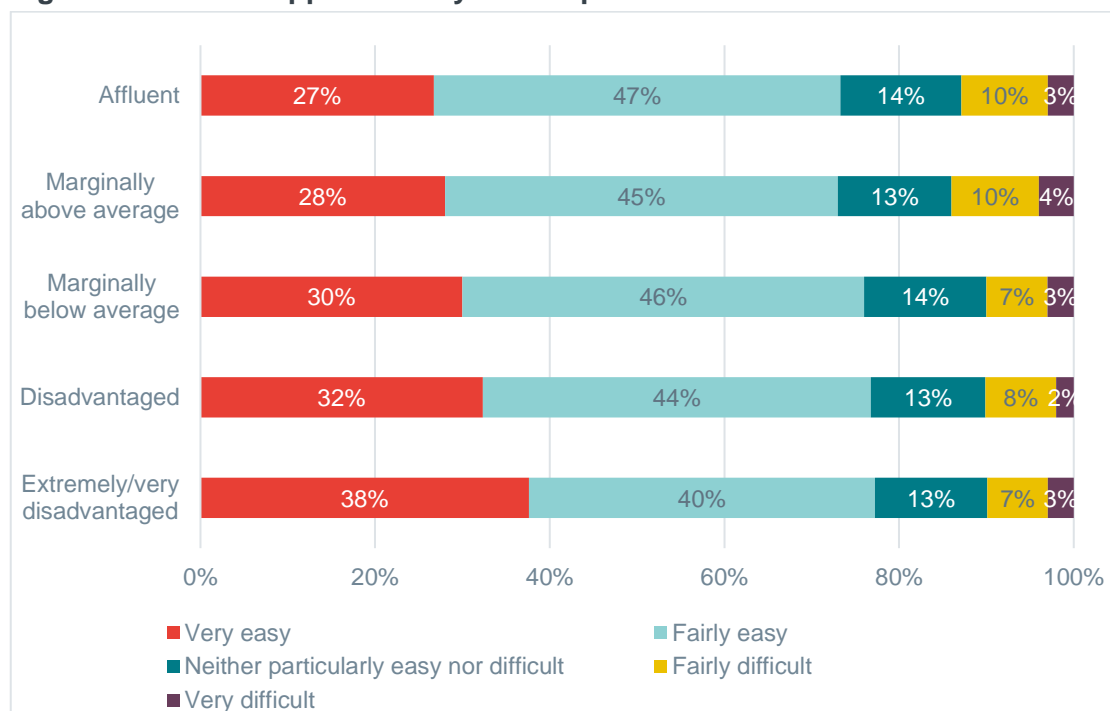
Source: Parents' survey.

Notes: Sample sizes are 360, 598, 537, 400, 267 and 541 for the income groups from lowest to highest.

Figure 23: Time needed for application by annual household income

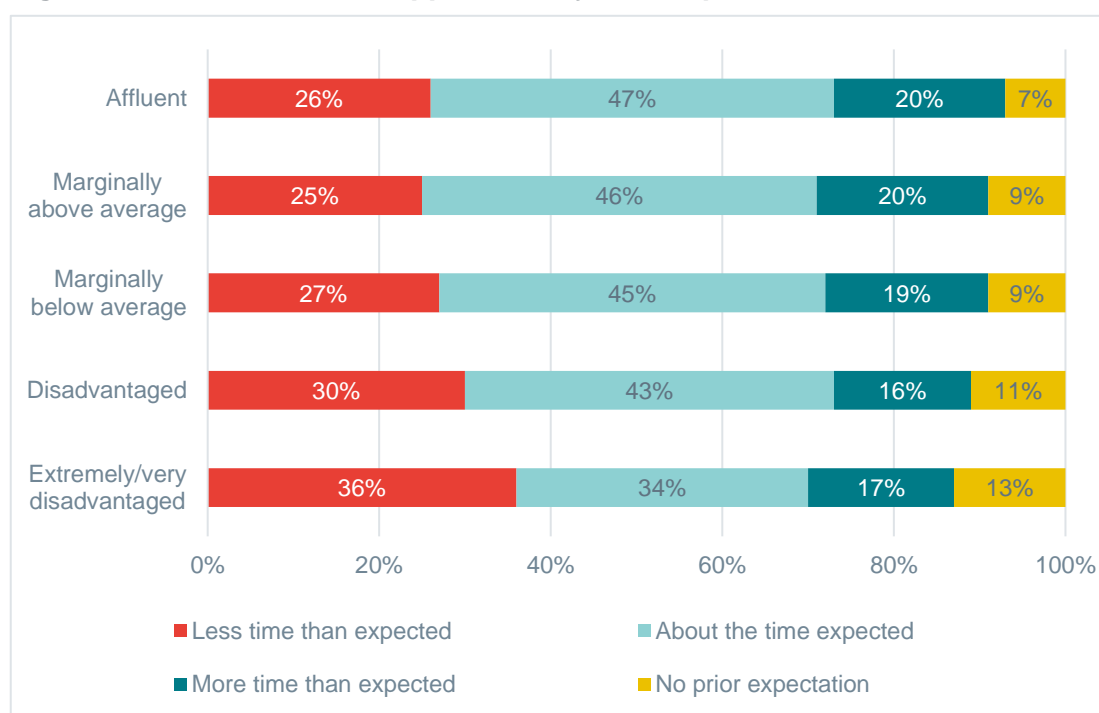
Source: Parents' survey.

Notes: Sample sizes are 359, 596, 535, 401, 267 and 542 for the income groups from lowest to highest.

Figure 24: Ease of application by area deprivation

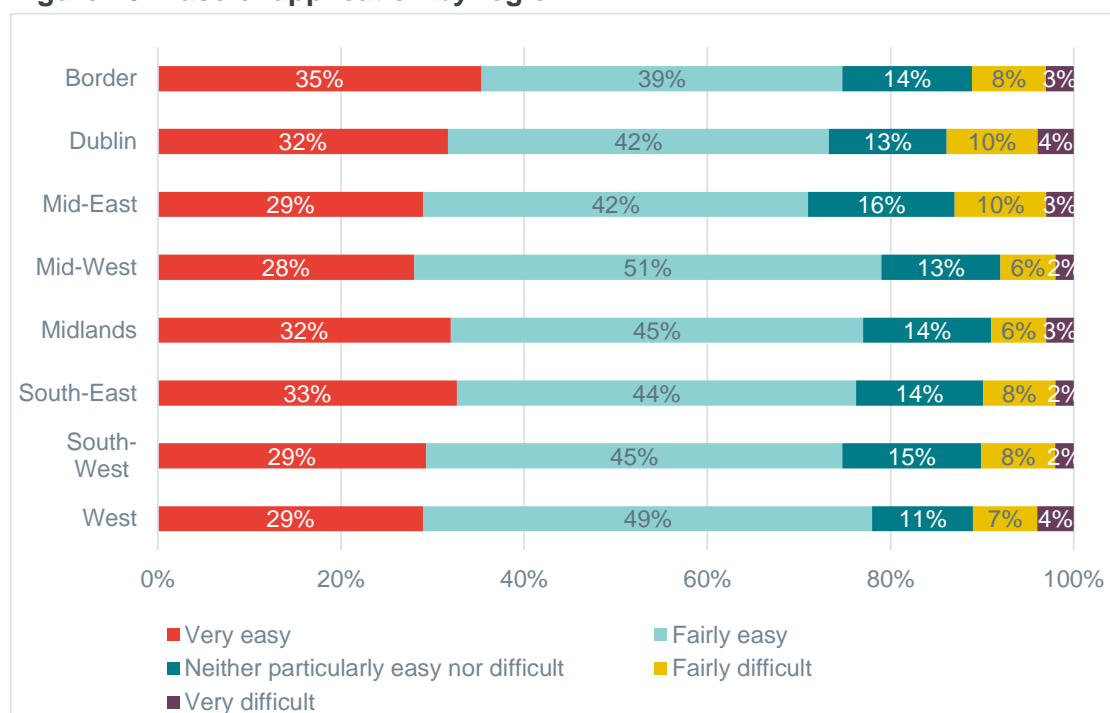
Source: Parents' survey.

Notes: Sample sizes are 111, 356, 828, 717 and 286 for the deprivation groups from extremely/very disadvantaged to affluent.

Figure 25: Time needed for application by area deprivation

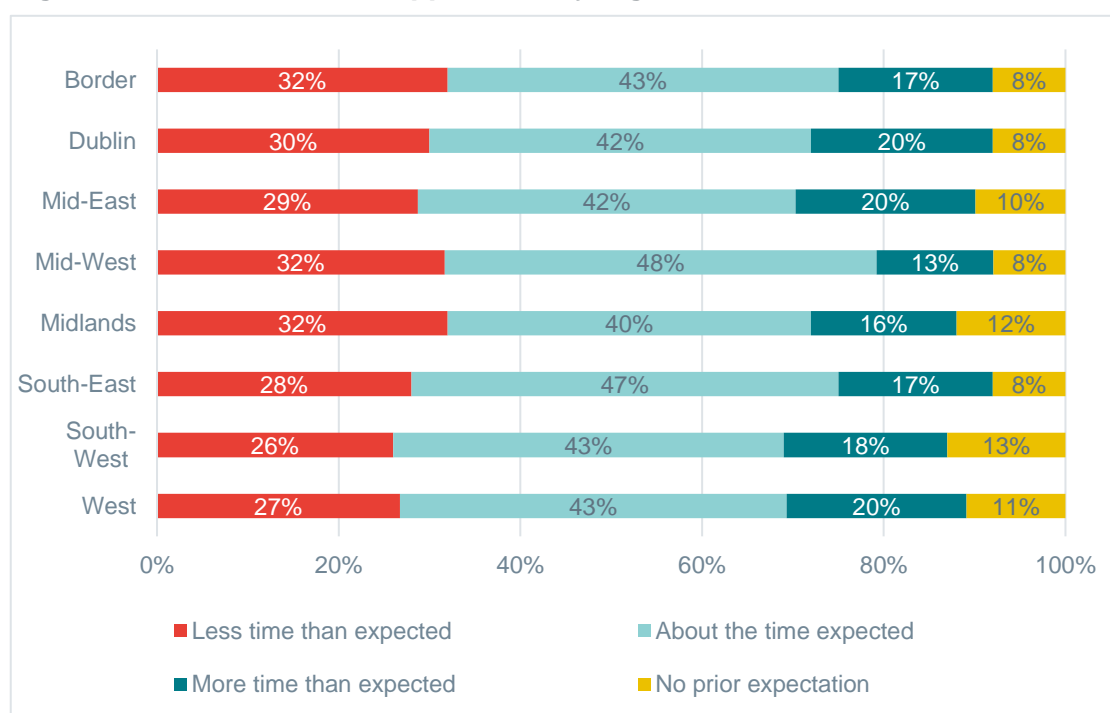
Source: Parents' survey.

Notes: Sample sizes are 111, 355, 826, 717 and 287 for the deprivation groups from extremely/very disadvantaged to affluent.

Figure 26: Ease of application by region

Source: Parents' survey.

Notes: Sample sizes are 338, 414, 503, 245, 127, 214, 1,026 and 233 across the regions from the West to the Border region.

Figure 27: Time needed for application by region

Source: Parents' survey.

Notes: Sample sizes are 338, 413, 503, 244, 126, 214, 1,025 and 232 across the regions from the West to the Border region.

5.4 Access for vulnerable families

Evidence on vulnerable families

While the previous section provided a broad picture of the accessibility of the scheme across all families, concerns were raised about the ability of some specific families to access NCS support. These families are broadly termed “vulnerable families” and cover those facing specific challenges (often in conjunction with being on low income). These families can include single parents, teen parents or asylum seekers and those with low education or life skills, from minority cultural or ethnic backgrounds, lacking proficiency in the English language, or with physical or mental health issues. These families include those who would previously have accessed support under CCSP, most typically with support from childcare providers. Ensuring access to childcare was seen as particularly important for these types of families in order to support their children to overcome some of the disadvantages.

However, evidence on the experience of these families is limited. The large-scale administrative datasets and survey data used above are not sufficiently nuanced to detect and analyse these specific cases or to understand the underlying issues. This section therefore relies heavily on evidence from specific examples described in policy documents and on insights from informal discussions with key informants knowledgeable in the experience of vulnerable families. This evidence is used to consider three areas related to access to the NCS: application challenges, sponsor referrals and availability of places.

Application challenges

While a key objective of the NCS was to create an efficient application process, some families have struggled with the process for several reasons:

- There were reports of families which had experienced difficulties with the literacy and technology requirements of registration. Some families lack access to IT as they have no computer or smart-phone and access to Wi-Fi may be limited. Some lack the skills or ability to use IT, including lacking the confidence or competency to use email (resulting in a failure to read or respond to registration emails). These issues were reported as particularly problematic for lone parents who may lack support networks to help them and lack the time to resolve problems because of their higher parenting burden. It was also noted that Wi-Fi access can be a particular barrier in rural areas.
- Families sometimes struggled when English was not their first language.¹⁵⁹ Although much of the information is available in a range of languages, the portal operates in English. Even when translated, there remain some issues around understanding what is being requested, reflecting differences in cultural communication as well as language barriers. There were reports of families needing a translator when using the portal and of families giving

¹⁵⁹ In contrast, it was also noted that English as a second language was not always an issue as there were families which have good English as an additional language and had no problems managing the scheme.

up on the application because of the language issues. It was also noted that obtaining language support can be more problematic in rural areas.

Several sources highlighted the example of parents not monitoring their emails and failing to renew their CHICK or simply not acting on the notice to renew. Several sources also mentioned problems with the renewal process, noting that the process had not become any easier either over time or with repeated experience.

The option of applying using paper forms by post (offline) is intended to offer an alternative process for those who struggle with the online approach. However, several sources reported that paper applications are significantly more complex to complete than the online application and cover a large number of pages, which can be off-putting. In addition, it was reported that processing appears to be significantly longer for offline applications, meaning that any errors or a need to verify information can lead to long delays in accessing support. Combined with the absence of backdating awards, this means that children either have to wait to access childcare or the provider or parent must cover the subsidy during the delay. These reports are consistent with the survey data showing that those who had applied offline found the process more difficult and tended to take more time than they had expected (figure 15 in section 5.3). The processing times reported for autumn 2020 (section 4.4) showed little difference between online and offline applications, suggesting that major delays may have diminished since earlier in the year.

Other issues were also mentioned as barriers to making successful applications for some of these families:

- Some mistrust authority and are reluctant to share information about themselves.
- Some are reluctant to admit they are having difficulty with an application and to reach out for help, particularly if they lack literacy or IT skills.
- There can be cultural issues where mothers are generally responsible for childcare but fathers control family finances.

A key source of support for these types of families are the City/County Childcare Committees (CCCs). The CCCs are funded by DCEDIY to coordinate the implementation of national childcare policy and programmes at a local level and to support and assist families and providers with childcare matters at local county level. However, experience with obtaining support from CCCs was very mixed. Some were reported to have been very good, with one example of them providing better information than the NCS helplines. But others were reported to have provided very poor support, including accounts of people travelling to CCCs in different counties to get assistance.¹⁶⁰ It was also noted that parents have low awareness of CCCs and that there is only one office per county.

The key underlying issue noted by several informants was that the NCS is a parent-led system of support and this parent-led design can be burdensome, if not a barrier, to access for the most vulnerable types of families. The element of sponsor

¹⁶⁰ It was also reported that, while Pobal had given good training in wave one of the preparation for the NCS, the CCCs had delivered wave two very poorly, with many technical issues and knowledge gaps.

referrals was specifically included in the NCS to help ensure access for the most vulnerable families and is discussed in the following section.

Sponsor referrals

A sponsor is a specified public body that refers a child to the NCS because childcare is deemed necessary on the grounds of child development, child welfare, family support or other specified grounds. Formal agreements between the Minister and the sponsor bodies contain the eligibility criteria for referral. There are currently five sponsor bodies:

- Minister for Education
- Minister for Justice
- Child and Family Agency (Tusla)
- Health Service Executive (HSE)
- Local authorities/Dublin Regional Homeless Executive.

Each of the five sponsor bodies has its own specific referral form and own variant of the referral process.¹⁶¹ In 2020, a total of 1,498 sponsor applications were received, with most (90%) submitted offline. Half of all applications (50%) were from Tusla, while 28% were from local authorities, 13% from the Department for Justice, 9% from HSE and less than 1% from the Department of Education.¹⁶²

Parents do not pay any contribution towards the cost of childcare fees in the case of a sponsored referral, and the scheme's usual eligibility and income requirements do not apply. There is a single set of subvention rates across all sponsors.¹⁶³

The discussions with key informants reported a number of key issues with the sponsor referrals. The first set of issues is around the referral rules:

- It was reported that sponsor referrals are not broad enough and do not cover all families that should be able to benefit from them. However, precise examples of omissions were not identified.
- Public Health Nurses (PHNs) operating under HSE cannot refer children over four years old, impacting the ability of older children to access support. It was reported that families felt more comfortable working with PHNs than with Tusla and other government bodies.
- There was reported to be a lack of consistency on the criteria for sponsorship. The example given was that PHNs were only willing to complete sponsorship on the basis of "extreme vulnerability" in some areas rather than on the needs of the child and/or family, as applied in other areas.

¹⁶¹ Further details on these and other aspects of the referral process can be found in reference [29]. This report also contains a broad range of statistics for sponsor referrals for the period from February to October 2020.

¹⁶² Reference [35], pages 12 and 13.

¹⁶³ These are €5.87 for children under 12 months, €5 for children pre-ECCE, €4.54 for ECCE / ECCE eligible / Early Start children and €4.31 for school-age children (reference [29], page 3).

A second set of issues focused on the ability or willingness of parents to initiate the process:

- A lack of awareness of the sponsor referral process among parents was reported.
- Each sponsor body is a state agency or government department, which creates concerns for some vulnerable families which are reluctant to engage directly with the state. Many families are untrusting of the state and are suspicious of government agencies looking for personal information. Many are reluctant to complete a needs assessment as part of a wider family intervention just to access the NCS, a process which was not required under the legacy schemes.
- It was reported that many parents are particularly reluctant to engage with Tusla due to prevailing beliefs about the nature of the organisation's work, including the removal of children from families, and poor experience or perceptions of social workers. Some vulnerable families are reluctant to disclose details about their family situation out of fear of unwelcome intervention by Tusla.

Another set of issues is around the knowledge and engagement of the sponsor organisations:

- Poor knowledge of the scheme and sponsor referral process among sponsor bodies was reported, particularly among PHNs and within Tusla. For example, PHNs were reported to lack knowledge of appropriate contacts.
- There were also reports that PHNs in many areas are not engaging with the sponsor process, due either to a lack of awareness or to an unwillingness to do so. According to one report, many of these PHNs indicated that they do not have the time to complete the referrals and sponsorship process. According to another report, the unwillingness to engage is due to a perceived lack of consultation on their role by DCEDIY.

A final set of issues involves the bureaucratic process:

- Because the majority of communications about the process are between the sponsor body and the provider, it was reported that the parent can feel excluded from the process, leading to feelings of disempowerment and unexpected or difficult situations.
- It was reported that the various layers of bureaucracy can create issues in obtaining appointments and with communication.
- It was reported that the sponsorship registration process is slow, with one report suggesting that the minimum turnaround time is three weeks. One reason for this is that the process requires an assessment of need, which is not required in the other types of NCS applications.

It was reported that these issues are leading to fewer children accessing provision through the sponsor process than there were under the corresponding process in the CCSP. One example was given where the number of sponsor children had fallen from 18 under CCSP to currently none. However, there is no evidence on

whether the number of sponsor referrals and uptake of sponsor referral arrangements have fallen nationally.

Several suggestions were made for improving the sponsor referral system:

- Broadening the number and type of sponsor bodies, including school principals, early learning and care managers, and other organisations already working with families such as the Family Resource Centre, One Parent, Barnardo's or homelessness organisations. However, such organisations would need the capacity to undertake objective and consistent assessments to ensure fairness in awarding support.
- Allowing provision for the child to begin immediately when the need is confirmed by the sponsor body. This would require payments to be backdated to ensure that neither the provider nor parent were required to pay the cost of immediate access. However, it is not clear that this would allow provision to begin much sooner if the time-consuming element of the process is the assessment and confirmation of need by the sponsor body rather than the processing of the application by Pobal.
- Clearer guidance for sponsor bodies and providers on the criteria and process for sponsorship, together with a required time for completion.

A Sponsor Review Report¹⁶⁴ finalised in November 2020 focused on the administration and processes related to sponsor referrals (overlapping with one or two of the ongoing issues raised above). This review included a quantitative analysis of sponsor-related data up to October 2020 and a qualitative element reporting on experiences of the process from a series of online focus groups with stakeholders. The key objective of the review was to identify measures that would enhance and improve the administrative experience and stakeholder satisfaction and engagement. The review made 25 recommendations for process improvements, five recommendations for operational management improvements and 13 recommendations for training and supports improvements. The next steps following the review were to include the establishment of a working group to coordinate the implementation of the recommendations, followed by a follow-up review of the sponsor process in 12 months (November 2021) to investigate the impact of the recommendations. Given the in-depth technical nature of this report, the full findings and recommendations are not reproduced here but the report (and the planned follow-up in November 2021) is a useful complement to the evidence presented here.

Availability of places/hours

A slightly different concern around access for vulnerable families was whether childcare places which had been available for families in receipt of CCS support might no longer be available for the same types of families under the NCS.¹⁶⁵

¹⁶⁴ Reference [29].

¹⁶⁵ A broader question of whether provision is sustainable for all providers offering the NCS is explored in section 7.3.

It was reported that providers struggle to offer places for these families under the NCS for several financial reasons:

- Support for parents using the scheme is falling on providers and some providers spend considerable amounts of time helping parents with NCS applications. However, settings receive €24 per child per year to cover the NCS administration costs.¹⁶⁶
- Services with a higher proportion of families which are (or would have been) CCSP beneficiaries face considerable drops in the level of funding, making provision financially unsustainable, and the EWSS (Employment Wage Subsidy Scheme) had temporarily saved some services. Indeed, it was reported that September (2021) would be a crunch point for many services. Others noted that the reduction in funding per child based on NCS rates was particularly pertinent for children aged three and over in attendance for up to 28 hours each week.
- When parents struggle with completing or renewing an application or when children switch from one type of subsidy to another, causing a delay or break in support, providers may allow the child to start or continue to keep the child in a place. The absence of backdating subsidy payments and a reluctance by providers to charge parents in these circumstances (or parents cannot afford to pay) mean that providers end up absorbing the cost. This can be a particular issue for sponsor applications, where the process can be very slow but the child is in more immediate need of childcare support, making the provider reluctant to delay the child entering the service.
- Some parents temporarily moved from CCSP to the NCS before the savers provision was extended (and made permanent) before appealing and moving back to the CCSP. However, the difference in subsidies was not repaid and many providers, again, absorbed the costs.
- Under CCSP, until 2017, providers were paid for registrations, which made income and budgeting predictable. Since 2017, under CCSP and under the NCS, the subsidy payment has been dependent upon attendance and funding can be recouped where attendance is insufficient.¹⁶⁷ Non-attendance is a particular issue for more vulnerable families. However, providers still have to pay their costs for staff and venues even if the child does not attend and, again, they absorb the cost of the commensurate recouping of funding for the absence.

There were also reports of the service offered to these families being reduced in several ways:

¹⁶⁶ It was noted that the administrative burden is, relatively speaking, even higher for the universal element, as the same work is involved for only €20 per week in subsidy.

¹⁶⁷ Providers must review the child's attendance pattern at the end of each reporting period and any attendance for fewer than the registered hours in each of the previous eight weeks must be reported to Pobal. A warning is then issued to the provider and parent that the subsidy will be reduced if a pattern of non-attendance (or insufficient attendance) continues for a further four weeks. If no special circumstances are reported and the non-attendance (or insufficient attendance) continues for a further four weeks, the subsidy payment is reduced to match the average weekly hours of attendance over the previous 12 weeks.

- Some providers relied on CCSP funding to provide hot meals for children but cannot afford to do this under NCS funding.
- Some providers do not offer the full 45 hours because there may be a Pobal inspection if the child does not attend for all the hours.
- Some providers have reduced or ceased to offer after-school care for two reasons. First, reduced demand from parents on standard hours who cannot afford the extra hours has made the provision financially unviable to offer. Second, the NCS involves too much administration for the lower number of hours involved.
- Some services offering atypical hours are reluctant to offer the NCS because these services tend to serve parents who only qualify for the low universal rate and it is not worthwhile for providers or parents to have the administrative cost.

Finally, it was argued that, rather than increasing parents' flexibility to choose the hours they wish to use, the hourly subsidy rate in the NCS reduced this flexibility in some cases. It was reported that because the subsidy payment is reduced if a child does not attend for all registered hours, some parents keep their child in childcare for longer hours than they need to in order to receive the full subsidy. However, the reason for this issue is that providers charge for sessions rather than by the hour. As the fee is unaffected if the hours of attendance and subsidy payments are lower, parents may pay more when their child attends for fewer hours. Under CCSP, the provider was paid the subsidy for the entire session as long as the child attended for at least 25 hours and parents could therefore use the number of hours they wanted above this level.

6. IMPACTS FOR PARENTS

This chapter considers early indications of the impacts of the scheme on parents. The first section examines the value of NCS claims, while the second section presents preliminary evidence of the effects of the subsidy on the childcare costs paid by parents. The third section focuses on the support offered by the NCS for vulnerable families. The final section analyses early evidence of the impacts of the scheme on childcare choices, parental work and family finances.

Key findings

- The mean number of claim weeks per child up to the end of March 2021 was 27 weeks. The mean weekly hours were 25 hours and the mean hourly rate was €2.24, while the mean weekly claim value was €50. Just under a third (29%) of all children with a claim had used the subsidy with a community provider, in line with the profile for services.
- As would be expected given the NCS structure, mean weekly claim hours were higher and the mean hourly rate was lower for the universal subsidy than for the income-assessed subsidy and sponsor referrals. Overall, the mean weekly subsidy value was lower for universal subsidies (€17) than for income-assessed subsidies (€60) and for sponsor referrals (€94). The proportion of claimants using community services was much lower (12%) for universal subsidies than for income-assessed subsidies (33%) and sponsor referrals (69%).
- Reflecting the difference in the mix of universal and income-assessed claims, younger children had a higher mean weekly subsidy value than older children (a higher number of weekly hours outweighed a lower mean hourly rate). In addition, among claimants for the income-assessed subsidy, single parents had a higher mean weekly claim value than couples (driven by a higher hourly rate) and families which met the work-study test had a higher mean weekly claim value than families which did not meet the test (a higher mean number of weekly hours outweighed a lower hourly rate).
- The patterns in weekly claims indicate that the NCS is successfully targeting higher payment amounts to more disadvantaged areas. Within this, claimants in more affluent areas are being supported, on average, for more hours at a lower rate (typically the universal element with enhanced incentives to work or study), while claimants in more disadvantaged areas are, on average, being supported to use fewer hours at a higher rate (typically the standard hours income-assessed subsidy to encourage the use of early learning and care for the child's benefit). Among claimants for the income-assessed subsidy, parents with lower incomes had substantially higher weekly claim values (again, a substantially higher hourly rate outweighed lower weekly hours).

- As a proportion of total family childcare costs, 6% of parents receiving NCS support reported that all childcare costs were covered by the NCS, while 28% reported that less than 10% of costs were covered by the NCS. Overall, 38% reported that half of costs or more were covered, while 62% reported that less than half of costs were covered by the subsidy.
- The NCS covered higher proportions of family childcare costs for income-assessed subsidies than universal subsidies, for single parents over couples (and for couples with one parent not working or working part time over couples with both parents working full time), and for families with school children over those with only preschool children. The proportion covered was lower in Dublin than all other regions.
- Again reflecting the progressive nature of the scheme, the NCS covered considerably higher proportions of family childcare costs for families with lower incomes. Well over half of families in disadvantaged areas receiving NCS support had over 50% of their costs covered, while less than a quarter in affluent areas had over 50% of their costs covered.
- There were concerns that many vulnerable families have received substantially less support under the NCS than they had under the legacy schemes. In addition to lower subsidy rates, many families were reported to have received fewer subsidised hours because of the higher threshold of need for the NCS sponsorship and because children in families which did not meet the work-study test were only entitled to standard hours. This was seen as detrimental for preschool children from vulnerable families which benefit developmentally from more childcare hours, and for school children from vulnerable families which benefit socially and educationally from after-school care.
- Substantial proportions of parents reported that the NCS had impacted on their use of childcare, work and family finances. Just over a quarter (26%) reported that they were using more childcare, just over a quarter (28%) reported that they were working more (with 8% reporting they would not be in work without the NCS) and more than half (56%) reported that the NCS meant they had more money to spend (with 11% reporting they had much more money to spend). On the other hand, a notable proportion (14%) reported that they were working less because of the NCS. These cases may reflect comparisons to the legacy schemes or that some parents (particularly mothers) had reduced their working hours in response to lower childcare costs under the NCS, increasing their disposable income and reducing the need to work.
- The prevalence of perceived impacts across different types of families broadly reflects the differences in the proportion of childcare costs covered by the NCS. The proportions reporting positive impacts on childcare use, work and family finances were higher for those receiving income-assessed subsidies over those receiving universal subsidies (and those with enhanced hours entitlements over standard hours entitlements), single parents over couples, and families with school children over those with only preschool children.
- The proportions reporting positive impacts were substantially higher for families with lower incomes and for families living in more disadvantaged areas. However, the proportion of families which reported negative impacts on family

finances was highest in extremely/very disadvantaged areas, where 14% of families reported that they had less money to spend because of the NCS.

6.1 Claim values

Administrative data from Pobal for children with one or more claims was analysed to consider the amounts of support received per child.¹⁶⁸ For each child, information on all claims was combined to derive the number of weeks of subsidies received, the mean number of weekly hours for which subsidies were paid, the mean hourly subsidy rate and the mean weekly value of the subsidy for each child.¹⁶⁹ The claim data also identified whether claims had been made with private or community providers.¹⁷⁰

Across all children with a claim, the mean number of claim weeks up to the end of March 2021 was 27 weeks.¹⁷¹ The mean weekly hours were 25 hours and the mean hourly rate was €2.24, while the mean weekly claim value was €50.¹⁷² Just under a third (29%) of all children with a claim had used the subsidy with a community provider, in line with the profile for services.

Figures 28 to 32 present the key claimant statistics by the month of first claim.¹⁷³ In all figures, the months of September to November 2019 and the months of April to June 2020 are combined because of the small number of claims in each month alone.¹⁷⁴

¹⁶⁸ See section 2.2 for further details on this data.

¹⁶⁹ The raw data contained the subsidy rate for each CHICK, together with the total value claimed and the number of weeks of claims. These were used to derive the mean weekly hours and mean weekly value for each CHICK. The mean weekly hours, hourly rate and weekly value were the means over all CHICKs weighted by the weeks of claims for each CHICK, and the total number of weeks simply summed the weeks over all CHICKs.

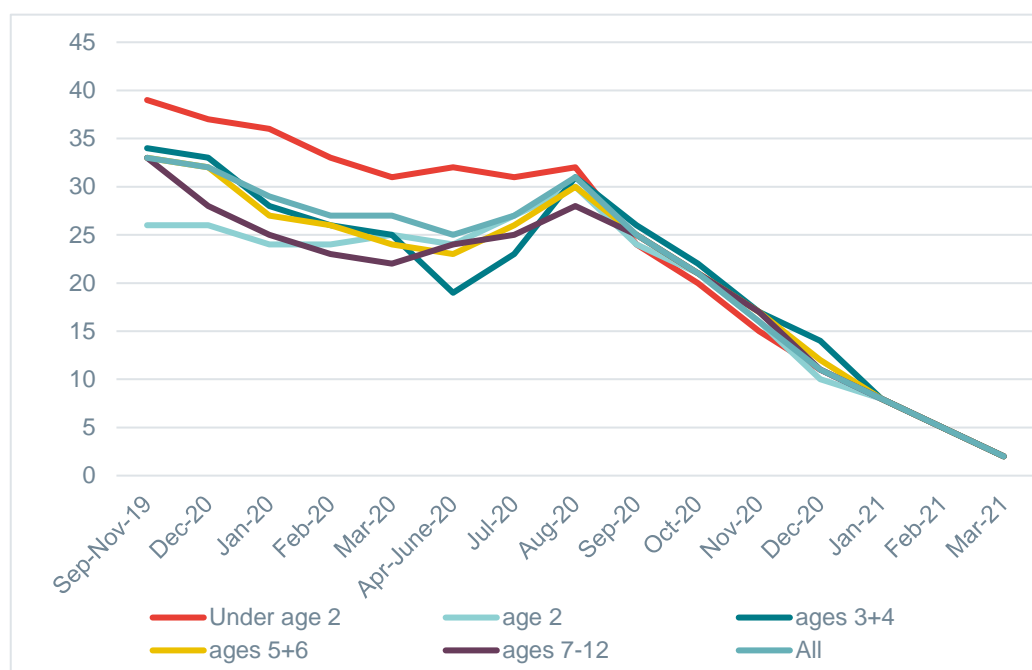
¹⁷⁰ This information was used to identify whether a child had any claims with a community provider. Very few children (1% of those with claims) had claims with both private and community providers.

¹⁷¹ This is a “truncated” measure of duration because children could have more weeks of claims after this month.

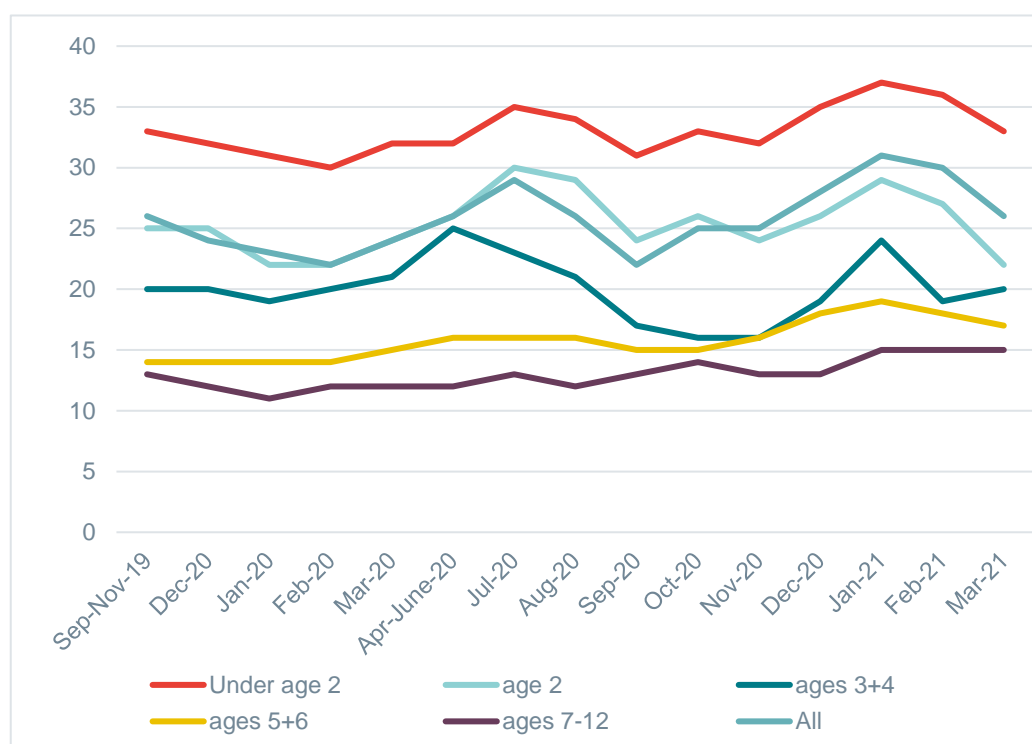
¹⁷² Statistically, the mean of the product of two variables does not have to equal the product of the means of the two variables. In other words, the mean weekly value does not necessarily equal the mean weekly hours multiplied by the mean hourly rate.

¹⁷³ The data was too complex (and potentially too inconsistent) to attempt to derive the statistics by month of claim.

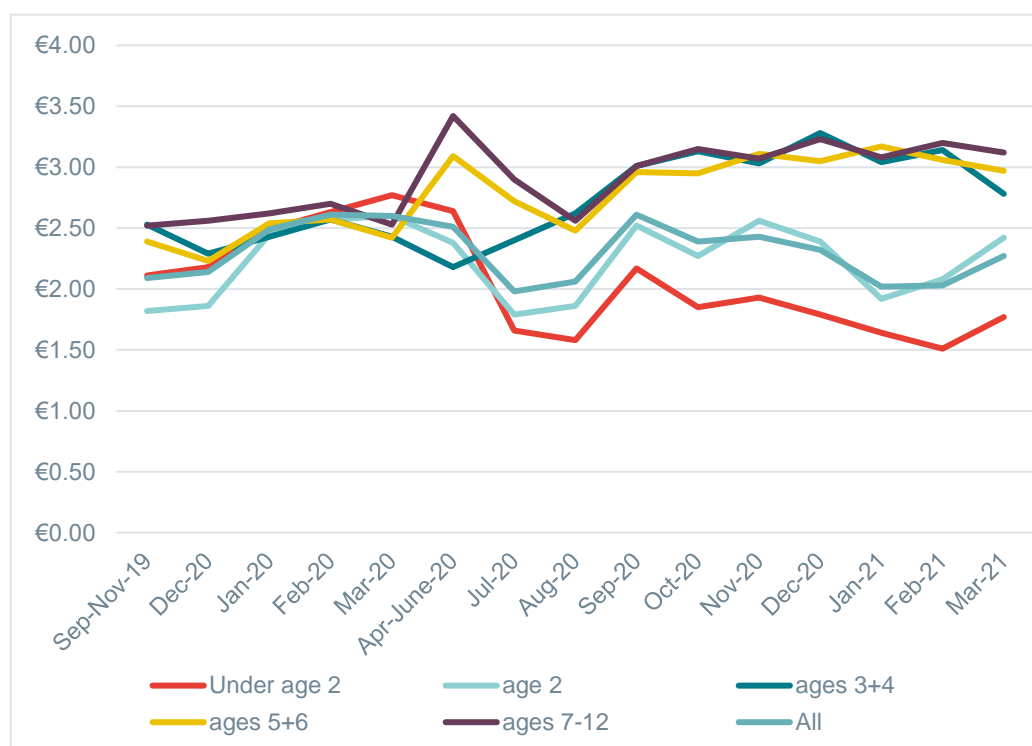
¹⁷⁴ September to November 2019 had few claims during the “soft launch” while April to June 2020 had few claims because of the closures due to the Covid-19 pandemic.

Figure 28: Mean number of weeks of claims by month first claimed

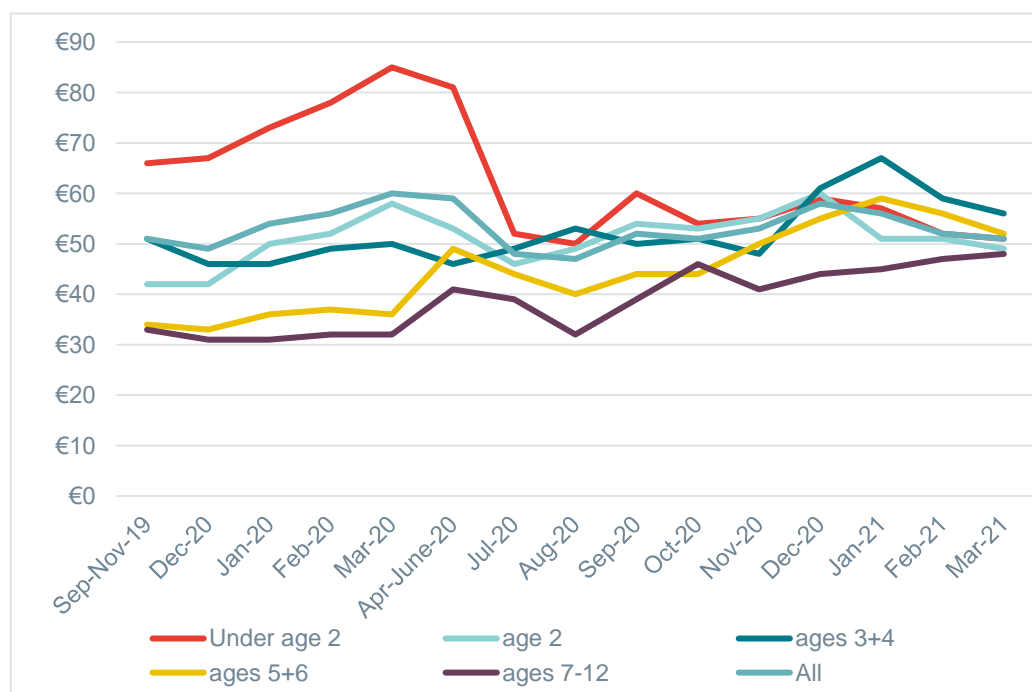
Source: Frontier Economics analysis of Pobal data.

Figure 29: Mean number of claimed weekly hours by month first claimed

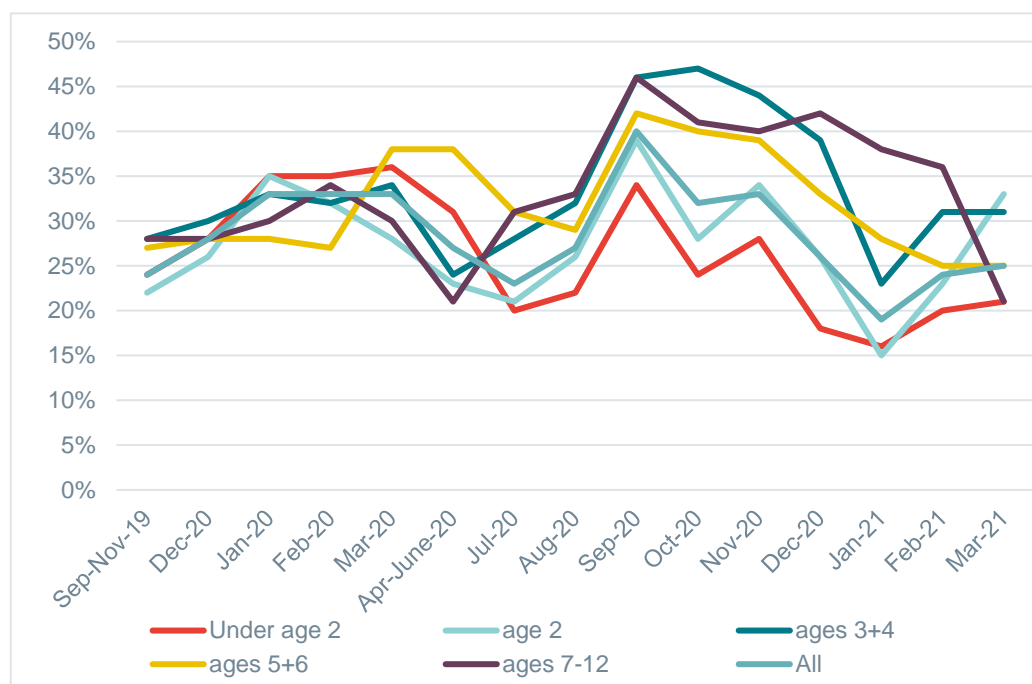
Source: Frontier Economics analysis of Pobal data.

Figure 30: Mean hourly rate across all claims by month first claimed

Source: Frontier Economics analysis of Pobal data.

Figure 31: Mean weekly value across all claims by month first claimed

Source: Frontier Economics analysis of Pobal data.

Figure 32: Proportion of claimants using community services by month first claimed

Source: Frontier Economics analysis of Pobal data.

Figures 28 to 32 show:

- For children with first claims prior to August 2020, the mean number of weeks of claims was higher for children under age two than for older children. For children with first claims thereafter, the mean number of weeks of claims was very similar for all ages of children and declined rapidly as the months approached March 2021. While the first part of these patterns is genuine (children who are younger when they have a first claim are likely to claim for more weeks), the latter part is generated by the truncation of the data at March 2021, as almost all children with a first claim since July 2020 will have made claims in all weeks up to the end of March 2021. The truncation of the data and absence of good data on how long children have claims for (due to the short period that the NCS has operated) means it is not possible to draw meaningful conclusions around the actual number of weeks of claims.
- For all ages of children, the mean number of weekly hours fluctuated around 25 hours, peaking at 31 for claims beginning in January 2021 and hitting a low point at 22 for claims beginning in February 2020. The mean number of weekly hours was consistently higher for younger children throughout the period.
- The mean hourly rate was similar for all ages up to the pandemic closure in April to June 2020 and subsequently diverged for first claims thereafter, with notably higher rates for children aged three and over and notably lower rates for children under age two. The reason for these changes in the mean hourly rates for first claims after June 2020 is not clear, although the large number of new CHICKs and claims in July to September 2020 could have

had a substantial influence on the composition of claimants and average subsidy rates.

- For first claims prior to July 2020, the mean weekly value of claims was higher for younger children than for older groups, reflecting the differences in weekly hours and the absence of differences in hourly rates during this initial period. The differences across ages were much narrower for first claims from July 2020, reflecting the drop in the mean hourly rate for younger children and the rise in the mean rate for older children in July, which offset the higher number of weekly hours for younger children.
- The final figure (figure 32) shows a marked change in the proportion of children using community providers after July 2020, with a distinct peak for children with first claims in September 2020, possibly reflecting that community providers are more likely to have an influx of new children at the start of the new year than private providers. In addition, older children are more likely to have used community providers than younger children.

Claims following offline applications had a lower mean number of weekly claims than those following online applications. However, claims following offline applications had slightly higher weekly hours (due to differences for children under age five) and slightly higher hourly rates (due to differences for children aged two and older), resulting in slightly higher weekly values. Claims following offline applications were slightly more likely to be taken up with community providers than those following online applications (tables 47 and 48).

Table 47: Claim characteristics by application mode

	Mean total claim weeks	Mean weekly hours	Mean hourly rate	Mean weekly value	% use comm. services
Online only	27	25	€2.21	€50	29%
Offline only	20	28	€2.57	€59	35%
Both online and offline	24	22	€4.19	€92	60%
All	27	25	€2.24	€50	29%

Source: Frontier Economics analysis of Pobal data.

Table 48: Weekly hours and hourly rate by application mode and age

	Mean weekly hours			Mean hourly rate		
	Under age 2	Age 2 to 4	Age 5 plus	Under age 2	Age 2 to 4	Age 5 plus
Online only	33	24	14	€1.88	€2.28	€2.64
Offline only	37	26	14	€1.74	€2.86	€3.86
Both online and offline	28	21	16	€4.42	€4.13	€4.06
All	33	24	14	€1.89	€2.32	€2.70

Source: Frontier Economics analysis of Pobal data.

As would be expected given the differences in scheme subsidy rates and entitlement hours, tables 49 and 50 present some stark differences in the claim statistics across application types:

- Total claim weeks did not differ substantially across application type (those for sponsor referrals were slightly lower, as would be expected).
- Mean weekly hours were substantially higher for claims for the universal subsidy (35 hours) than for the income-assessed subsidy (21 hours) or, on average, for claims following both types of application (24 hours) or sponsor referrals (21 hours). As shown in table 50, this difference was partly because children aged five and older claimed fewer weekly hours and universal subsidies are not available for this age group. But it was also the case that those using the universal subsidy claimed more weekly hours than those using the income-assessed subsidy within the younger age groups.¹⁷⁵
- Reflecting the differences in the set subsidy rates, claims for the universal subsidy had an hourly rate of €0.50, while the mean rate was €2.81 for the income-assessed subsidy and €4.66 for sponsor referrals. As shown in table 50, these differences were similar within child age groups and are not explained by differences in the age range covered by the subsidy types.
- The differences in hourly rates substantially outweighed those for weekly hours, leading to the mean weekly value for universal subsidies (€17) being substantially lower than those for income-assessed subsidies (€60) and sponsor referrals (€94).¹⁷⁶

¹⁷⁵ Differences across those with standard hours and those with enhanced hours awards are presented below in table 60.

¹⁷⁶ Reference [35] reports similar mean claim values for claims made in 2020: €17.51 for universal applications, €68.50 for income-assessed applications with enhanced hours awarded, €49.61 for income-assessed applications with standard hours awarded and €102.73 for sponsor applications (page 21).

- The proportion of claimants using community services was much lower (12%) for universal subsidies than for income-assessed subsidies (33%) and sponsor referrals (69%).

Table 49: Claim characteristics by application type

	Mean total claim weeks	Mean weekly hours	Mean hourly rate	Mean weekly value	% use comm. services
Universal only	24	35	€0.50	€17	12%
Income assessed only	27	21	€2.81	€60	33%
Universal + income assessed	28	24	€2.74	€63	36%
Sponsor only	20	20	€4.66	€94	69%
Sponsor + one/both other	24	21	€4.49	€98	64%
All	27	25	€2.24	€50	29%

Source: Frontier Economics analysis of Pobal data.

Table 50: Weekly hours and hourly rate by application type and age

	Mean weekly hours			Mean hourly rate		
	Under age 2	Age 2 to 4	Age 5 plus	Under age 2	Age 2 to 4	Age 5 plus
Universal only	37	32	n/a	€0.50	€0.50	n/a
Income assessed only	31	21	14	€3.00	€2.83	€2.63
Universal + income assessed	30	22	14	€2.70	€2.77	€2.70
Sponsor only	30	20	14	€5.15	€4.71	€4.32
Sponsor + one/both other	28	21	17	€4.84	€4.46	€4.20
All	33	24	14	€1.89	€2.32	€2.70

Source: Frontier Economics analysis of Pobal data.

Table 51: Claim characteristics by age group

	Mean total claim weeks	Mean weekly hours	Mean hourly rate	Mean weekly value	% use comm. services
Under age 2	28	33	€1.89	€57	25%
Age 2	26	26	€2.10	€50	28%
Ages 3+4	27	20	€2.64	€51	34%
Ages 5+6	26	15	€2.65	€41	32%
Ages 7-12	25	13	€2.75	€35	35%
Ages 13-15	17	12	€2.95	€35	28%
All	27	25	€2.24	€50	29%

Source: Frontier Economics analysis of Pobal data.

Aside from being substantially lower for children aged 13 to 15, the mean total number of claim weeks was similar across different ages of children (table 51). The mean weekly hours were lower for older children, reflecting ECCE or school hours being implicitly counted as part of standard hours for children over age two.¹⁷⁷ On the other hand, the mean hourly rate was higher with each higher age group. The maximum subsidy rates for the income-assessed subsidy were lower for older children and table 50 shows that hourly rates were generally lower for older children within each subsidy type. The pattern in this table reflects the lower rate for children under age three on the universal subsidy and possibly a higher proportion of sponsor referrals for older children or that parents with older children were more likely to only apply if they were on lower incomes (and hence eligible for a higher subsidy rate).

While there was little variation in the mean number of claim weeks across regions, mean weekly hours were highest in Dublin (table 52). However, Dublin also had the lowest mean hourly subsidy rate, which meant that the mean weekly value of claims was on the lower side of the distribution. The lowest mean weekly value of claims was for the South-West, reflecting both low mean weekly hours and a low mean hourly rate. As shown in table 53, these patterns were also present within age groups, indicating that they were not due to different mixes in ages of children making claims. There were substantial regional differences in the proportion of children using community providers, ranging from 17% in the Mid-East to 44% in the Border region.

¹⁷⁷ ECCE and school hours are not included in the claim hours.

Table 52: Claim characteristics by region

	Mean total claim weeks	Mean weekly hours	Mean hourly rate	Mean weekly value	% use comm. services
Border	28	22	€2.60	€55	44%
Dublin	26	30	€1.93	€48	19%
Mid-East	26	26	€2.12	€47	17%
Mid-West	28	25	€2.44	€58	33%
Midlands	26	23	€2.56	€56	31%
South-East	27	22	€2.60	€54	39%
South-West	26	23	€2.10	€42	37%
West	27	26	€2.20	€51	29%
All	27	25	€2.24	€50	29%

Source: Frontier Economics analysis of Pobal data.

Table 53: Weekly hours and hourly rate by region and age

	Mean weekly hours			Mean hourly rate		
	Under age 2	Age 2 to 4	Age 5 plus	Under age 2	Age 2 to 4	Age 5 plus
Border	30	21	13	€2.57	€2.59	€2.66
Dublin	37	27	15	€1.46	€2.14	€2.82
Mid-East	33	24	14	€1.76	€2.13	€2.75
Mid-West	34	24	15	€2.19	€2.47	€2.74
Midlands	31	23	14	€2.41	€2.58	€2.69
South-East	29	20	13	€2.45	€2.62	€2.78
South-West	29	21	12	€1.75	€2.19	€2.64
West	35	25	14	€1.89	€2.26	€2.52
All	33	24	14	€1.89	€2.32	€2.70

Source: Frontier Economics analysis of Pobal data.

There were few differences in the claim statistics between urban and rural areas (tables 54 and 55). Mean weekly hours were slightly lower in rural areas within all age groups, contributing to a slightly lower mean weekly value of claims. The proportion using community providers was substantially higher in rural areas than urban areas.

Table 54: Claim characteristics by urban-rural

	Mean total claim weeks	Mean weekly hours	Mean hourly rate	Mean weekly value	% use comm. services
Urban	28	26	€2.27	€51	24%
Rural	28	23	€2.20	€48	40%
All	28	25	€2.25	€50	30%

Source: Frontier Economics analysis of Pobal data.

Table 55: Weekly hours and hourly rate by urban-rural and age

	Mean weekly hours			Mean hourly rate		
	Under age 2	Age 2 to 4	Age 5 plus	Under age 2	Age 2 to 4	Age 5 plus
Urban	34	25	14	€1.89	€2.36	€2.80
Rural	32	22	13	€1.97	€2.22	€2.51
All	33	24	14	€1.92	€2.31	€2.69

Source: Frontier Economics analysis of Pobal data.

There were substantial differences in claim statistics across local area disadvantage level, which were reflected in all age groups (tables 56 and 57):

- Mean weekly hours were lower in disadvantaged areas than in more affluent areas, ranging from 20 hours each week in the extremely/very disadvantaged areas to 32 hours each week in affluent areas.
- The mean hourly rate was substantially higher in disadvantaged areas than in more affluent areas, ranging from €3.25 in extremely/very disadvantaged areas down to €1.37 in affluent areas.¹⁷⁸
- Overall, the mean weekly value of claims was higher in more disadvantaged areas, ranging from €70 in extremely/very disadvantaged areas down to €37 in affluent areas.¹⁷⁹
- The proportion of claimants who used community services was higher in more disadvantaged areas, ranging from 59% in extremely/very disadvantaged areas down to 10% in affluent areas.

These patterns indicate that the NCS is successfully targeting higher payment amounts to claimants in more disadvantaged areas. Within this, claimants in more affluent areas are being supported, on average, for more hours at a lower rate (typically the universal element with enhanced incentives to work or study), while claimants in more disadvantaged areas are, on average, being supported to use fewer hours at a higher rate (typically the standard hours income-assessed subsidy to encourage the use of early learning and care for the child's benefit).

¹⁷⁸ The same patterns (and similar figures) for mean hourly rates were reported in reference [35] for claims made in 2020 (page 29).

¹⁷⁹ The same patterns were reported for mean weekly value claimed in reference [35] for claims made in 2020 (page 29).

Table 56: Claim characteristics by disadvantage

	Mean total claim weeks	Mean weekly hours	Mean hourly rate	Mean weekly value	% use comm. services
Affluent	28	32	€1.37	€37	10%
Marginally above average	28	28	€1.81	€43	17%
Marginally below average	28	24	€2.34	€52	33%
Disadvantaged	28	22	€2.85	€60	44%
Extremely/very disadvantaged	27	20	€3.52	€70	59%
All	28	25	€2.25	€50	29%

Source: Frontier Economics analysis of Pobal data.

Table 57: Weekly hours and hourly rate by area deprivation and age

	Mean weekly hours			Mean hourly rate		
	Under age 2	Age 2 to 4	Age 5 plus	Under age 2	Age 2 to 4	Age 5 plus
Affluent	38	30	15	€1.02	€1.49	€2.50
Marginally above average	35	26	14	€1.41	€1.90	€2.51
Marginally below average	32	23	14	€2.09	€2.38	€2.63
Disadvantaged	30	21	14	€2.84	€2.85	€2.86
Extremely/very disadvantaged	26	19	14	€3.80	€3.49	€3.26
All	33	24	14	€1.91	€2.31	€2.68

Source: Frontier Economics analysis of Pobal data.

Tables 58 and 59 present the claim statistics by prior use of CCSP or TEC. The differences between claimants without any prior CCSP or TEC and those with prior CCSP were not substantial: those with prior CCSP had slightly higher mean weekly

hours and a slightly lower mean hourly rate (except for children aged five and over), which is contrary to expectations. However, this pattern may be due to the savers provision: those who transferred from CCSP to the NCS were not typical CCSP claimants but were those who would be better off claiming the NCS (and hence had claims more similar to those without prior CCSP). The claims for those who were previously availing of TEC are more in line with expectations of lower mean weekly hours and a higher mean subsidy rate.

Table 58: Claim characteristics by prior CCSP or TEC

	Mean total claim weeks	Mean weekly hours	Mean hourly rate	Mean weekly value	% use comm. services
Neither CCSP nor TEC	25	25	€2.24	€49	28%
CCSP only	29	27	€2.20	€52	31%
TEC only	25	20	€3.45	€71	36%
Both CCSP and TEC	27	22	€3.53	€80	60%
All	27	25	€2.24	€50	29%

Source: Frontier Economics analysis of Pobal data.

Table 59: Weekly hours and hourly rate by prior CCSP or TEC and age

	Mean weekly hours			Mean hourly rate		
	Under age 2	Age 2 to 4	Age 5 plus	Under age 2	Age 2 to 4	Age 5 plus
Neither CCSP nor TEC	33	20	14	€1.92	€2.51	€2.50
CCSP only	35	27	14	€1.75	€2.11	€3.21
TEC only	32	21	15	€3.82	€3.53	€3.26
Both CCSP and TEC	34	22	15	€4.05	€3.50	€3.36
All	33	24	14	€1.89	€2.32	€2.70

Source: Frontier Economics analysis of Pobal data.

Table 60: Claim characteristics by additional characteristics for income-assessed applications

	Mean total claim weeks	Mean weekly hours	Mean hourly rate	Mean weekly value	% use comm. services
Lone parent	28	21	€3.78	€82	35%
Couple	28	22	€2.27	€49	33%
Met the work-study test	28	23	€2.67	€61	31%
Did not meet the work-study test	23	17	€3.49	€58	44%
Enhanced only	28	23	€2.65	€62	32%
Standard only	22	15	€3.54	€53	47%
Both enhanced and standard	28	21	€3.21	€70	37%
1 child	28	23	€3.01	€69	32%
2 children	28	21	€2.65	€56	33%
3 or more children	26	19	€2.72	€53	39%
Reckonable income band:					
Less than €25k	27	21	€4.07	€88	38%
€25k to less than €40k	28	20	€3.29	€68	35%
€40k to less than €50k	29	21	€1.97	€44	32%
€50k or more	26	25	€0.95	€24	26%
All	28	22	€2.80	€61	34%

Source: Frontier Economics analysis of Pobal data.

Table 61: Weekly hours and hourly rate by additional characteristics for income-assessed applications and age

	Mean weekly hours			Mean hourly rate		
	Under age 2	Age 2 to 4	Age 5 plus	Under age 2	Age 2 to 4	Age 5 plus
Lone parent	30	22	14	€4.35	€3.84	€3.39
Couple	31	21	13	€2.33	€2.35	€2.05
Met the work-study test	33	24	14	€2.76	€2.66	€2.60
Did not meet the work-study test	22	14	14	€3.66	€3.45	€3.25
Enhanced only	33	24	14	€2.70	€2.65	€2.61
Standard only	19	13	15	€3.66	€3.47	€3.48
Both enhanced and standard	29	20	14	€3.46	€3.11	€3.08
1 child	31	22	15	€3.08	€3.03	€2.88
2 children	31	22	14	€2.78	€2.66	€2.54
3 or more children	30	20	13	€2.89	€2.77	€2.59
Reckonable income band:						
Less than €25k	29	21	14	€4.44	€4.07	€3.73
€25k to less than €40k	30	21	14	€3.69	€3.32	€3.04
€40k to less than €50k	31	21	13	€2.36	€1.98	€1.69
€50k or more	33	24	13	€1.04	€0.95	€0.78
All	31	22	14	€2.94	€2.83	€2.65

Source: Frontier Economics analysis of Pobal data.

Table 60 presents the claim statistics for a number of family characteristics which were only available for income-assessed subsidies. This table highlights the following differences:

- Lone parents had a substantially higher mean hourly rate than couples, leading to a substantially higher mean weekly value for claims.
- Families which did not meet the work-study test had a lower mean number of claim weeks and lower mean weekly hours but a higher hourly rate. Overall, they received a slightly lower mean weekly claim value and were also more likely to use community providers than those who met the work-

study test. The very similar pattern for standard and enhanced hours claims is consistent with the work-study test determining the hours entitlement.

- Parents with only one child had slightly higher mean weekly hours and a slightly higher mean rate (leading to a slightly higher weekly claim value) than parents with two or more children. Given that the NCS is marginally more generous to families with more children (in the discount for calculating reckonable income), this suggests that the higher subsidy value of those with one child may be driven by other related characteristics.
- Mean weekly hours were highest for those in the top band of reckonable income, possibly reflecting that families in this band were more likely to meet the work-study test and be eligible for the enhanced hours. As would be expected from the scheme structure, the mean hourly rate was lower for each higher income band, ranging from €4.07 in the lowest income band to €0.95 in the highest band. Consequently, the mean weekly claim value was lower for each higher income band, ranging from €88 for the lowest income band to €24 in the highest band. This highlights the progressiveness of the scheme in subsidy payments for the income-assessed subsidy.¹⁸⁰

Table 61 shows how the differences in mean weekly hours and mean hourly rate were present within age bands, with the exception that the mean weekly hours varied little for children aged five and older.

6.2 Impacts on childcare costs

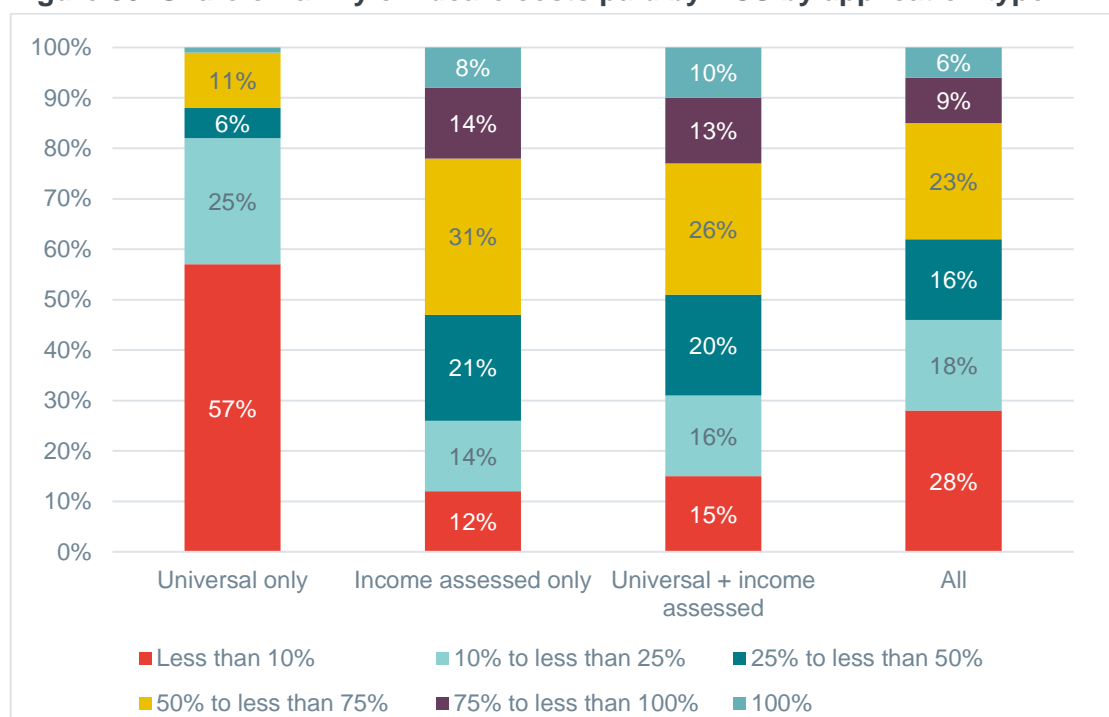
Parents spend different amounts on childcare and the subsidy amount alone does not fully assess how much support they are receiving towards those costs. Data on the value of NCS claims and the amounts that parents spend on childcare themselves from the parent survey for this review is used in this section to consider the proportion of costs that was covered by NCS subsidies.¹⁸¹ As this information provided by parents was not always precise, the focus is on understanding the proportion of costs covered by the NCS as perceived by parents. This is useful to provide insights on the extent that the NCS reduces childcare costs for different types of subsidies, families and areas.

Across all families which gave valid answers in the survey, 6% reported that all childcare costs (100%) had been covered by the NCS. At the other extreme, 28% reported that less than 10% of costs had been covered by the NCS (less than €1 in every €10 of childcare costs had been covered by the NCS). Overall, 38% reported that half of costs or more had been covered, while 62% reported that less than half of costs had been covered by the subsidy. The final column in figure 33 shows the precise breakdowns into six groups.¹⁸²

¹⁸⁰ Reference [35] provides a more detailed breakdown of the mean hourly rate by household reckonable income and child education stage for claims made in 2020 (pages 27-28). The numbers are similar to those presented here.

¹⁸¹ Parents were asked how much the NCS scheme pays towards the cost of their childcare each week (including all children for whom they receive support) and how much they pay for childcare each week (including all children in their family) over and above any cost covered by the NCS. The proportion covered by the NCS is the first amount divided by the sum of both amounts.

¹⁸² The 38% with half or more of costs covered is the sum of 23%, 9% and 6%, while the 62% with less than half of costs covered is the sum of 28%, 18% and 16%.

Figure 33: Share of family childcare costs paid by NCS by application type

Source: Parents' survey.

Notes: Sample sizes are 804 for universal only, 1,076 for income assessed only, 415 for universal and income assessed and 2,735 for all. The all column includes 440 parents with missing application type.

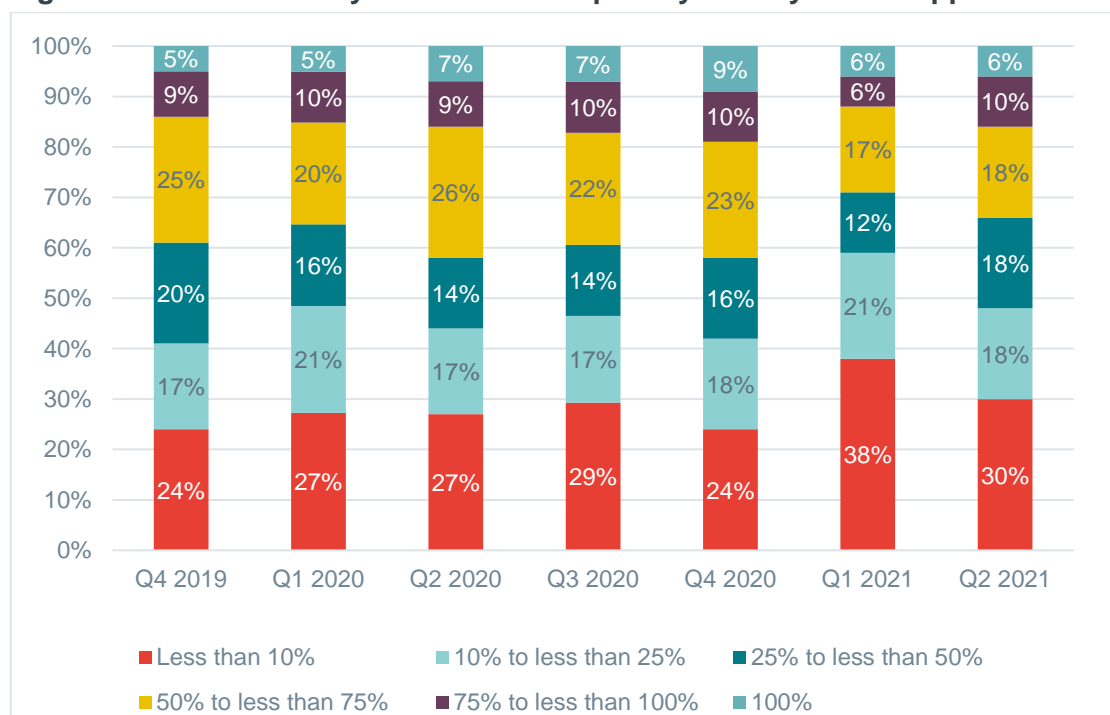
Unsurprisingly, the share of family childcare costs paid by the NCS was generally considerably lower for families receiving the universal subsidy than for those receiving the income-assessed subsidy (or who had applications for both types) (figure 33). More than half (57%) of those on universal subsidies received less than 10% of costs covered and more than three-quarters had less than 25% of their childcare costs covered by the NCS, suggesting a relatively minor impact of the NCS on childcare costs. On the other hand, only 12% of those on the income-assessed subsidy received the very lowest level of support, while more than half (53%) had more than half their costs covered by the NCS and a substantial proportion (22%) had more than three-quarters covered by the NCS. This indicates a substantial impact on childcare costs for most of those in receipt of the income-assessed subsidy.

Among those receiving the income-assessed subsidy, the proportions of costs covered did not vary greatly between those on standard hours and those on enhanced hours, with very slightly higher proportions of costs covered for those on standard hours (figure 34). This is consistent with those on standard hours generally using fewer childcare hours and having lower total childcare costs in line with the lower amount of NCS subsidy. However, it is interesting that the numbers of hours used by parents on standard hours and those supported for enhanced hours are such that the distribution in the levels of support are so similar between the two types of hour entitlements. This may have been driven by parents adjusting their hours to match the entitlement hours level or may reflect that the relative subsidy hours were matched with parents' average use.

Figure 34: Share of family childcare costs paid by NCS by enhanced and standard for income-assessed applicants

Source: Parents' survey.

Notes: Sample sizes are 1,230 for enhanced only, 182 for standard only and 79 for both.

Figure 35: Share of family childcare costs paid by NCS by time of application

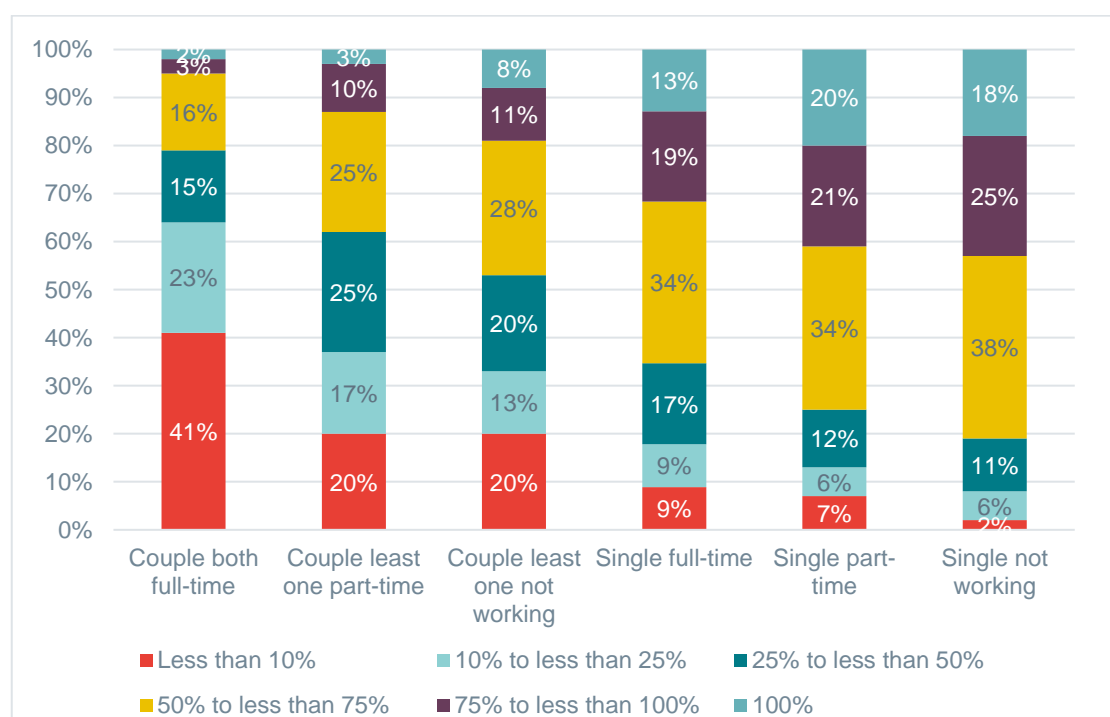
Source: Parents' survey.

Notes: Sample sizes are 789, 297, 180, 570, 244, 126 and 114 for each of the quarters from Q4 2019 to Q2 2021.

Figure 35 presents the distribution of costs covered by quarter of application. The patterns were fairly consistent over time, with the one exception being the higher proportions with lower levels of support for applications in the first quarter of 2021. This may have been related to the slight drop in the number of income-assessed applications relative to universal applications in the initial months of 2021 shown in figure 7 in section 5.1 above.

Couples with both parents working full time reported the lowest levels of support in the survey: only around one-third had more than 25% of their costs covered by the NCS (figure 36). Couples with one parent working part time or not working had higher levels of support (around two-thirds had more than 25% of their costs covered by the NCS). Couples with one parent working part time would have benefitted from enhanced hours but possibly a lower subsidy rate (due to higher income) over couples with one parent not working, leading to a similar impact on childcare costs. The greatest impact on costs was for single parents, with substantial proportions having more than 50% of their childcare costs covered by the NCS and around one in five of those working part time or not working having all of their costs covered.

Figure 36: Share of family childcare costs paid by NCS by family type



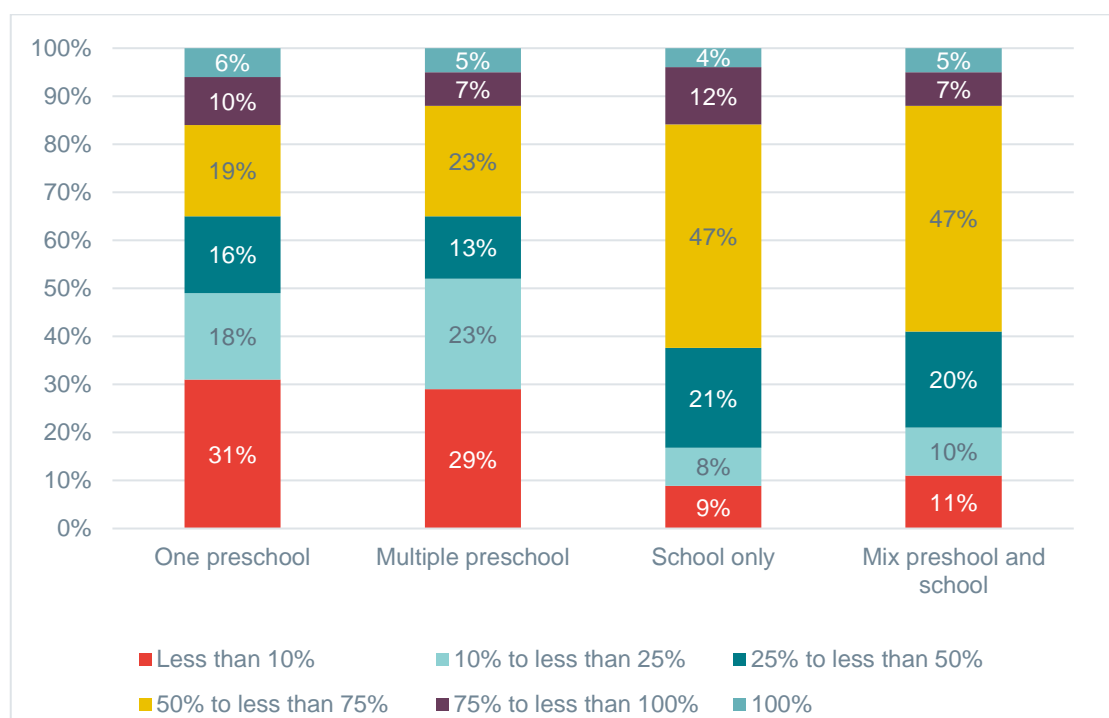
Source: Parents' survey

Notes: Sample sizes are 1,444 for couple both full-time, 316 for couple least one part-time, 264 for couple least one not working, 343 for single full-time, 201 for single part-time and 132 for single not working.

Figure 37 presents the proportions of costs covered by the NCS by the age and mix of children currently receiving support. There is a stark contrast between those who are receiving support only for preschool children and those receiving support either partly or entirely for school children. Almost a third of families receiving

support for preschool children reported that less than 10% of their childcare costs had been covered by the NCS and more than half reported that the proportion covered had been less than 25%. More than a third of those with school-age children reported that more than 50% of their costs had been covered. The lower levels of support for preschool children reflect the lower levels of subsidy rates for the universal subsidy, which is only available to preschool children. Interestingly, figure 37 also shows similar levels of support for families with one child and those with multiple children.¹⁸³

Figure 37: Share of family childcare costs paid by NCS by age of children currently receiving support

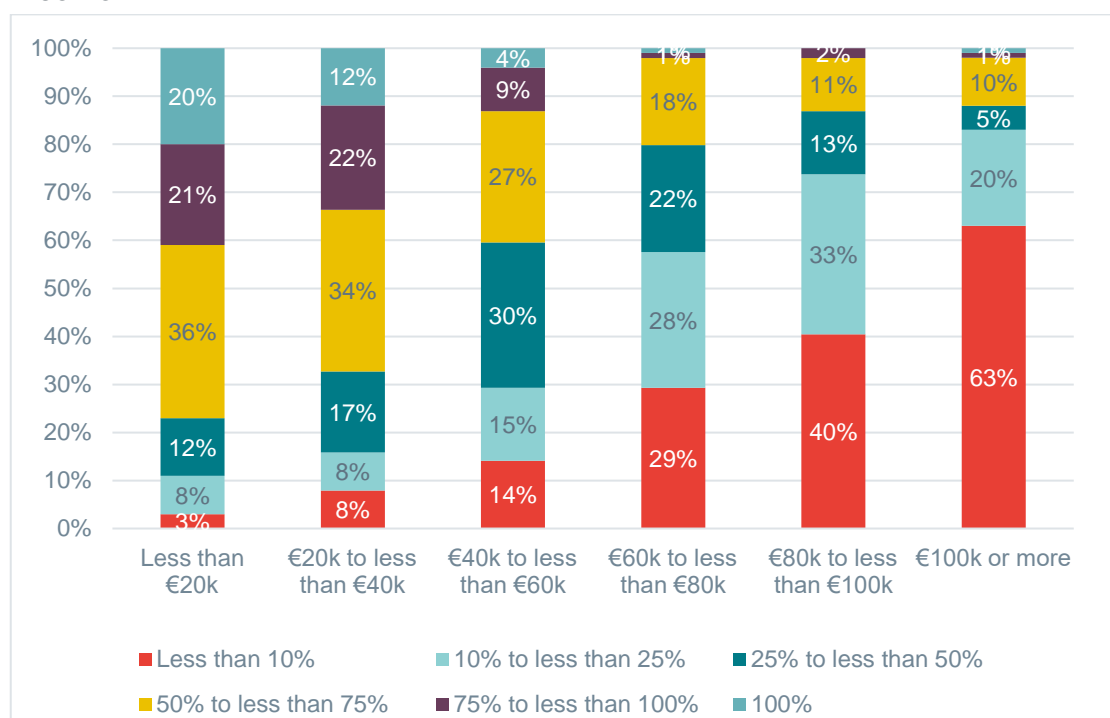


Source: Parents' survey.

Notes: Sample sizes are 1,834 for one preschool, 388 for multiple preschool, 116 for school only and 113 for mix preschool and school.

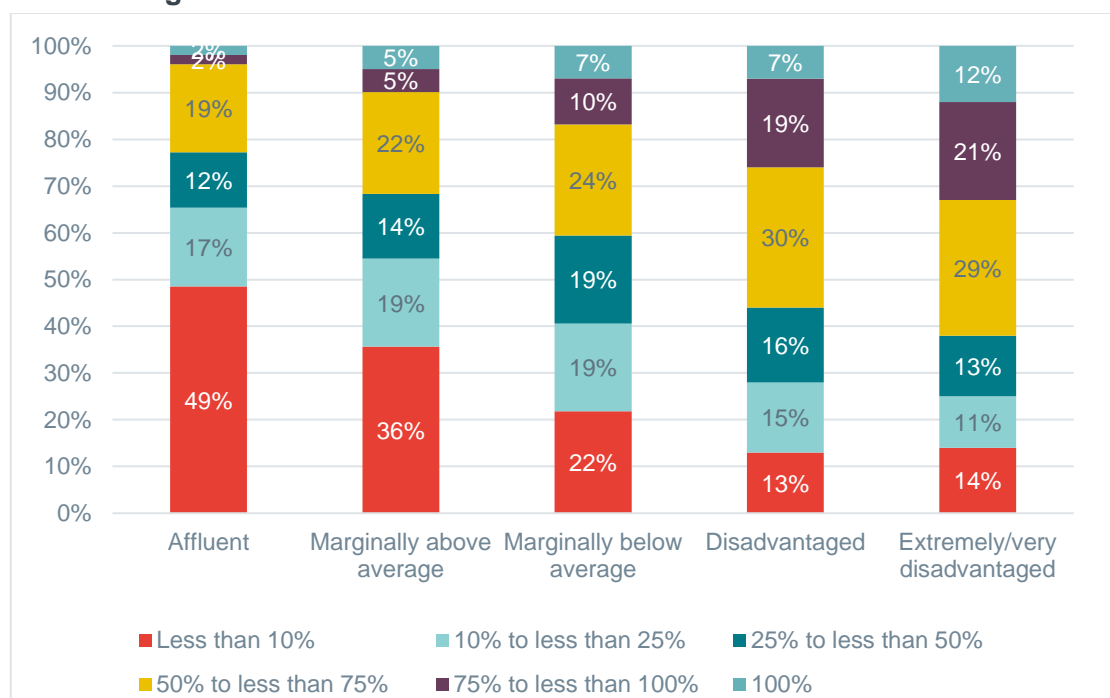
Figure 38 shows that families in the highest income band had low levels of support (almost two-thirds had less than 10% of their costs covered by the NCS), while most families in the lowest band had more than 50% of their costs covered. As would be expected from the scheme structure, there was a sharp drop in the proportion with more than 25% of costs covered for families with income above €60,000. Interestingly, there was also a drop in the proportion of families with more than 50% of costs covered when income exceeded €40,000. Overall, this indicates substantial impacts on childcare costs for families with income below €40,000, but more moderate ones for families with income between €40,000 and €60,000 and considerably smaller impacts for those with income above €60,000.

¹⁸³ Although it should be noted that while families with multiple children have similar proportions of childcare costs covered by the NCS, they are still likely to be paying higher absolute amounts.

Figure 38: Share of family childcare costs paid by NCS by annual household income

Source: Parents' survey.

Notes: Sample sizes are 286, 506, 499, 365, 244, 510 for each income group from lowest to highest.

Figure 39: Share of family childcare costs paid by NCS by local area disadvantage

Source: Parents' survey.

Notes: Sample sizes are 258, 672, 739, 308 and 92 for each disadvantage group from affluent to extremely/very disadvantaged.

A corresponding picture across different local area disadvantage levels is presented in figure 39. Although the pattern was not as strong as for household income (because local area disadvantage measures capture the average across a mix of household income levels), this shows that, while well over half of families in disadvantaged areas receiving NCS support had over 50% of their costs covered, less than a quarter in affluent areas had over 50% of their costs covered.

There was some variation in the proportion of costs covered by the NCS across regions (figure 40). Dublin had a notably higher proportion of families with less than 10% of their costs covered, reflecting a number of factors:

- The proportion of families which were a couple both working full time was higher in Dublin (59%) than the average across all regions (51%), with lower or equal proportions of all other family types. But even within family type, Dublin had a higher proportion of families with less than 10% of family childcare costs paid by the NCS than the average across all regions.¹⁸⁴
- The proportion of families in the top two household income bands was higher in Dublin (48%) than the average across all regions (30%), with lower proportions in the other income bands. But even within almost every income band, Dublin had a higher proportion of families with less than 10% of family childcare costs paid by the NCS than the average across all regions.¹⁸⁵
- The proportion of families in affluent and marginally above average disadvantaged areas was higher in Dublin (63%) than the average across all regions (43%), with lower proportions in below average and disadvantaged areas. But even within almost every level of disadvantage, Dublin had a higher proportion of families with less than 10% of family childcare costs paid by the NCS than the average across all regions.¹⁸⁶

Hence, the higher proportion in Dublin reflects a mix of family type, household income and local area deprivation.¹⁸⁷ However, even controlling for all these factors, the average proportion of costs covered by the NCS was lower in Dublin than in all other regions,¹⁸⁸ possibly reflecting that childcare costs are higher in Dublin but the subsidy rates are national.

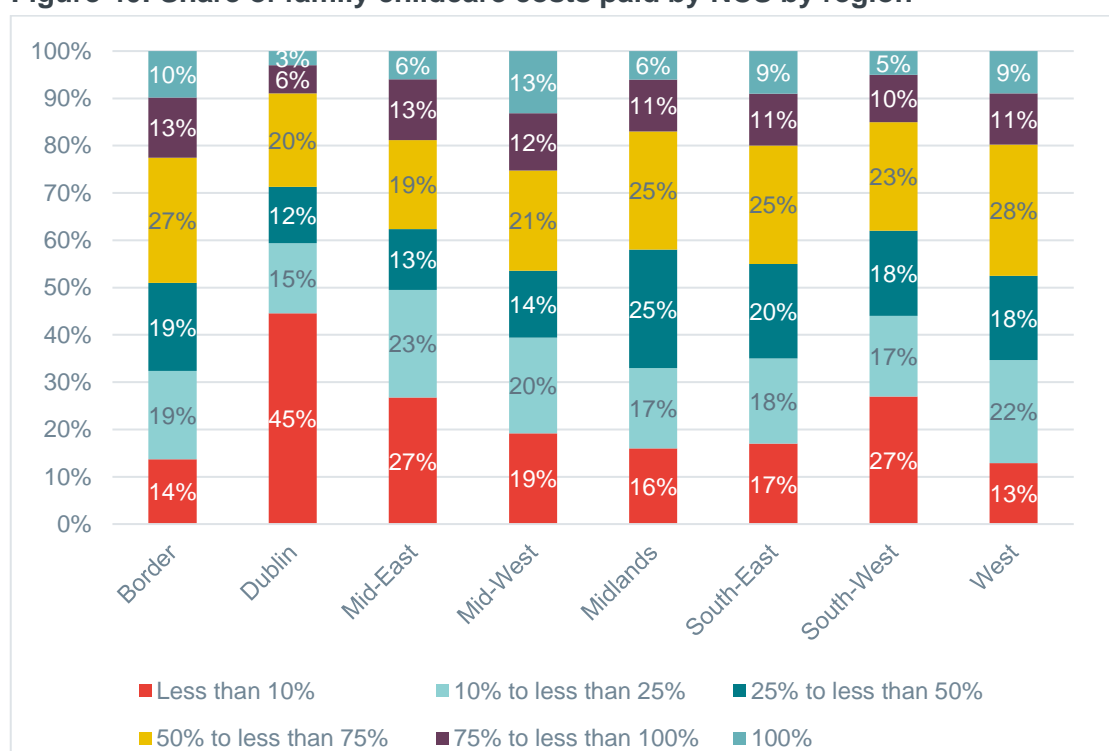
¹⁸⁴ The proportion of families with less than 10% of costs covered by the NCS in Dublin was 62% for couples both working full time, 29% for couples with at least one parent working part time, 30% for couples with at least one parent not working, 16% for single parents working full time, 7% for single parents working part time and 3% for single parents not in work.

¹⁸⁵ The proportion of families with less than 10% of costs covered by the NCS in Dublin across the six income bands from lowest to highest was 3%, 8%, 23%, 44%, 61% and 71%.

¹⁸⁶ The proportion of families with less than 10% of costs covered by the NCS in Dublin was 58% in affluent areas, 47% in marginally above average areas, 42% in marginally below average areas, 24% in disadvantaged areas and 14% in extremely/very disadvantaged areas.

¹⁸⁷ This was also reflected in a higher proportion of claimants for universal subsidies in Dublin than in the other regions. Among families reporting NCS amounts and childcare costs in the parents' survey, 53% in Dublin had universal only applications compared to between 17% and 33% in all other regions.

¹⁸⁸ Regression analysis for the grouped income proportion with controls for family type, household income and local deprivation level still identified Dublin as having a statistically significantly lower proportion of costs covered by the NCS than all other regions.

Figure 40: Share of family childcare costs paid by NCS by region

Source: Parents' survey.

Notes: Sample sizes are 199, 921, 191, 118, 205, 435, 358 and 303 for each region from the Border region to the West.

6.3 Impacts on vulnerable families

As described in section 5.4, evidence on the experience of vulnerable families is limited. While this section begins with some analysis on former CCSP recipients undertaken by Pobal, it also relies on evidence from specific examples described in policy documents and on insights from informal discussions with a small number of key informants knowledgeable in the experience of vulnerable families to consider the level of support offered by NCS to vulnerable families. As in the previous section, vulnerable families include those facing specific challenges, often in conjunction with being on low incomes, and include those who would previously have received support under CCSP.

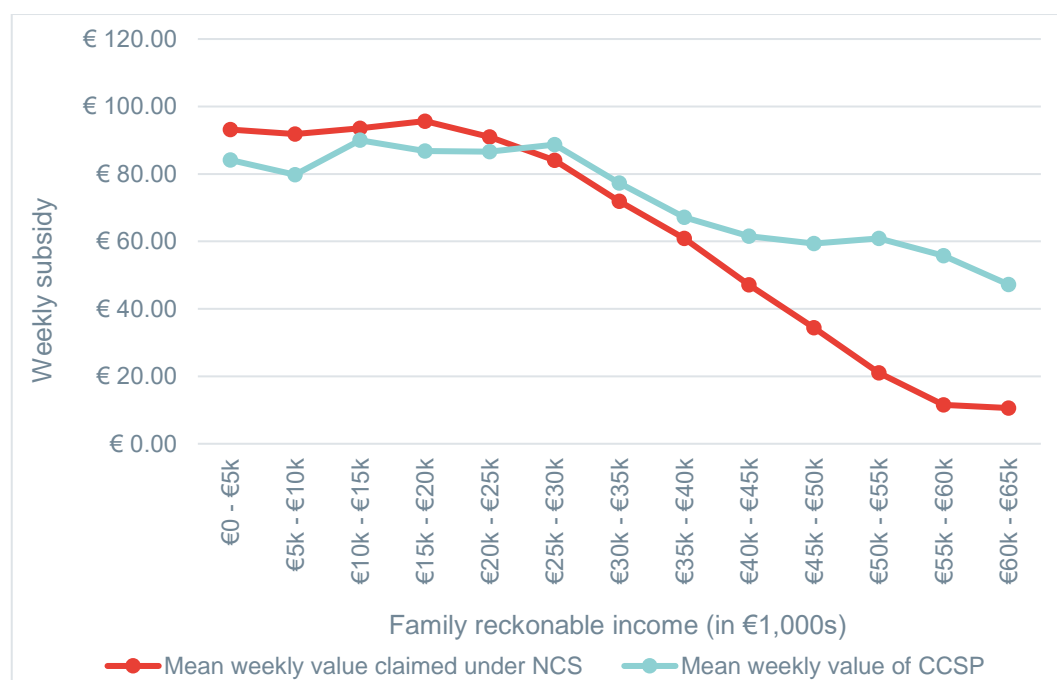
During 2019/20, 63,411 children had approved registrations under CCSP. Of these, 26% received support under the CCSP saver programme in 2020/21, 25% recorded an NCS claim and 47% did not record either a CCSP registration or NCS claim.¹⁸⁹ Hence, around half of CCSP beneficiaries who continued to receive support made the transition to NCS, while around half remained on CCSP using the savers provision.¹⁹⁰

¹⁸⁹ The remaining 2% recorded both a CCSP registration and NCS claim in 2020/2021.

¹⁹⁰ Reference [35], page 35.

Analysis by Pobal compared the subsidy value under CCSP in 2019/20 with the subsidy value under NCS in 2020/21 for a sample of 6,905 children who had moved from the CCSP to the NCS. This comparison is presented in figure 41.

Figure 41: Subsidy per hour by child age and reckonable income



Source: Reference [35], page 36.

Notes: An outlier in the original table for two observations in an additional €65k to €80k income band is excluded here. The income bands are strictly greater than the lower amount shown on the axis.

The comparison of the weekly subsidies shows that the mean amount was slightly higher under the NCS for families with reckonable income below €25,000 and slightly lower for families with reckonable income between €25,000 and €40,000. For those with reckonable income above €40,000, the NCS subsidy was, on average, considerably lower (and increasingly lower as income increased).

There are several issues with this analysis:

- In the sample selected by Pobal for this analysis,¹⁹¹ half (50%) were in the income bands below €25,000, while half were in higher bands, suggesting that, on average, around half had higher subsidies under the NCS and that around half, on average, had lower subsidies under the NCS. However, comparing the mean values received does not directly inform on the proportion who received higher or lower subsidies within each income band. Hence, there could be large numbers of “losers” (those with lower subsidies under the NCS) in the lower income bands below €25,000 and high numbers of “winners” (those with higher subsidies under the NCS) in the higher income bands (at least up to €40,000).

¹⁹¹ It is not clear how the sample of 6,905 were chosen from the 17,044 who successfully submitted an NCS claim in 2020. Assuming this was random, then the distribution of reckonable income in the sample should be representative of all families making the transition to the NCS.

- Half of those availing of CCSP in the previous year had chosen to remain on CCSP under the savers provision and these families (given their choice and assuming they were aware of the NCS option) were likely to have been worse off under the NCS. This would create a bias towards higher mean amounts under the NCS.
- It appears that no adjustment in the comparison was made for the ageing of children and that some would have received a lower level of subsidy (possibly zero) for having entered ECCE. This would create a bias towards lower mean amounts under the NCS.
- Because increases in the subsidy amounts for the legacy schemes in September 2017 were due to the envisaged changes for the NCS, comparisons with CCSP subsidy values in 2019/20 could be argued to already incorporate some “effects” of the NCS and the analysis therefore understates the increase in support due to the NCS.

The pattern in figure 41 is suggestive that the scheme offered a more progressive support structure: the mean NCS subsidies are only considerably different from the mean CCSP subsidies at higher income levels. However, concerns were raised from other evidence that some types of families with lower incomes were substantially worse off under the NCS.

There was a broad feeling during the informal discussions with the small number of key informants that the NCS penalised the most marginalised families and their children and that the employment-orientated aspect of the scheme leaves the most vulnerable children worst off. Support organisations reported that they advised families to remain on the legacy schemes where possible, believing that while the CCSP was less empowering, it gave a higher level of support. Examples were given of where younger siblings without any entitlement to the savers provision did not receive the same level of support under the NCS as their older siblings who were able to remain on the legacy schemes. It should be noted again, however, that comparisons were being drawn with the legacy schemes in 2019, which had benefitted from increases in subsidy amounts in September 2017 due to the envisaged changes for the NCS. Hence, these comparisons may have been drawn with legacy schemes which already incorporated some “effects” of the NCS and may have over-emphasised the losses for some families relative to the pre-2017 schemes.

In addition to issues around changes in the hourly subsidy rate, there were two key concerns around the weekly number of hours offered under the NCS. The first related to sponsor referrals. It was reported that many settings were finding that the threshold of need for the NCS sponsorship was higher than that required under the CCS, whereby children who had previously received support for full-day care (with meals) would now only qualify for the lower number of hours.

The second concern related to the distinction between standard and enhanced weekly hours. It was reported that many disadvantaged parents are now qualifying for fewer childcare hours under than NCS than they would have under the CCSP because they do not meet the work-study test and the child is only entitled to the standard 20 hours (meaning no out-of-school care during term time for school children). Several problems around this were reported:

- The most disadvantaged preschool children are the ones who draw the greatest benefits from additional services and more hours in childcare.
- After-school childcare can offer the most disadvantaged children assistance with homework, hot meals and stability that the home may lack the structure or resources to reliably provide. Assistance with homework was seen as particularly important for children with parents who are not fluent in English. It was also emphasised that after-school childcare is about the educational needs of the child as much as employment facilitation for parents.
- The higher number of hours under the CCSP gave more opportunity for parents to return to work or study. It was argued that parents are hindered in their capacity to seek and secure alternative employment with only the standard hours under the NCS.¹⁹²

It was reported that the feeling among parents of being “worse off” with the NCS was more prevalent among those entitled to the standard hours than those entitled to enhanced hours. It was also reported that most parents who had opted to stay on the legacy schemes did so because they would only receive standard hours under the NCS.

There were also issues around the communication about the savers provision for those on legacy schemes, particularly when the policy changed to allow current beneficiaries to remain on the scheme for as long as they were eligible. It was reported that providers had not been informed in a timely fashion about the changes and that announcements were not clear or “big” enough. Consequently, many providers were not aware of the extension to the scheme, resulting in parents moving to the NCS and some then successfully appealing to return to the legacy schemes.

6.4 Impacts on childcare choices, parental work and family finances

Measuring perceived impacts

In lieu of data to undertake a robust econometric analysis of the impacts of the scheme on parents, parents were asked about their perceptions of impacts in the survey for this review in May 2021. This involved asking parents to consider what their childcare choices and work behaviour¹⁹³ would be in the absence of the NCS and what difference they thought the NCS had made to their family finances. In each case, they were offered a selection of options for responses. For ease of understanding, the answers to the hypothetical questions about behaviour in the absence of the NCS are presented as perceived impacts. For example, a response that fewer childcare hours would be used in the absence of the NCS is presented as using more hours because of the NCS.

¹⁹² There is a period of four weeks of entitlement to enhanced hours in advance of starting work or study but this only applies once a job offer or study place has been obtained.

¹⁹³ The work question was asked for the parent responding to the survey but not for any partner (asking a proxy question for a hypothetical scenario would not generate reliable responses).

Due to an error in survey design, the “working the same hours” option was omitted from the question on work behaviour in the absence of the NCS. The large number (2,921) of “don’t know” responses to this question most likely contained a high proportion of those who would have responded that work hours were no different due to the NCS. Consequently, the “no change” and “don’t know” categories are not presented, but the proportions of those reporting a change (a perceived impact) should be unaffected by the omitted category.

Impacts for all parents

Table 62 summarises the findings on perceived impacts for all parents.

A substantial proportion reported that they were using more childcare:

- 9% reported that the NCS was the reason they were using any paid childcare and 17% reported that they were using more hours of childcare because of the NCS.
- Almost two-thirds (64%) reported that the NCS had had no impact on childcare hours.
- A small proportion (2%) reported that hours were lower, possibly because they were comparing to their situation under the legacy schemes rather than simply in the absence of the NCS.

Very few parents reported that they were using a different childcare provider because of the NCS:

- Only 4% of parents reported that they were using a different childcare service because of the NCS. This suggests that most parents were able to access the NCS with their first choice provider if they were not using the scheme.

A substantial proportion of mothers reported that they were working more:

- Almost one in ten (8%) parents using the NCS reported that they would not have been working in the absence of the NCS, while a fifth (20%) reported that they were working more hours.
- A notable proportion (13%) reported that they were working fewer hours, while 1% reported that they were not in work because of the NCS. These cases may have reflected comparisons to the legacy schemes, although the proportion is larger than those with lower childcare hours due to the NCS. They may also reflect that some parents (particularly mothers) had reduced their work hours in response to lower childcare costs under the NCS increasing their disposable income and reducing the need to work.¹⁹⁴
- Most survey respondents (88%) were female and the overall numbers primarily reflect the responses of mothers. For male respondents (fathers), 3% reported that they would not have been working in the absence of the NCS, 16% reported that they were working more hours, 17% reported that

¹⁹⁴ This “income effect” of childcare subsidies has been observed in other research.

they were working fewer hours and 1% reported that they were not in work because of the NCS.

Table 62: Perceived impacts on childcare choices, parental work and family finances

Impact of NCS	Proportion of families
Use of childcare:	
Reason using any paid childcare	9%
Using more hours of childcare	17%
No change in childcare hours	64%
Using fewer hours of childcare	2%
Don't know	6%
Choice of childcare service:	
Using different childcare service	4%
Using the same childcare service	79%
Would not use paid childcare	9%
Don't know	8%
Parent work:	
Reason in work	8%
Working more hours	20%
Working fewer hours	13%
Reason not in work	1%
Family finances:	
Much more money to spend	11%
Slightly more money to spend	45%
No real difference in amount of money to spend	35%
Slightly less money to spend	3%
Much less money to spend	3%
Don't know	4%

Source: Parents' survey.

Notes: The numbers of parents responding to the questions were 3,106 for the use of childcare, 3,079 for the childcare provider choice, 3,116 for parent work and 3,100 for the family finances. "No change" and "don't know" categories are not presented for the work question due to an error in the survey design (see text) and the entire sample including those with missing responses is recorded in the sample size for the perceived impact on work.

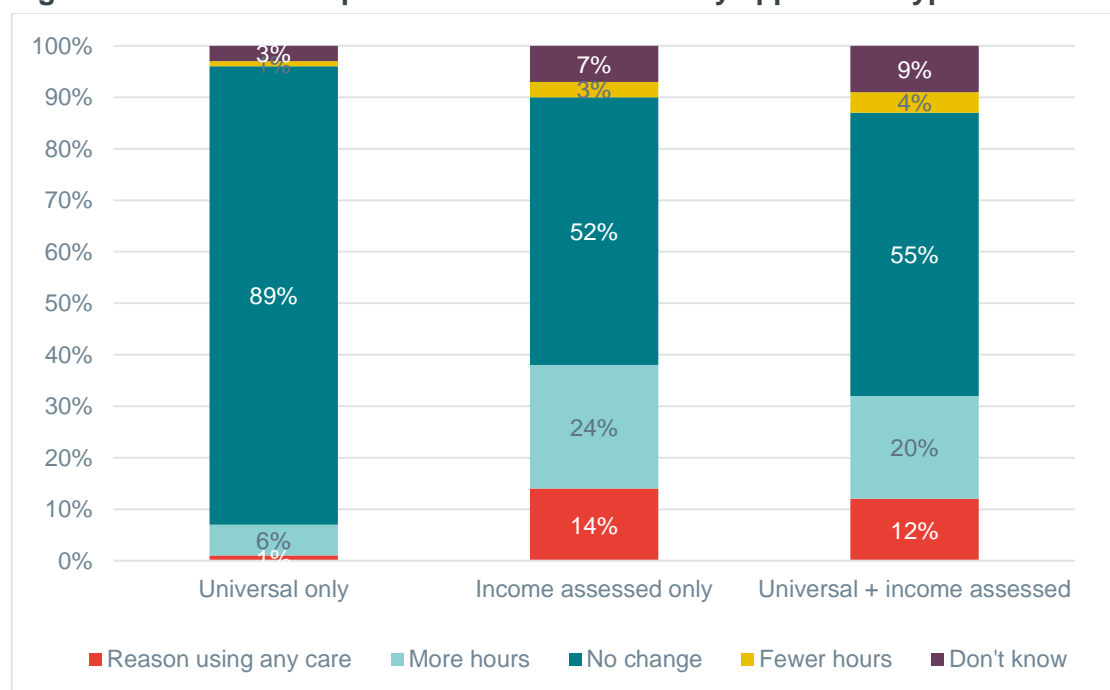
The NCS may affect family finances directly by increasing disposable income (the amount parents have available to spend after expenses such as childcare costs) and by changing work behaviour, which may increase household earnings. Most families reported that the NCS had benefitted their family finances:

- More than half of parents reported that the NCS meant that they had much more money to spend (11%) or slightly more money to spend (45%).
- Just over a third (35%) reported that the NCS had made no real difference to the amount of money they had to spend.
- A small proportion reported that they had slightly less money to spend (3%) or much less money to spend (3%). Again, these may have been respondents making comparisons to the legacy schemes rather than the presence of the NCS itself.

Impacts by application type

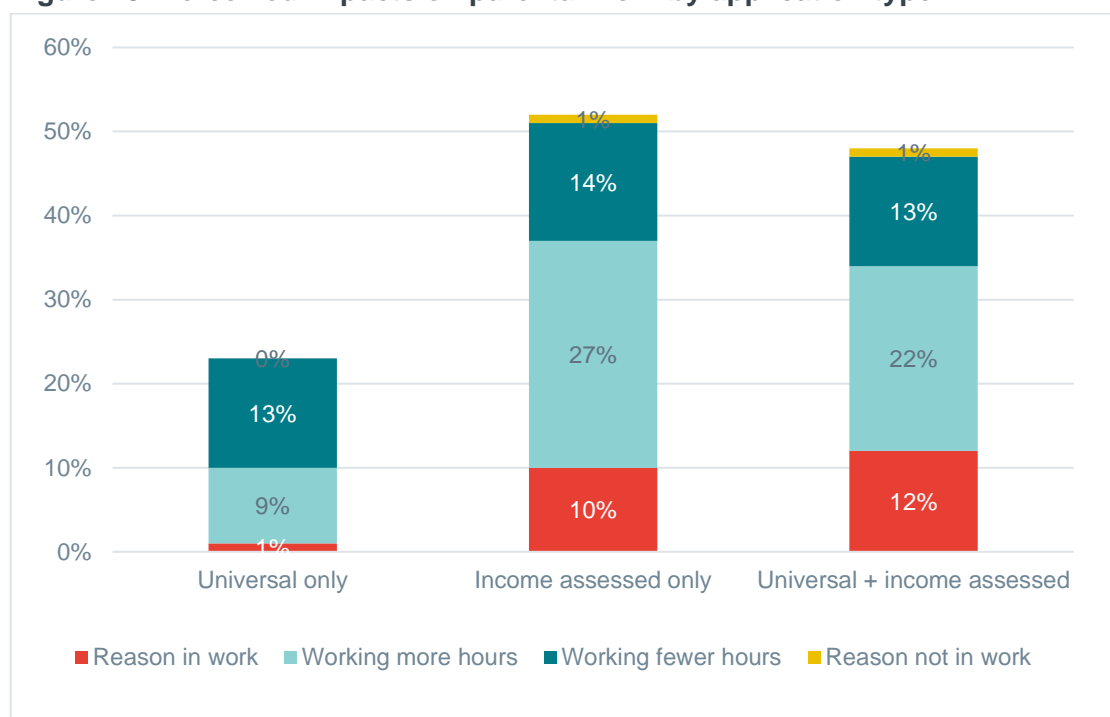
Consistent with the much smaller impact on childcare costs, parents using the universal subsidy were much less likely than those using the income-assessed subsidy to report that the NCS had affected their childcare hours: only 7% of those using the universal subsidy reported any impact compared to more than a third (38%) for those who had only applied for the income-assessed subsidy (figure 42). In addition, only 1% of those using the universal subsidy reported that they were using a different childcare service because of the NCS compared to 5% for those using the income-assessed subsidy and 6% for those who had made applications for both types of subsidy.

Figure 42: Perceived impacts on childcare hours by application type



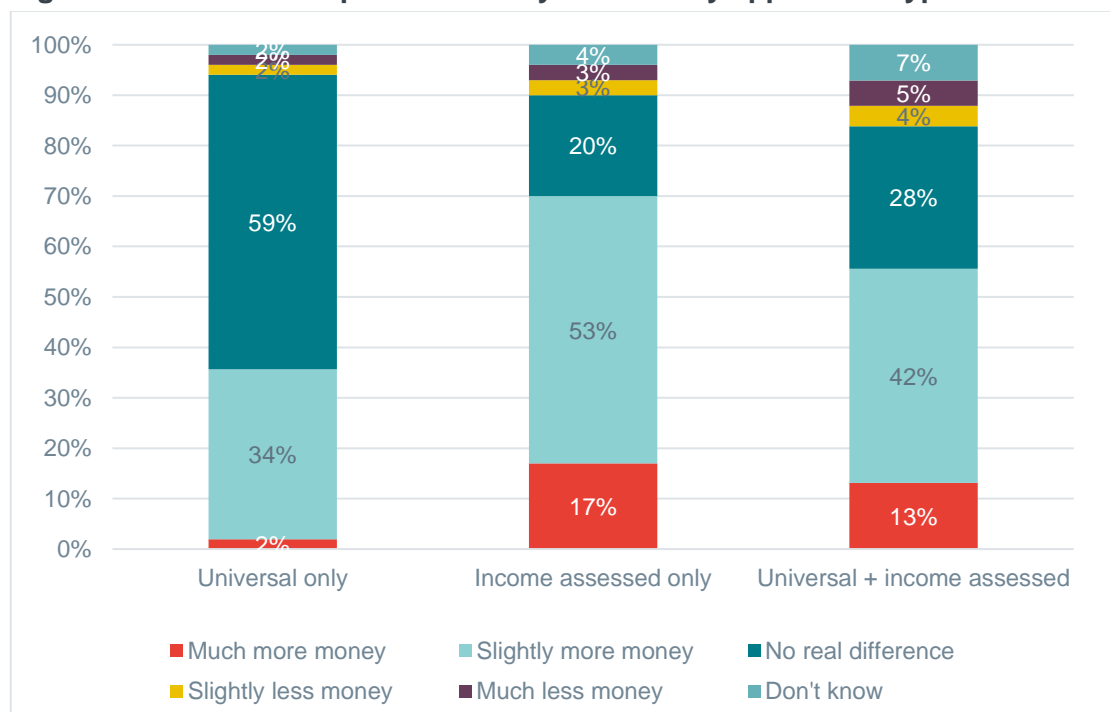
Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 856 for universal only, 1,231 for income assessed only and 462 for both.

Figure 43: Perceived impacts on parental work by application type

Source: Parents' survey.

Notes: Sample sizes are 857 for universal only, 1,233 for income assessed only and 464 for both.

Figure 44: Perceived impacts on family finances by application type

Source: Parents' survey.

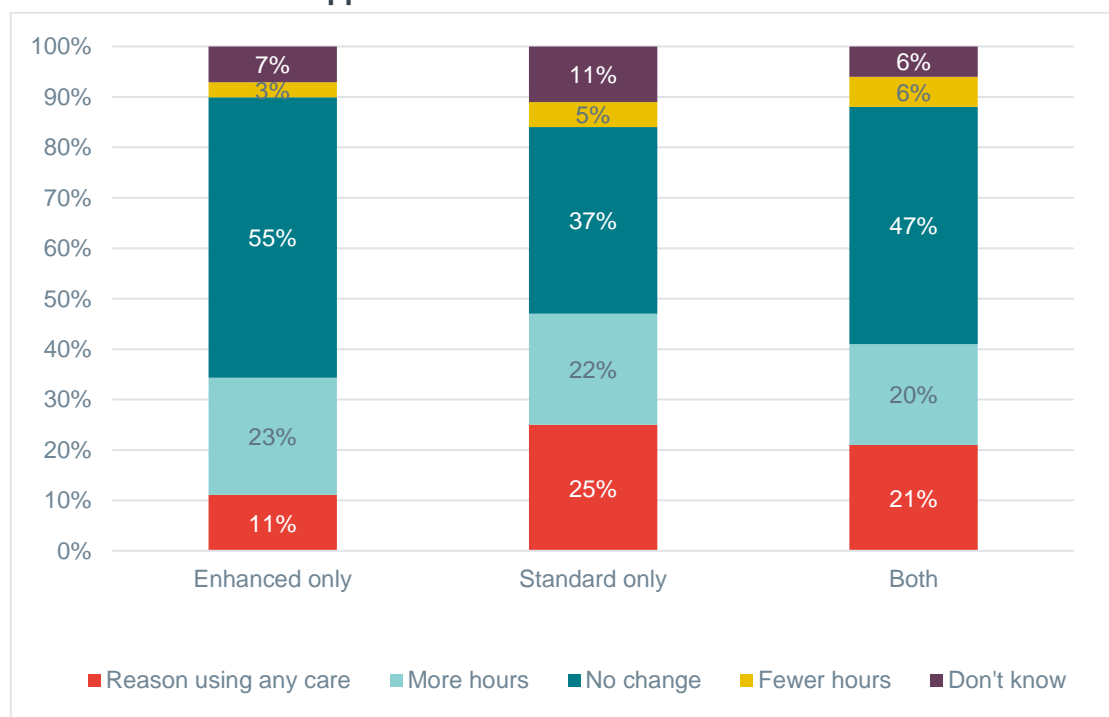
Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 857 for universal only, 1,229 for income assessed only and 464 for both.

Perceived impacts on parents' work and family finances were also greater for those receiving income-assessed subsidies (figures 43 and 44). More than a third of parents reported a positive impact on their work choices, with one in ten (10%) reporting that they were in work because of the subsidy. More than two-thirds of these parents reported that they had much more money to spend (17%) or slightly more money to spend (53%) because of the subsidy.

Even among parents on the universal subsidy, 9% reported that they were working more hours due to the NCS, while just over a third (34%) reported that they had slightly more money to spend because of the subsidy.

Although the proportions of costs covered by the NCS did not vary greatly between those on standard hours and those on enhanced hours under the income-assessed subsidy, the proportion of parents reporting that the NCS was the reason they were using any paid childcare was notably higher among those receiving the standard hours subsidy than among those using the enhanced hours subsidy (25% compared to 11%) (figure 45). For both hours entitlements, just under a quarter of parents reported they were using more childcare hours. Interestingly, those with the enhanced hours entitlement were more likely to report that they were using a different service because of the NCS (5% of parents compared to 2% for those receiving the standard hours).

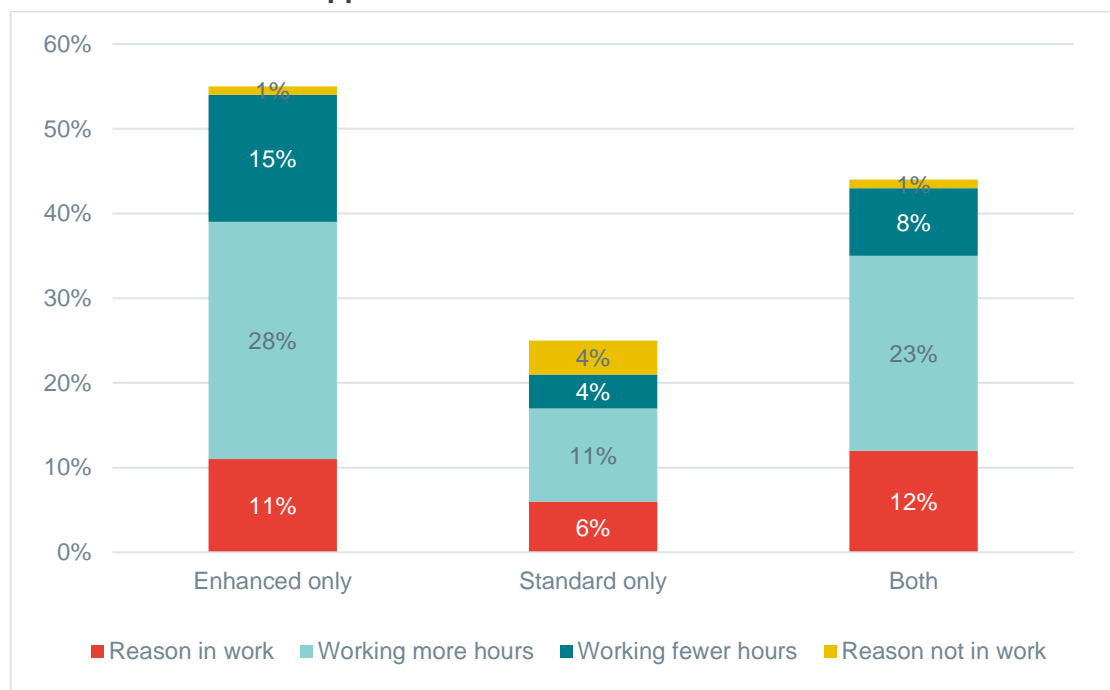
Figure 45: Perceived impacts on childcare hours by enhanced and standard for income-assessed applicants



Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 1,384 for enhanced only, 212 for standard only and 97 for both.

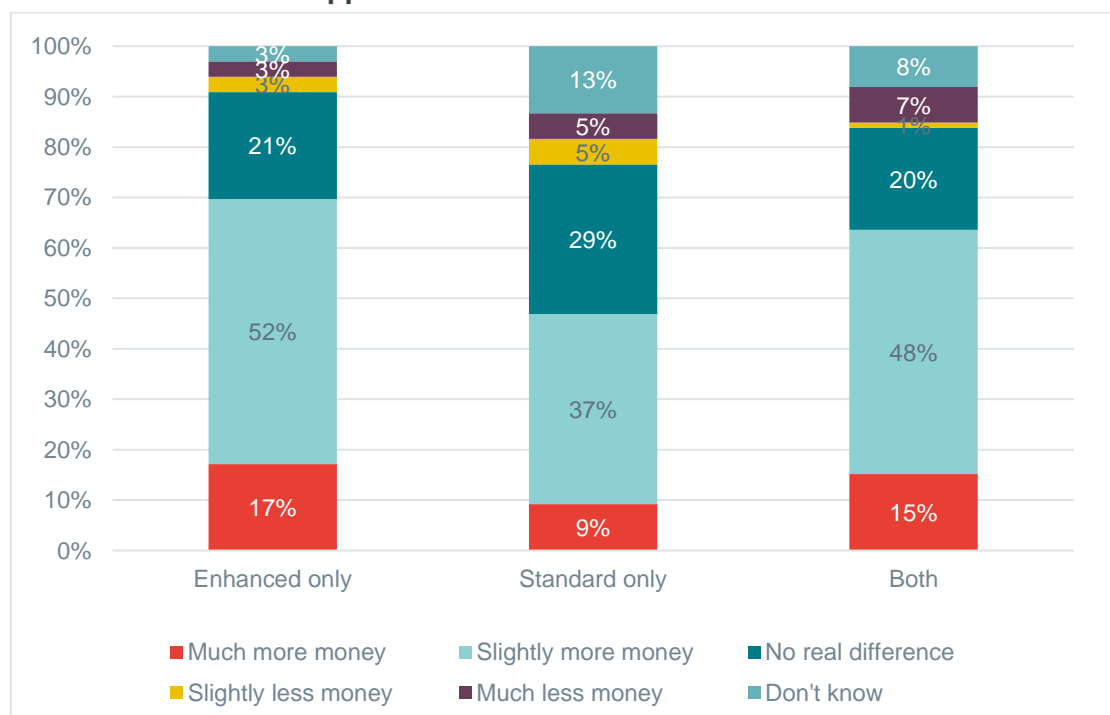
Figure 46: Perceived impacts on parental work by enhanced and standard for income-assessed applicants



Source: Parents' survey.

Notes: Sample sizes are 1,388 for enhanced only, 212 for standard only and 97 for both.

Figure 47: Perceived impacts on family finances by enhanced and standard for income-assessed applicants



Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 1,385 for enhanced only, 211 for standard only and 97 for both.

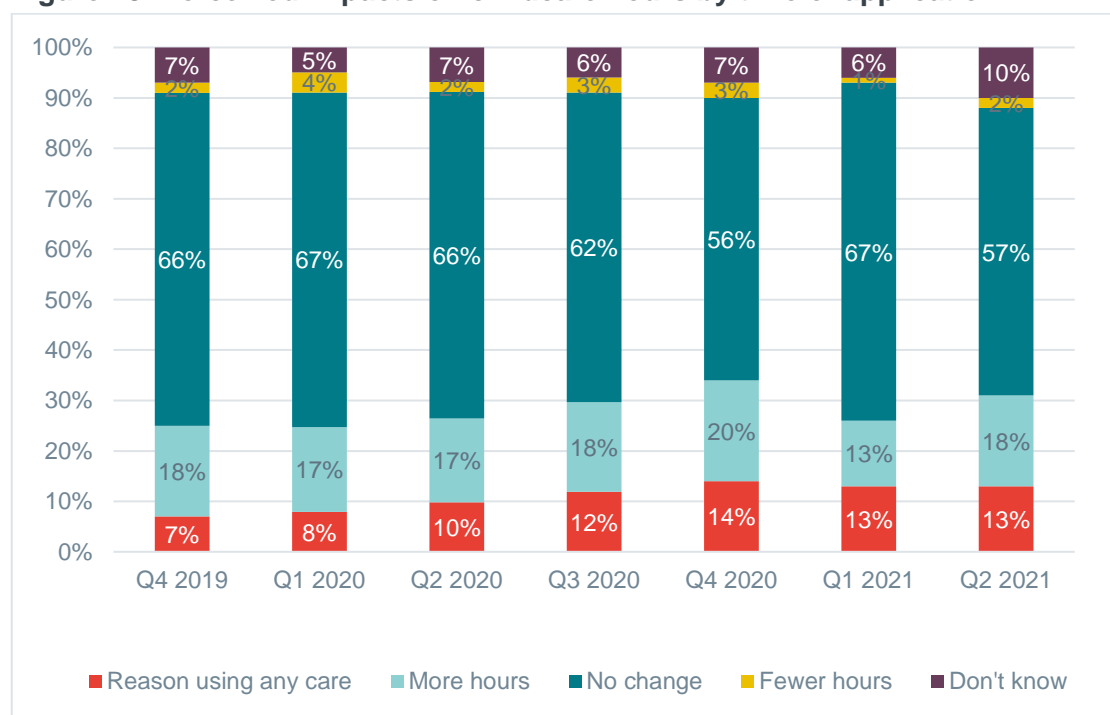
As might be expected, work impacts were greater for those receiving enhanced hours: 11% of parents in receipt of enhanced hours reported that they were in work because of the subsidy, while 28% reported that they were working longer hours (figure 46). Lower proportions of those receiving standard hours reported they were in work because of the subsidy (6%) or working longer hours (11%).

The combined impacts of lower childcare costs and impacts on work behaviour meant that more than two-thirds of parents on the enhanced hours entitlement reported that they had much more money to spend (17%) or slightly more money to spend (52%) (figure 47). Although lower, just under half of those on standard hours reported that they had much more money to spend (9%) or slightly more money to spend (37%).

Impacts over time

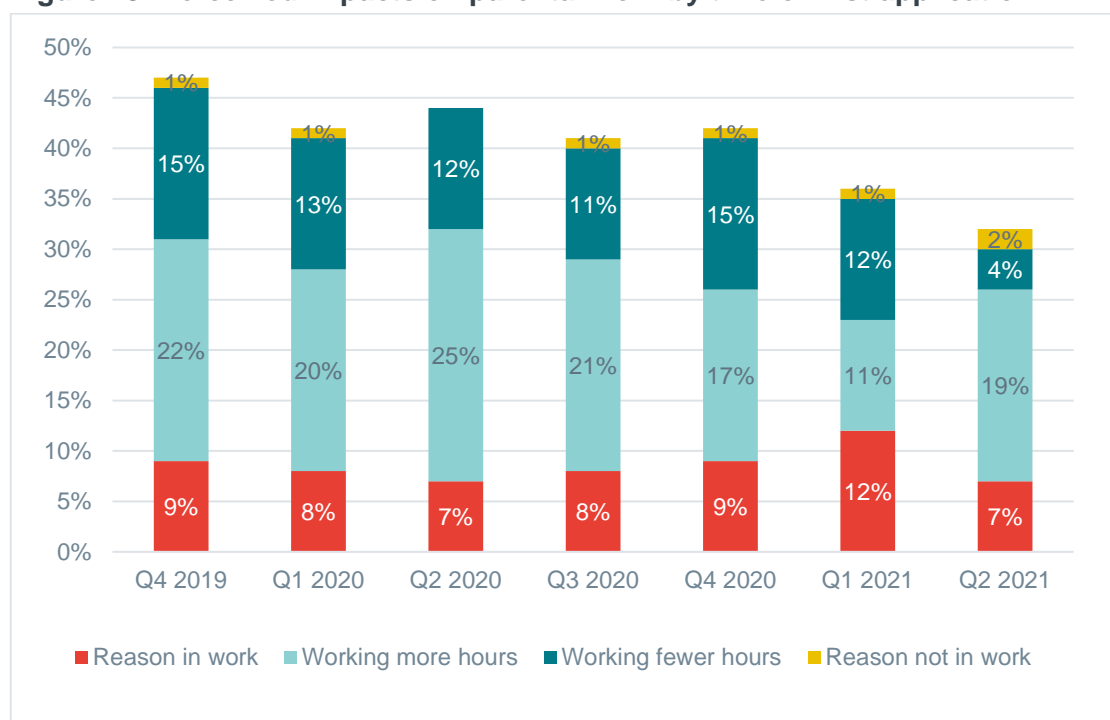
The proportions of parents reporting that the NCS was the reason they were using any paid childcare rose slightly over time (as measured by the application date) from 8% in the first quarter of 2020 to 14% in the final quarter of 2020 (figure 48). There was little change in the proportion reporting they were using more childcare hours because of the subsidy. There were also no patterns in the proportions reporting that they were using a different service because of the NCS.

Figure 48: Perceived impacts on childcare hours by time of application



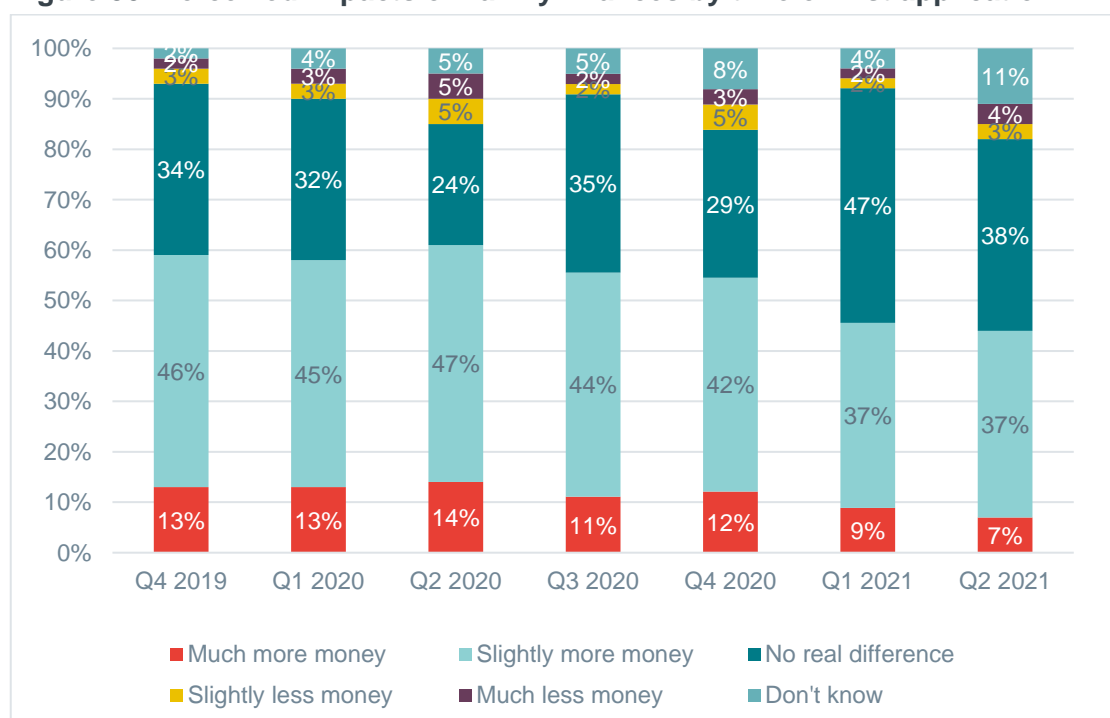
Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 892, 326, 200, 652, 276, 141 and 123 for each quarter from Q4 2019 to Q2 2021.

Figure 49: Perceived impacts on parental work by time of first application

Source: Parents' survey.

Notes: Sample sizes are 894, 327, 201, 655, 277, 141 and 123 for each quarter from Q4 2019 to Q2 2021.

Figure 50: Perceived impacts on family finances by time of first application

Source: Parents' survey.

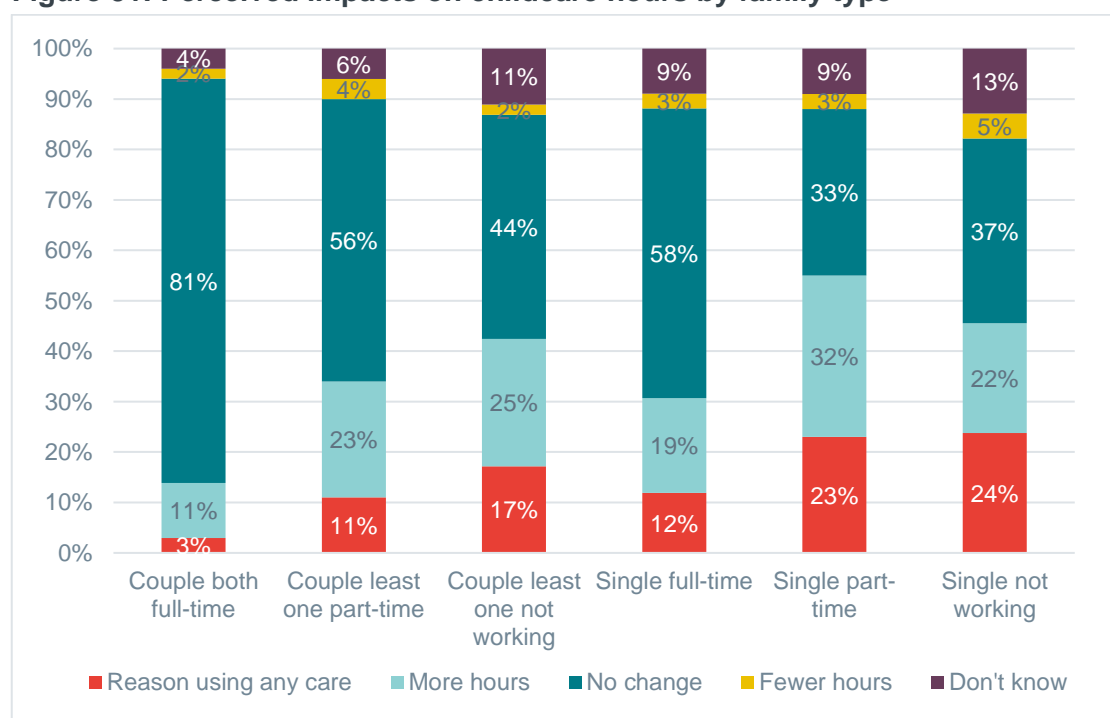
Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 891, 326, 200, 649, 276, 141 and 123 for each quarter from Q4 2019 to Q2 2021.

There were no strong patterns in the impacts on work or family finances over time, aside from slightly lower proportions of parents with applications in the two most recent quarters reporting positive impacts on family finances (figures 49 and 50). This is consistent with the slightly lower levels of childcare costs covered by the subsidy in the initial months of 2021.

Impacts by family type

The impacts on childcare across family type (shown in figure 51) exhibit some relation to the proportion of childcare costs covered by the subsidy. As shown above, these proportions were highest for single parents and lowest for couples with both parents working full time (with the level of support in the middle for couples with at least one parent working part time or not working). In line with this, single parents working part time or not working were most likely to report they were using paid childcare or using more hours of childcare because of the NCS (around a half did so), while couples with both parents working full time were least likely to do so (only 14%). The proportions of other couples and single mothers working full time reporting positive impacts on childcare use were in the middle (around a third). Single mothers working full time or part time were more likely to report that they were using a different childcare provider because of the NCS (7% and 6% respectively compared to 3% for all other family types).

Figure 51: Perceived impacts on childcare hours by family type



Source: Parents' survey.

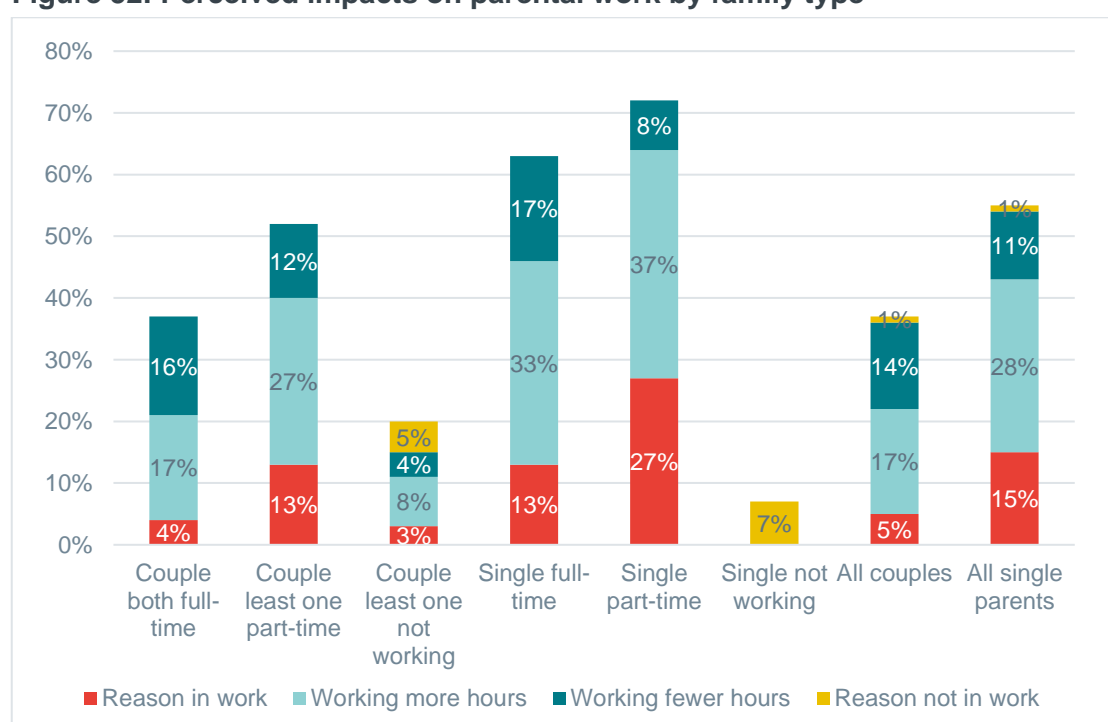
Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 1,555 for couple both full-time, 356 for couple least one part-time, 314 for couple least one not working, 400 for single full-time, 268 for single part-time and 169 for single not working.

Figure 52 presents the perceived impacts on work behaviour across different family types. It should be noted that there are substantial differences in this figure

because the outcome of interest (work impacts) is related to family type (which includes current work status).

In line with impacts on childcare, the greatest perceived impacts on work were reported by single parents, with almost two-thirds of single parents working part time and almost half of single parents working full time reporting that they were either working or working more hours because of the NCS. The pattern of a higher proportion reporting an impact for part-time over full-time work was also present for couples, with greater impacts for couples with one parent working part time than for couples with both parents working full time. Small proportions of those not working reported that this was due to the NCS (5% for couples with at least one parent not working and 7% for single parents not in work). The final two columns in the figure show that, overall, 22% of couple families reported positive impacts on their work choices and 15% reported negative ones, while 43% of single parents reported positive impacts and 12% reported negative ones.

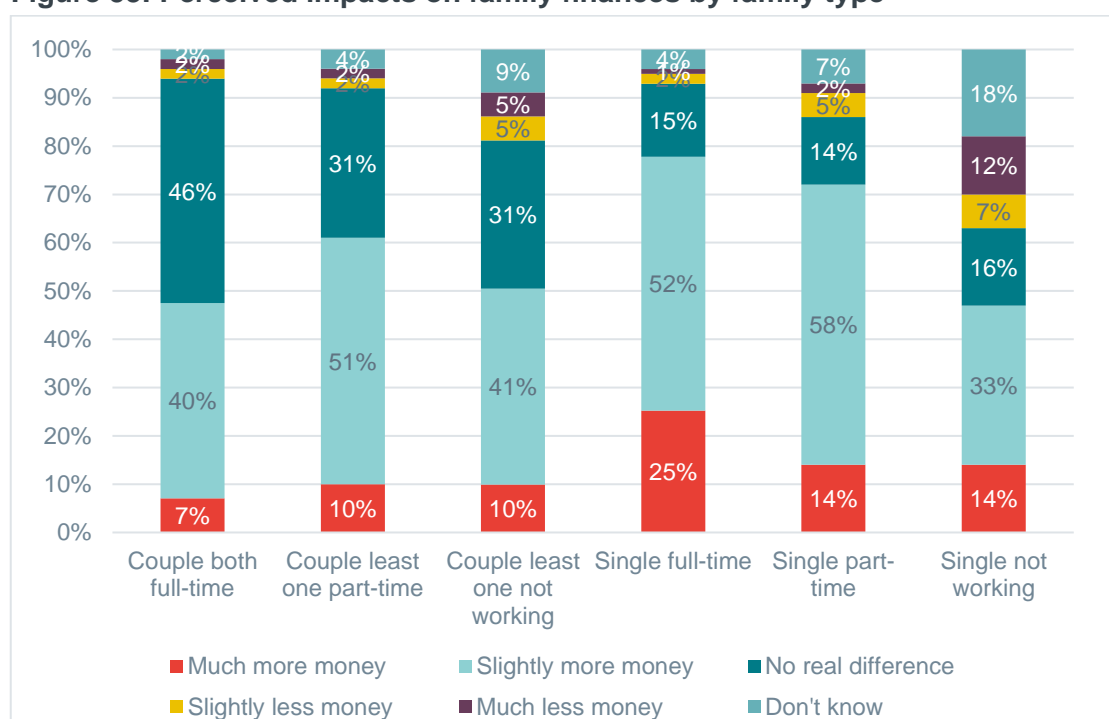
Figure 52: Perceived impacts on parental work by family type



Source: Parents' survey.

Notes: Sample sizes are 1,557 for couple both full-time, 357 for couple least one part-time, 314 for couple least one not working, 403 for single full-time, 268 for single part-time and 169 for single not working.

Single parents working full time were most likely to report that the NCS had had a positive impact on family finances: a quarter reported that they had much more money to spend because of the scheme, while a further half reported that they had slightly more money to spend (figure 53). Almost three-quarters of single parents working part time reported they had more money to spend, while around half of each of the remaining family types did so.

Figure 53: Perceived impacts on family finances by family type

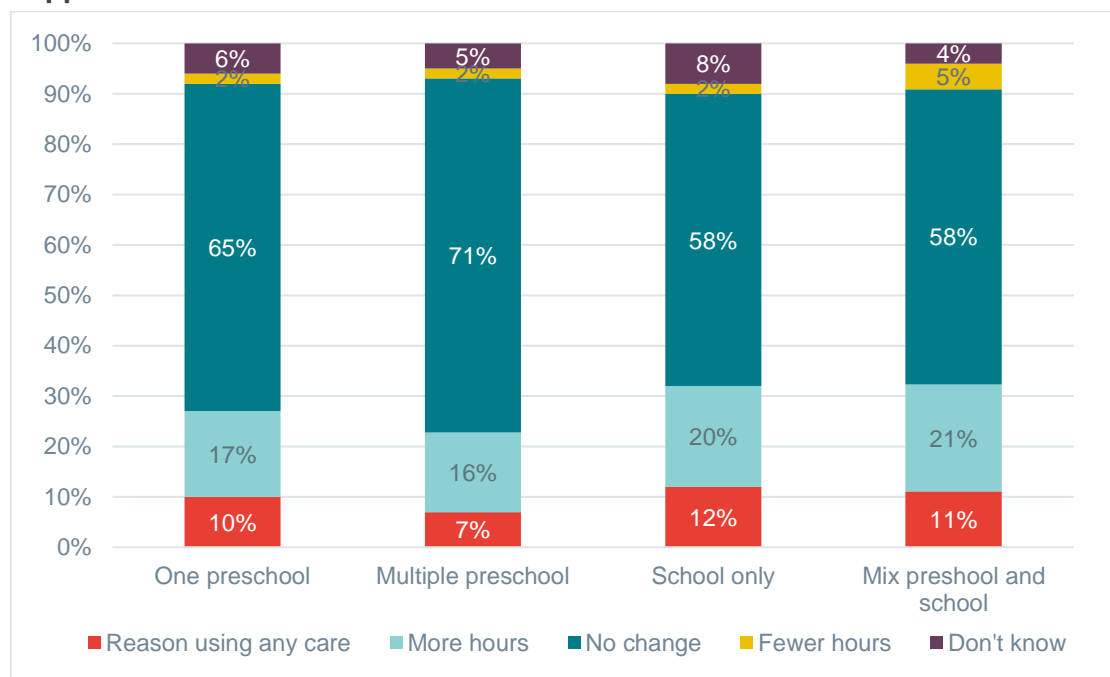
Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 1,557 for couple both full-time, 355 for couple least one part-time, 313 for couple least one not working, 402 for single full-time, 266 for single part-time and 166 for single not working.

Impacts by age of child

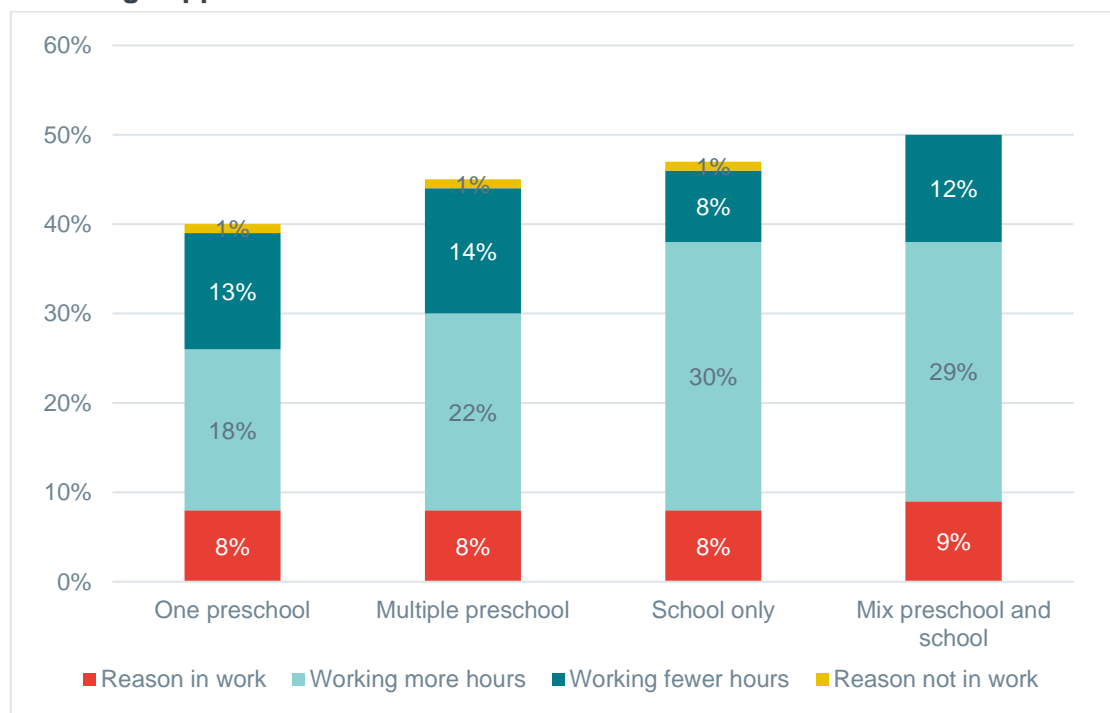
Families with school children receiving NCS support had, on average, notably higher shares of their childcare costs covered by the NCS than families which only had preschool children receiving support. Interestingly, the differences in impacts on childcare use were not so marked, with parents of school children slightly more likely to report that they were using paid childcare or had increased their childcare hours because of the NCS (figure 54). In addition, the proportion reporting that they were using a different childcare provider because of the NCS was only slightly higher for those with only school children (5%) or a mix of school and preschool children (4%) than those with only preschool children (3%).

There were some differences in perceived impacts on work: there was almost no difference in the proportion reporting that they were in work because of the NCS, but higher proportions of parents with school children reported that they were working more hours because of the NCS than parents with only preschool children (around 30% for those with school children compared to around 20% for those with only preschool children) (figure 55). This is consistent with parents of school children using NCS subsidies for childcare in addition to school hours and hence more likely to help them work more hours rather than to work per se.

Figure 54: Perceived impacts on childcare hours by age of children receiving support

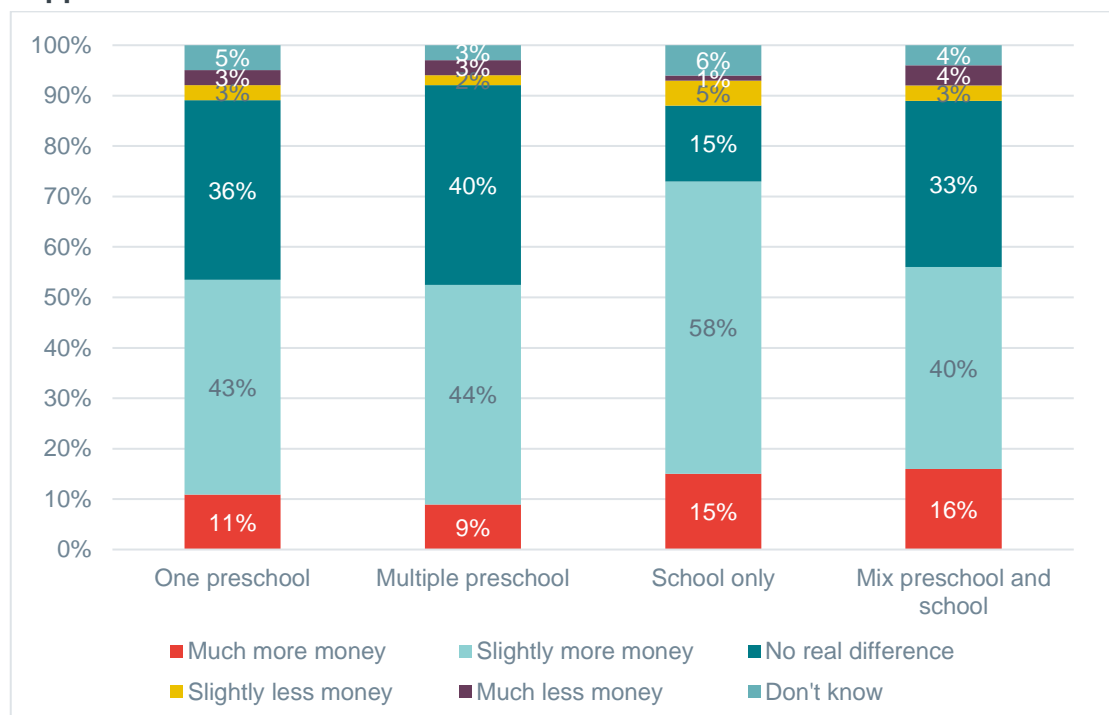
Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 1,997 for one preschool, 436 for multiple preschool, 165 for school only and 167 for mix preschool and school.

Figure 55: Perceived impacts on parental work by age of children currently receiving support

Source: Parents' survey.

Notes: Sample sizes are 2,002 for one preschool, 436 for multiple preschool, 165 for school only and 169 for mix preschool and school.

Figure 56: Perceived impacts on family finances by age of children receiving support

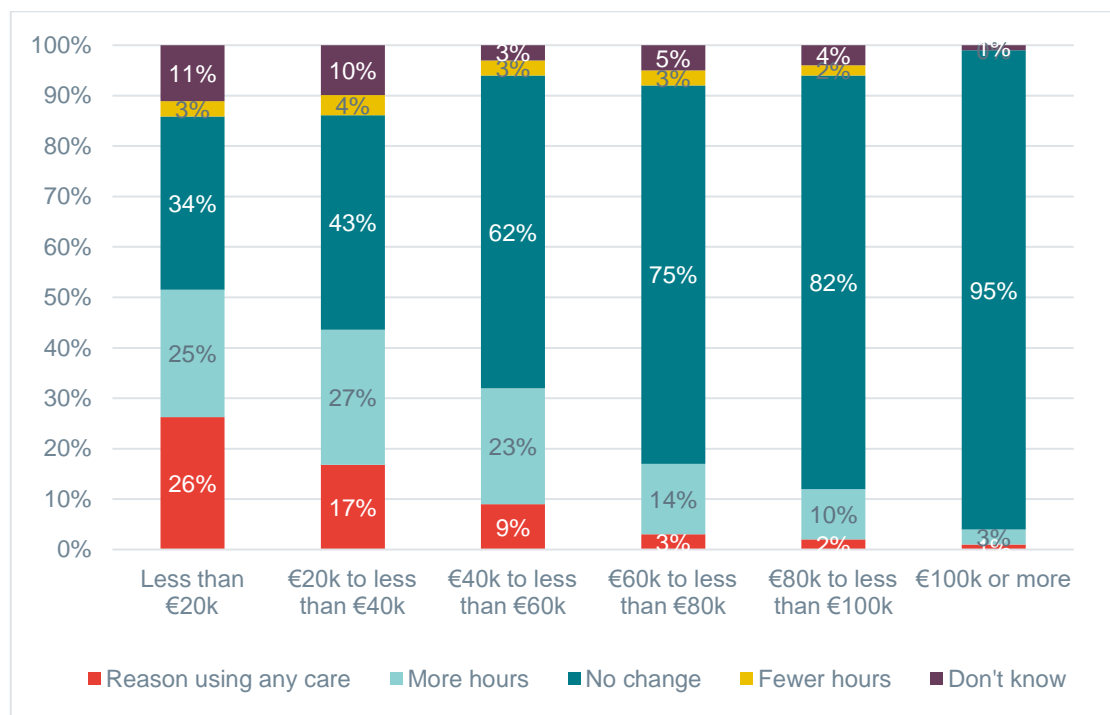
Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 1,995 for one preschool, 435 for multiple preschool, 165 for school only and 164 for mix preschool and school.

Overall, the proportion reporting impacts on family finances is slightly greater for those with school children than for those with only preschool children (figure 56). Almost three-quarters of those who only had school children receiving support from the NCS reported that they had much more money to spend (15%) or slightly more money to spend (58%).

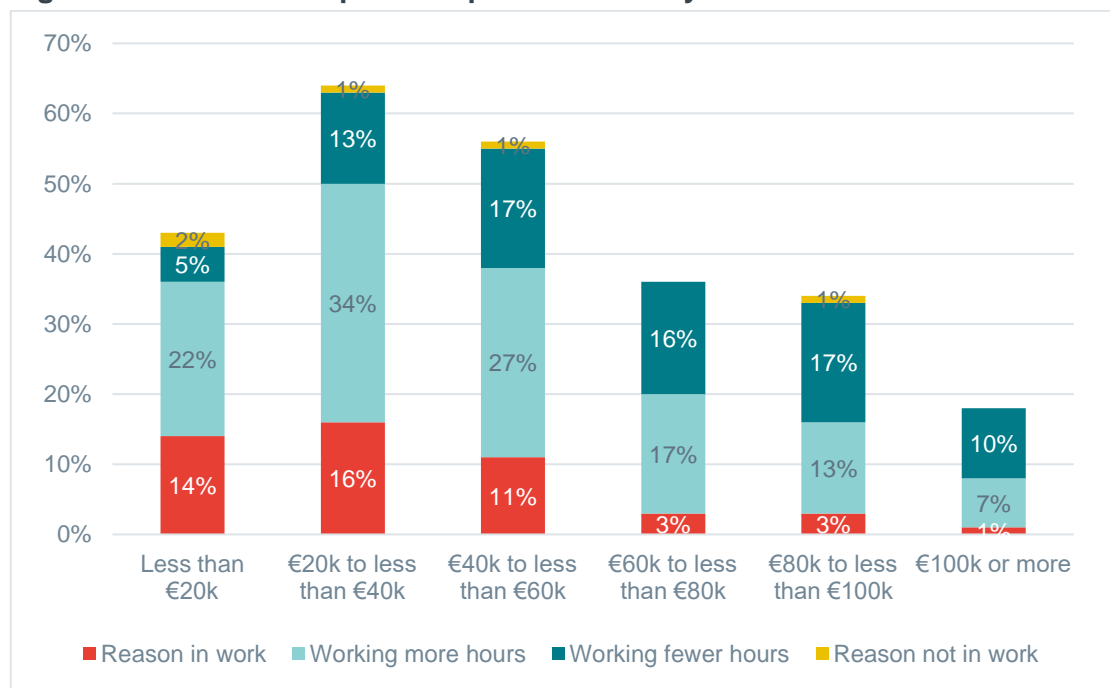
Impacts by household income and local area disadvantage

As would be expected from the scheme design, variation in the proportion of childcare costs covered by the NCS across different household income bands was substantial. In line with this, the proportions of parents who reported impacts on their childcare use were substantially higher for those with lower incomes than for those with higher incomes (figure 57). More than half of those in the lowest income band (less than €20,000) reported that they were using paid childcare because of the NCS (26%) or were using more hours of childcare because of the scheme (25%). In the next two bands (covering up to €60,00), 44% and 32% reported that the NCS had had positive impacts on childcare use. The proportions reporting that they used a different childcare provider because of the NCS also declined with income level: around 5% of those with income up to €80,000 reported that they did so compared to less than 2% for those with higher income.

Figure 57: Perceived impacts on childcare hours by annual household income

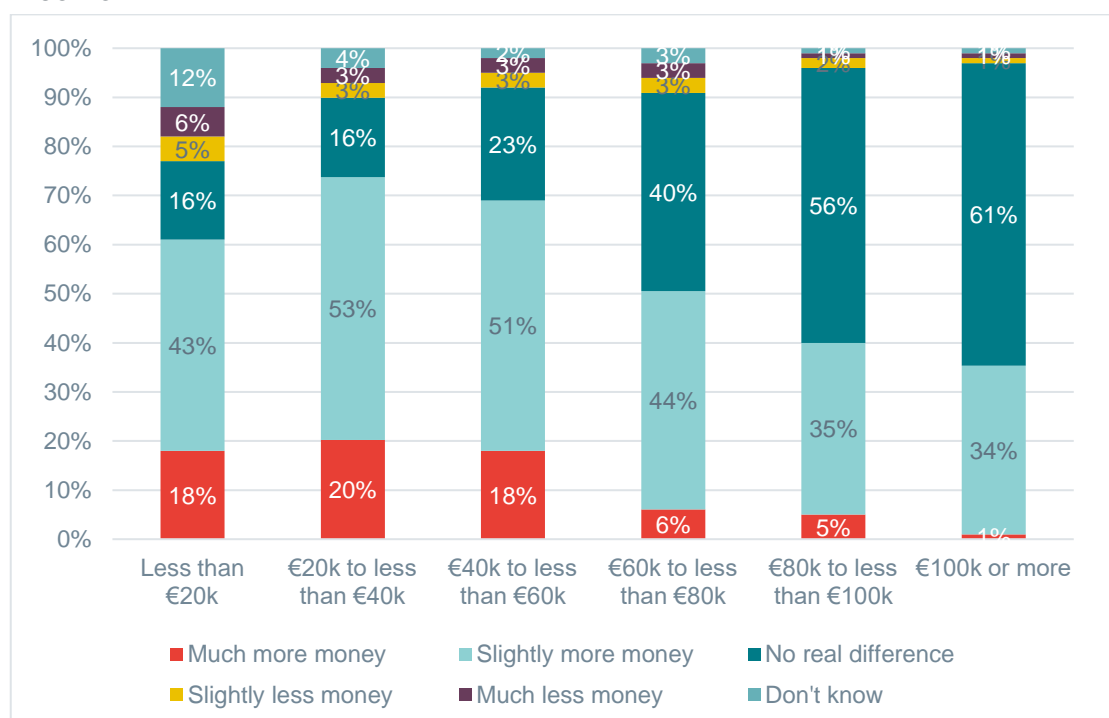
Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 360, 595, 536, 401, 267 and 542 across the household income groups from lowest to highest.

Figure 58: Perceived impacts on parental work by annual household income

Source: Parents' survey.

Notes: Sample sizes are 361, 599, 537, 401, 267 and 543 across the household income groups from lowest to highest.

Figure 59: Perceived impacts on family finances by annual household income

Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 357, 596, 536, 401, 267 and 542 across the household income groups from lowest to highest.

The proportions reporting they were in work or working more hours because of the NCS were distinctly higher for families with income below €60,000 than for those with higher income (figure 58). The highest proportions were for families in the €20,000 to €40,000 band, with half reporting positive impacts on work, including 16% reporting that they were in work because of the NCS. The slightly lower proportions for the lowest income band is an artefact that the income bands are determined by current work choices: those with work impacts may have moved up from the lowest band into the second band. Interestingly, the proportions reporting that they were working fewer hours were fairly similar across all of the middle bands, indicating that this impact is not driven by some specific effect of the scheme for part of the income distribution.

Reported impacts on family finances were notably different between those with income below €60,000 and those on higher income (figure 59). Around 20% of families with income below this point reported that the NCS meant they had much more money to spend, while the proportion for families with higher income was around 5%. The gap in the proportions reporting that they had slightly more money because of the scheme was smaller: around half for those with income below €60,000 and just over a third for those with higher income.

It is also worth noting that 5% of those in the lowest income band reported that they had slightly less money to spend, while 6% reported that they had much less money to spend. In other words, one in ten families with income below €20,000 felt that they were worse off because of the NCS. This may reflect that some were

comparing their position under the NCS to that under the legacy schemes rather than reflecting the impacts of the NCS per se.

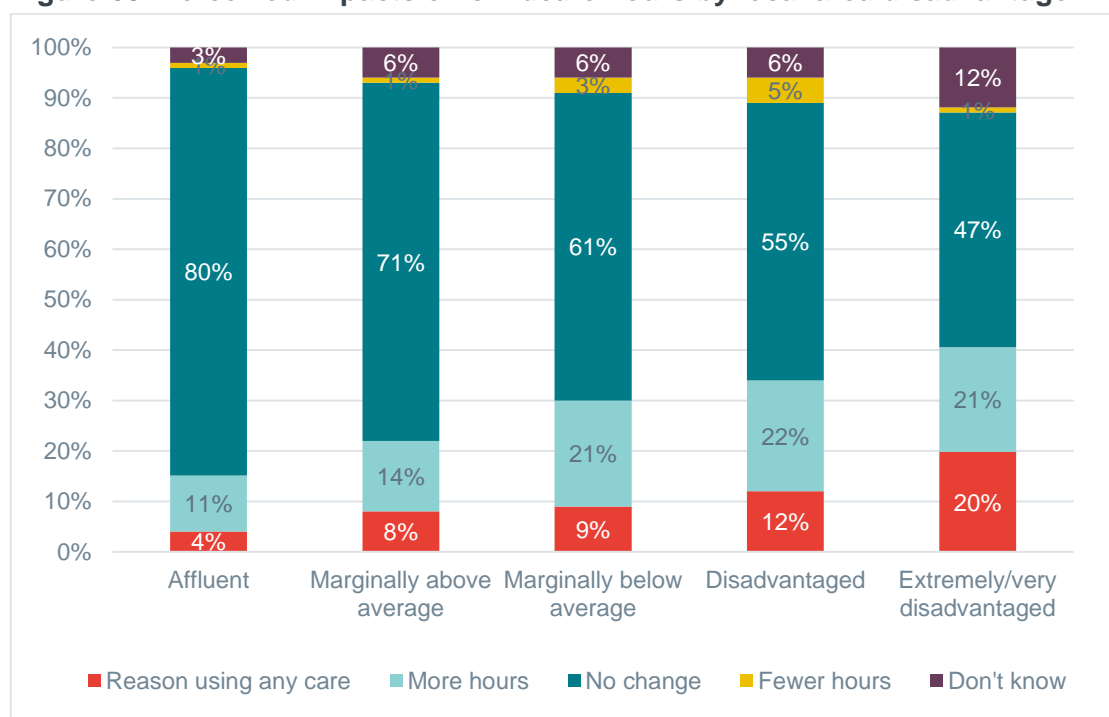
Overall, the greatest positive impacts of the NCS in terms of family finances were concentrated on those with income below €60,000 but were not, within this, concentrated at lower levels of income. Indeed, families in the lowest income band were most likely to feel they were worse off. However, as noted for the work impacts, this may reflect that more substantial positive impacts tend to move families up the income distribution.

Figures 60 to 62 present the perceived impacts on childcare use, work behaviour and family finances by local area disadvantage. The patterns were very similar to those for household income.¹⁹⁵ The points of note are:

- The patterns were weaker by area disadvantage than household income because these areas include households with a mix of income levels. However, this does show that local disadvantage can be a good proxy for household income when the latter information is not available.
- While extremely/very disadvantaged areas had a lower proportion than disadvantaged areas of parents reporting they were working more hours because of the NCS, the most disadvantaged group had the highest proportion of parents reporting that they were in work because of the NCS. Because local area is unlikely to have been affected by the work impacts (unlike household income), this supports the case made above that those with movements up the income distribution due to positive work impacts from the NCS may explain why the second lowest income band has the highest proportion of such families.¹⁹⁶
- The proportion of families which reported negative impacts on family finances (having slightly less or much less money to spend) was higher in the extremely/very disadvantaged areas than the disadvantaged ones (14% compared to 8%). This suggests that the NCS may have had more negative impacts (most likely in comparison to the legacy schemes) in areas on concentrated disadvantage.

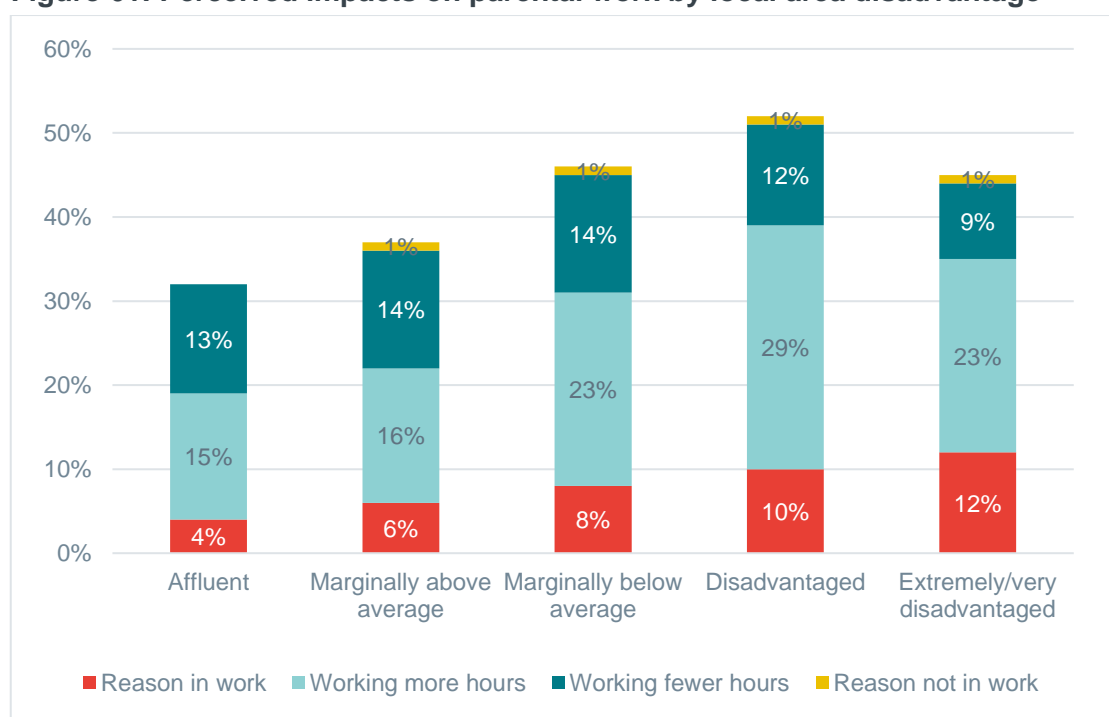
¹⁹⁵ The proportions reporting that they used a different childcare provider because of the NCS were 1% for affluent areas, 4% for areas marginally above average, 3% for areas marginally below average and 5% for disadvantaged and extremely/very disadvantaged areas.

¹⁹⁶ This illustrates how local disadvantage may better capture impacts for those at the lowest end of the income distribution when household income is measured after the impact rather than before the impact.

Figure 60: Perceived impacts on childcare hours by local area disadvantage

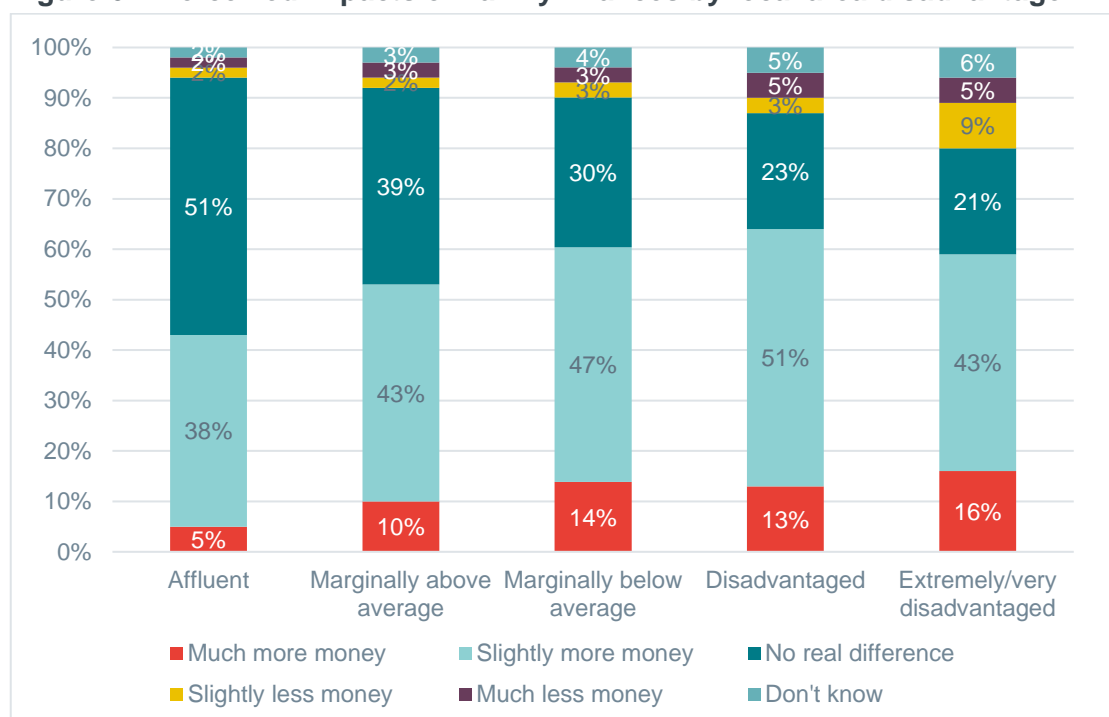
Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 286, 717, 827, 355 and 111 across the disadvantage groups from affluent to extremely/very disadvantaged.

Figure 61: Perceived impacts on parental work by local area disadvantage

Source: Parents' survey.

Notes: Sample sizes are 287, 718, 829, 356 and 111 across the disadvantage groups from affluent to extremely/very disadvantaged.

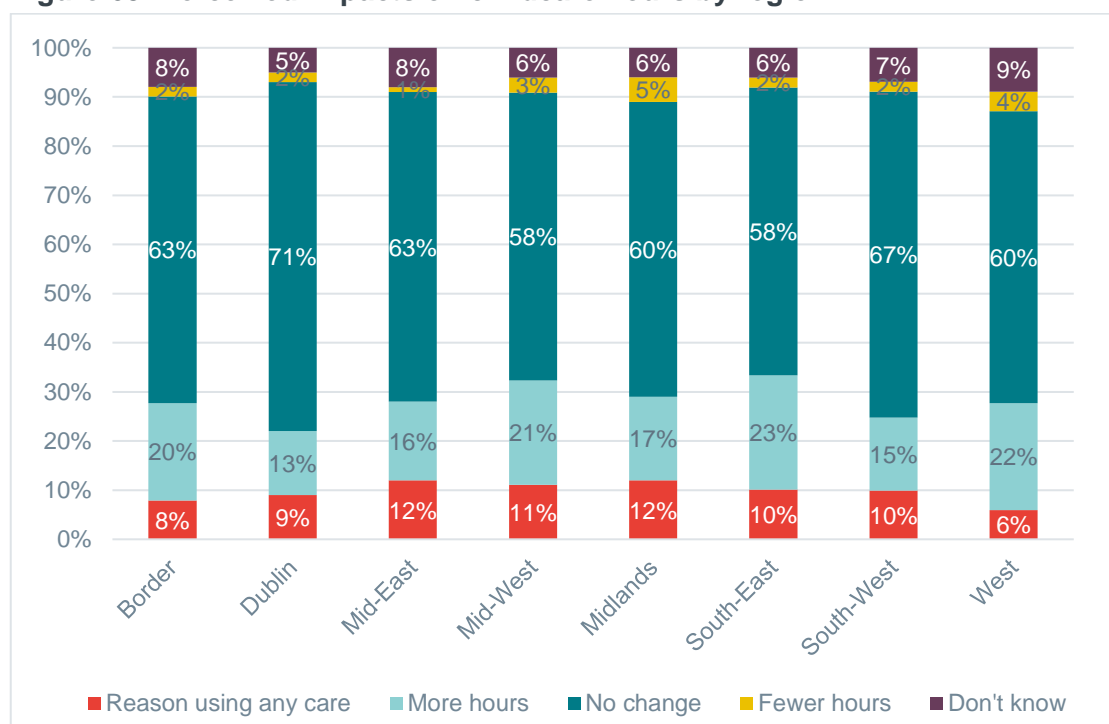
Figure 62: Perceived impacts on family finances by local area disadvantage

Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 287, 716, 828, 355 and 111 across the disadvantage groups from affluent to extremely/very disadvantaged.

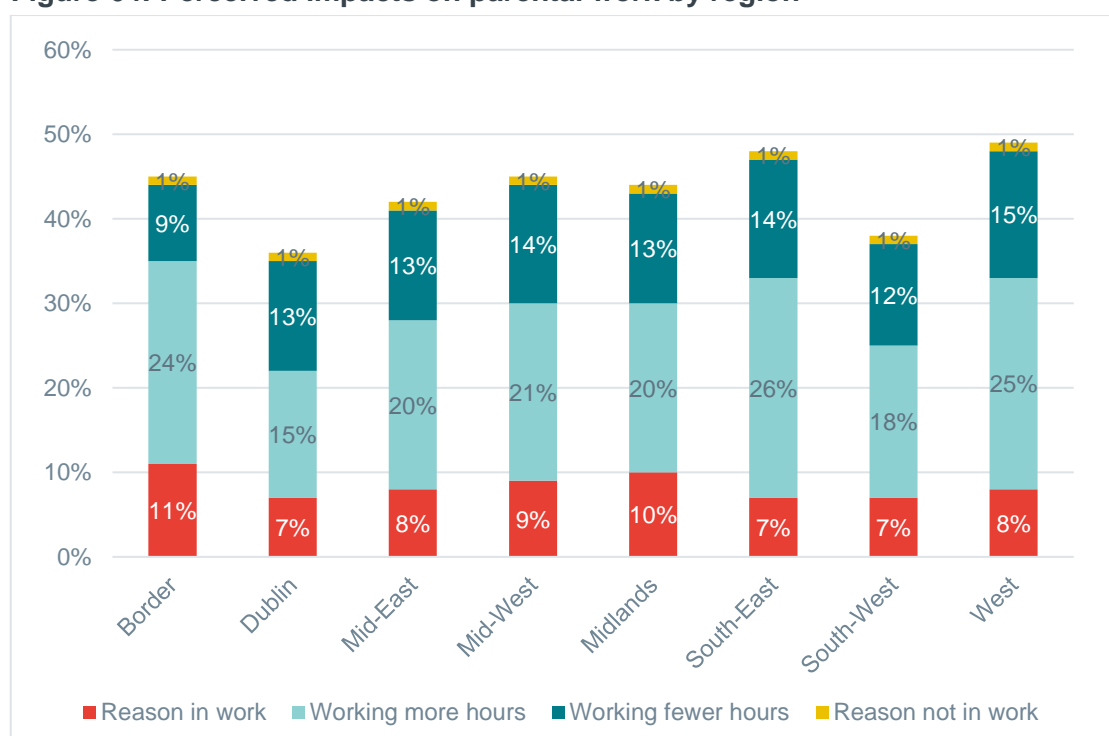
Impacts by region

The proportion of childcare costs covered by the NCS was fairly similar across the regions, with the exception that Dublin had a much higher proportion of families with less than 10% of their costs covered (partly reflecting a higher proportion of claimants for universal subsidies in Dublin). In line with this, figures 63 to 65 show that the patterns of perceived impacts were also similar across the regions, with the exception of Dublin. The proportions of parents who reported impacts on childcare used and on work behaviour in Dublin were at the lower end of the proportions in all regions. The proportion who reported positive impacts on family finances was notably lower in Dublin: only 6% of parents in Dublin reported that they had much more money to spend because of the NCS compared to 11% to 16% across other regions.

Figure 63: Perceived impacts on childcare hours by region

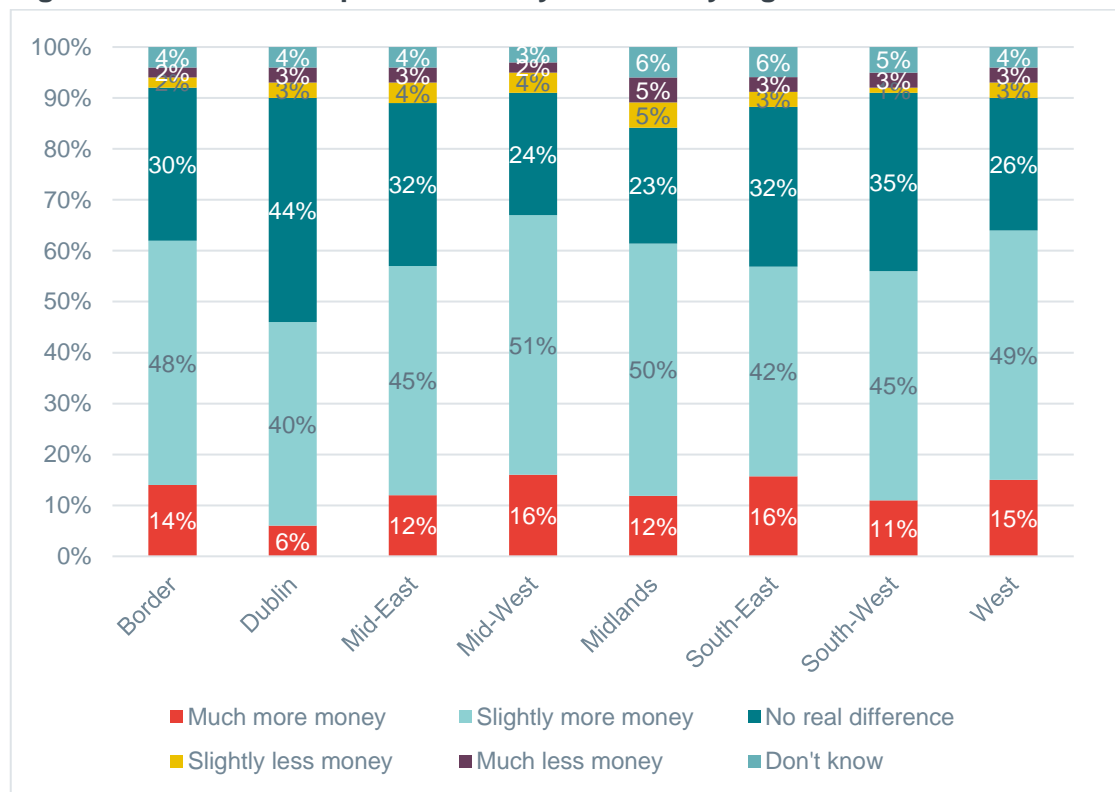
Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 233, 1,027, 214, 127, 242, 503, 415 and 338 across the regions from the Border region to the West.

Figure 64: Perceived impacts on parental work by region

Source: Parents' survey.

Notes: Sample sizes are 233, 1,030, 214, 127, 245, 503, 415 and 338 across the regions from the Border region to the West.

Figure 65: Perceived impacts on family finances by region

Source: Parents' survey.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 230, 1,027, 214, 127, 244, 501, 413 and 337 across the regions from the Border region to the West.

7. IMPACTS ON PROVISION

This chapter considers the impacts of the NCS on service providers. The first section presents the proportions of services contracted to offer the NCS, while the second section explores the reasons why providers have (and have not) decided to offer the NCS. The third section describes the financial support for providers offering the NCS, while the fourth and fifth sections consider the evidence on the impacts of the NCS on financial sustainability and provision characteristics. The final section focuses on the impacts on provision in disadvantaged areas.

Key findings

- Up to the end of March 2021, 71% of services contracted to provide a DCEDIY-funded programme were in contract to offer the NCS, while 61% had made an NCS claim.¹⁹⁷ The proportion contracted to offer NCS and the proportion claiming a subsidy were higher for community providers than private providers.
- Over the same period, the mean number of monthly claims per provider was 39 and the mean value per claim was €46.89. The mean total monthly value of claims per provider was €2,059. The mean number of claims was higher in more affluent areas, while the mean value per claim was higher in more disadvantaged areas.
- The most common reasons for offering the NCS were a desire to help parents with childcare costs and because the scheme was replacing other schemes already offered.
- Virtually all providers *not* offering the NCS were aware of the scheme. The most common reasons for not offering the NCS were lack of requests from parents and because parents were happy to continue using the existing schemes, although too much administration was also an important factor. Most providers (72%) not offering the NCS did not think they would do so in the future.
- Few providers reported any financial impacts as a result of offering the NCS. Around half thought that there had been no change in parent demand, while most (88%) had not changed their fees and only a very small proportion (3%) reported any impact on their overall financial position. Very few reported other changes to provision such as changing their opening hours. However, the substantial package of Covid-19 pandemic supports in place during the initial months of the NCS may have masked any immediate impacts.
- There was very little evidence of detrimental impacts on provision in disadvantaged areas, but the effects may have been masked not only by the Covid-19 pandemic supports but also by the savers provision for legacy schemes. Moreover, there are initial signs and a logical case that the transition

¹⁹⁷ Some services not contracted to provide the NCS only offer ECCE provision with a Tusla registration only to deliver sessional care and therefore do not currently offer the type of childcare eligible for NCS support

from the legacy schemes to the NCS may lead to reductions in capacity and other detrimental effects specifically on provision in disadvantaged areas.

7.1 Delivery of the NCS

This section presents findings from analysis of two administrative datasets from Pobal. The first contained data on provider local area characteristics, NCS contract dates and NCS monthly claims for services in contract to deliver the NCS. The second contained data on provider local area characteristics for services not in contract to deliver the NCS, which was combined with the first dataset to consider how the propensity to offer the NCS varied across provider characteristics.

Around 2,000 providers agreed contracts to offer the NCS in September 2019 and the number rose steadily to just under 2,500 by July 2020 (figure 66).¹⁹⁸ The number jumped to around 3,000 in August 2020 and remained just above 3,000 through to March 2021.¹⁹⁹ There was a similar pattern in numbers for both private and community providers.

Figure 66: Numbers of services in NCS contract by month



Source: Frontier Economics analysis of Pobal data.

The number of services with claims rose rapidly during the initial months of the NCS, reaching around 2,000 by February 2020 (figure 67). Following a rapid virtual disappearance in claims in May 2020 due to the Covid-19 pandemic, the number of services with claims rose again sharply, reaching almost 2,500 by November 2020. Again, private and community providers followed almost identical patterns.

¹⁹⁸ There was an issue in the Pobal data that the date of the first contract for many providers was after (and often considerably after) the month with first claims. It appeared that these dates were for the contract renewal and were set to exactly 12 months earlier for this analysis.

¹⁹⁹ Reference [35] reports that there were 2,909 providers in contract on 31 December 2020 (page 4).

Figure 67: Numbers of services with NCS claims by month

Source: Frontier Economics analysis of Pobal data.

A total of 3,222 services were contracted to deliver the NCS at some time up to the end of March 2021. The profile of these services by provider type and local area characteristics are presented in table 63. Most (70%) were private providers, while 30% were community providers.²⁰⁰ One-quarter (25%) were located in Dublin, while around 10% were located in each of the remaining regions. Almost two-thirds (63%) of services were in urban areas, while a little over a third (37%) were in rural areas. Almost two-thirds (65%) were located in areas either marginally above average disadvantage or marginally below disadvantage, while only 6% were in affluent areas and 21% were in disadvantaged areas, and 7% were in extremely/very disadvantaged areas.

Of the 3,222 services²⁰¹ contracted to deliver the NCS, 2,763 had made a claim up to the end of March 2021. Hence 86% of NCS contracted services had made a claim. Table 63 shows that the profile of services making a claim was very similar to the profile of those with a contract, indicating that the proportions of contracted providers making a claim did not vary substantially across provider type or the area characteristics.

²⁰⁰ Reference [35] reports that 70% of providers contracted to deliver the NCS in 2020 were private and 30% were community providers.

²⁰¹ Reference [35] reports that 3,148 providers were contracted to deliver the NCS during 2020 (page 11).

Table 63: Profile of services in contract and services making claims

	Services ever in contract	Services ever with a claim
Private	70%	71%
Community	30%	29%
Border	11%	11%
Dublin	25%	26%
Mid-East	13%	14%
Mid-West	11%	11%
Midlands	6%	6%
South-East	9%	9%
South-West	13%	12%
West	12%	11%
Urban	63%	65%
Rural	37%	35%
Affluent	6%	7%
Marginally above average	26%	27%
Marginally below average	39%	39%
Disadvantaged	21%	21%
Extremely/very disadvantaged	7%	7%
<i>Number of services</i>	3,222	2,763

Source: Frontier Economics analysis of Pobal data.

Up to the end of March 2021, some 71% of all services contracted to provide at least one of the four DCEDIY-funded programmes²⁰² were in contract to offer the NCS,²⁰³ while 61% had made an NCS claim at some point. This compares with 88% of all contracted services having a contract to provide CCS or CCSP in 2018/19.²⁰⁴ Some services not contracted to provide the NCS only offer ECCE provision with a Tusla registration only to deliver sessional care and therefore do not currently offer the type of childcare eligible for NCS support.²⁰⁵

²⁰² These four programmes are ECCE, CCS, TEC and the NCS.

²⁰³ Reference [35] reports that 66% of DCEDIY-contracted providers were in an NCS contract on 31 December 2020 (page 4).

²⁰⁴ Reference [9], page 8.

²⁰⁵ Information on the number of these services was not available at the time of writing and could be investigated further.

Table 64: Propensity to deliver NCS by service type, region, rurality and area disadvantage

	% ever in contract	Mean number contract months	% ever with a claim	Mean number of claim months	Number of services
Private	66%	15.2	58%	9.5	3,397
Community	81%	14.5	67%	8.7	1,201
Border	82%	12.7	71%	7.9	413
Dublin	70%	10.6	62%	6.8	1,150
Mid-East	64%	9.7	55%	6.0	671
Mid-West	69%	10.2	58%	6.2	509
Midlands	73%	11.1	62%	7.0	283
South-East	71%	11.1	62%	7.1	392
South-West	66%	9.2	53%	5.4	643
West	76%	11.2	65%	6.9	484
Urban	73%	11.1	64%	7.1	2,793
Rural	68%	9.9	55%	5.7	1,730
Affluent	71%	11.2	67%	7.6	268
Marginally above average	65%	10.0	57%	6.3	1,264
Marginally below average	70%	10.4	59%	6.3	1,776
Disadvantaged	74%	11.0	63%	6.8	888
Extremely/very disadvantaged	82%	11.3	68%	6.8	284
All	71%	10.6	61%	6.6	4,563

Source: Frontier Economics analysis of Pobal data.

Notes: Provider type was not included in the Pobal dataset for services not in NCS contract, so the % ever in contract and % ever with a claim were calculated using the numbers from reference [9], which indicated that 74% of services were private and 26% were community ones in 2018/29. The % ever in contract and % ever with a claim are the proportions of all services contracted to provide at least one of the four DCEDIY-funded programmes.

The proportion contracted to offer NCS and the proportion claiming a subsidy were higher for community providers than private providers: 81% of community providers were in contract compared to 66% of private providers, and 67% of

community providers made at least one claim compared to 58% of private providers (table 64). The propensity to offer varied across the regions, from 64% of providers being in contract in the Mid-East to 82% in the Border region, while the propensity of providers who had made a claim varied from 53% in the South-West to 71% in the Border region. Providers in urban areas were more likely to be in contract than rural ones (73% compared to 68%) and to have made a claim (64% compared to 55%). The patterns were more mixed across disadvantage levels: while the propensity to offer NCS was higher in extremely/very disadvantaged areas, the likelihood of having made a claim was higher in both affluent and extremely/very disadvantaged areas.

The mean monthly number of claims per provider rose steadily over the initial months of the scheme to reach an initial peak of around 40 in March 2020 (figure 68). Following the drop during the Covid-19 shutdown, the mean number rose again to peak at almost 80 in November 2020 before dropping to just over 60 per provider. The mean numbers were very similar for private and community providers in most months: the only difference was that the mean number of claims for private providers did not drop quite as much as that for community providers during the Covid-19 shutdown and immediate recovery period.

Figure 68: Mean number of claims per service by month



Source: Frontier Economics analysis of Pobal data.

For the period up to March 2021, the mean number of monthly claims per provider was 39 and the mean value per claim was €46.89. The mean total monthly value of claims per provider was €2,059.²⁰⁶

²⁰⁶ Statistically, the mean of the product of two variables does not have to equal the product of the means of the two variables. In other words, the mean monthly total value does not necessarily equal the mean monthly number of claims multiplied by the mean value per claim.

Table 65: Number of claims and values by service type, region, rurality and area disadvantage

	Mean monthly number of claims	Mean value per claim	Mean monthly total value of claims	Number of services with a claim
Private	39	€46.47	€2,011	1,956
Community	39	€47.93	€2,176	807
Border	46	€49.96	€2,655	295
Dublin	39	€47.23	€1,962	711
Mid-East	34	€45.92	€1,715	372
Mid-West	40	€49.76	€2,442	296
Midlands	36	€50.69	€2,182	176
South-East	41	€48.36	€2,280	244
South-West	39	€40.25	€1,747	341
West	36	€46.10	€1,914	314
Urban	42	€49.41	€2,269	1,799
Rural	34	€42.29	€1,678	950
Affluent	49	€44.16	€2,135	179
Marginally above average	40	€42.45	€1,885	723
Marginally below average	37	€47.24	€2,025	1,041
Disadvantaged	37	€49.70	€2,170	561
Extremely/very disadvantaged	36	€55.54	€2,333	193
All	39	€46.89	€2,059	2,763

Source: Frontier Economics analysis of Pobal data.

The mean number of claims, value per claim and total monthly value was very similar for private and community providers (table 65). Across the regions, there was a tendency for those with lower mean numbers of claims to have lower amounts per claim, leading to lower total values of claims (in the Mid-East, South-West and West), while other regions had consistently higher numbers and values of claims (in the Border region, Mid-West and South-East)). Urban areas had higher mean claim numbers and value per claim than rural areas. Across areas of different disadvantage levels, the mean number of claims was higher with each rising level of affluence, while the mean value per claim was higher for almost

every²⁰⁷ rising level of disadvantage. These two patterns were somewhat offsetting, although the disadvantaged and extremely/very disadvantaged areas had the highest mean total value of claims.

Table 66: Age profile of claimants by service type, region, rurality and area disadvantage

	Proportion of claims in age			Number of services with a claim
	Under age 3	Aged 3 to 5	Aged 5 and older	
Private	48%	23%	30%	1,956
Community	42%	25%	33%	807
Border	39%	27%	34%	295
Dublin	55%	22%	23%	711
Mid-East	47%	24%	30%	372
Mid-West	39%	26%	34%	296
Midlands	42%	22%	35%	176
South-East	47%	24%	29%	244
South-West	47%	22%	31%	341
West	39%	22%	39%	314
Urban	49%	23%	28%	1,799
Rural	40%	24%	36%	950
Affluent	59%	20%	21%	179
Marginally above average	51%	23%	27%	723
Marginally below average	42%	23%	35%	1,041
Disadvantaged	42%	26%	32%	561
Extremely/very disadvantaged	48%	26%	26%	193
All	46%	23%	31%	2,763

Source: Frontier Economics analysis of Pobal data

Table 66 presents the age profile of claimants across different types of providers and services in different types of areas. Across all services, the mean proportion of claimants under age three was 46%, while 23% were aged three to five and 31% were aged five and older (bottom row in table 66). There was some tendency for the claimant proportions to be higher for younger children (and lower for older

²⁰⁷ The exception being the drop in mean value per claim between affluent and marginally above average.

children) for private providers over community ones, for services in Dublin over those in over regions, and for services in urban areas over those in rural areas. Although there were differences in the profile across areas by disadvantage, there was no consistent pattern with the level of disadvantage.

7.2 Decision to offer the NCS

The survey of providers offering the NCS undertaken for this review in May 2021 found that the most prevalent reasons for offering the scheme were a desire to help parents with childcare costs and because it was replacing other schemes already offered. Providers were permitted to select multiple “main” reasons and these options were selected by 71% and 64% of respondents respectively (table 67). Just under a third (30%) reported that encouragement from the government or CCCs had been a reason, while just under a quarter (24%) reported that they were concerned that parents would go elsewhere if they did not offer the NCS. Much smaller proportions reported that parent requests for the NCS had been a reason (14%) or that they had offered the NCS because they saw it as a good business opportunity (13%). Only 3% reported that some other reason had been important, indicating that the survey options had covered the key reasons.

Table 67: Reasons to offer NCS by service type

Proportion giving reason	Private services	Community services	All
Replacing other schemes that are offered	56%	79%	64%
Parents requested it	16%	9%	14%
Encouragement from government/Childcare Committees	25%	37%	30%
Good business opportunity	16%	10%	13%
Concern that parents would go elsewhere if not offered	32%	14%	24%
Wanted to help parents with childcare costs	76%	69%	71%
Other reason	5%	2%	3%
<i>Number of services</i>	<i>431</i>	<i>257</i>	<i>968</i>

Source: Survey of services offering NCS.

Notes: All services includes 280 which could not be matched to administrative data and have missing data for the type of service. Respondents were allowed to select multiple reasons.

Tables 67 to 69 examine the reasons for offering the NCS across different types of providers:

- Private providers were more likely to report concern that parents would go elsewhere and wanting to help parents with childcare costs as main reasons than community providers. On the other hand, community providers were more likely to report replacing other schemes that were offered and encouragement from government or CCCs as main reasons than private providers.
- The proportions reporting each reason were very similar across providers with different annual opening weeks, except for the reason of replacing other schemes that were offered: a much lower proportion of services open for 38 weeks or less reported this reason than services open for more weeks each year.
- The proportions reporting each reason were also very similar for single-site and multisite providers except for the reason of replacing other schemes that were offered: a much lower proportion of single-site services reported this reason than multisite services.

The latter two reasons may reflect some variation in the offer of existing schemes across annual hours and single site/multisite.²⁰⁸

Table 68: Reasons to offer NCS by annual opening weeks

Proportion giving reason	38 weeks or fewer	39 to 49 weeks	50 weeks plus
Replacing other schemes that are offered	45%	71%	73%
Parents requested it	18%	11%	13%
Encouragement from government/Childcare Committees	31%	34%	29%
Good business opportunity	13%	14%	12%
Concern that parents would go elsewhere if not offered	23%	23%	25%
Wanted to help parents with childcare costs	70%	70%	72%
Other reason	2%	3%	4%
<i>Number of services</i>	<i>255</i>	<i>196</i>	<i>492</i>

Source: Survey of services offering NCS.

²⁰⁸ The similarity in these patterns for annual opening weeks and single site/multisite was not due to the two characteristics being closely related. The opening hours and single site/multisite are not correlated and the patterns for the reasons concerning replacing other schemes existed in cross-tabulations of both characteristics.

Table 69: Reasons to offer NCS by single site and multisite

Proportion giving reason	Single site	Multisite
Replacing other schemes that are offered	39%	72%
Parents requested it	19%	12%
Encouragement from government/Childcare Committees	28%	30%
Good business opportunity	13%	14%
Concern that parents would go elsewhere if not offered	30%	23%
Wanted to help parents with childcare costs	75%	73%
Other reason	2%	4%
<i>Number of services</i>	<i>162</i>	<i>526</i>

Source: Survey of services offering NCS.

The survey of providers *not* in contract to offer the NCS undertaken for this review in May 2021 found that almost all (99%) were aware of the NCS. Only two respondents out of a total 235 reported that they had not heard of the scheme.²⁰⁹

Providers not in contract but aware of the scheme were asked for their main reasons for not offering the NCS (with multiple selections permitted). Around half (53%) reported one reason, while 21% reported two reasons and 23% reported three or more reasons.²¹⁰

Half of providers reported they were not offering the NCS because they had not had any requests from parents, and just under a quarter (24%) reported the related reason that parents were happy to continue using the existing schemes (table 70). Just over a third (34%) reported too much administration as a main reason, while smaller proportions indicated concerns about adverse effects on the service finances or other elements of provision as the main reason. Only small numbers indicated that “transitional factors”, including not understanding the scheme, needing more time to prepare and waiting to see how the scheme affected other providers, were key reasons. Indeed, in response to direct questions, only 21% thought that more information to help prepare might have meant they would now be offering the scheme and only 12% thought that more time to prepare might have

²⁰⁹ Responses from 235 providers were too few to undertake any analysis across provider characteristics. However, most providers (84%) responding to this survey were only open for 38 weeks or fewer each year, while 13% were open 38 to 49 weeks and only 3% were open 50 weeks or more. Reference [9] reports that 52% of all services are open 38 weeks or fewer, while 17% are open 39-49 weeks and 31% are open 50 to 52 weeks each year (page 59). This suggests either that the survey was unrepresentative of providers not offering the NCS or that providers not offering the NCS are not representative of all services.

²¹⁰ The remaining 3% did not report any reasons.

meant they would now be offering the scheme.²¹¹ Hence, the key factors in providers' decisions not to offer the NCS were lack of parental demand and, to a lesser degree, the administrative burden.²¹²

Table 70: Reasons for not offering NCS

	Proportion of services
No requests from parents	50%
Parents are happy to continue using the previous schemes	24%
Do not understand the scheme sufficiently	8%
Need more time to prepare	5%
Waiting to see how the scheme affects other providers	5%
Too much administration involved	34%
Would have adverse impact on service finances	13%
Would have other types of adverse impacts on the service	10%
Other reason	26%

Source: Survey of services NOT offering NCS.

Notes: Sample size is 238.

There was some evidence that lack of understanding about the NCS may have influenced providers' decisions not to offer the scheme. When asked what best captured their view on how the NCS supports parents, 44% selected that it gives greatest support to parents on low income and 10% selected that it supports all parents roughly equally. But 15% selected that it offers little support to parents, 5% selected that it gives greatest support to more affluent parents and 26% reported that they did not know. Hence, understanding of the scheme's objectives was lacking for almost half of the providers not offering the NCS.²¹³

Most providers not offering the NCS did not think they would do so in the future: 34% considered this very unlikely and 38% considered it unlikely. Only 23% thought it likely that they would offer the scheme in the future and only 5% thought it very likely they would do so. The key factors that could lead providers to offer the scheme were requests from parents and a simpler scheme with less administration

²¹¹ There was considerable overlap in these responses: 25 of the 27 respondents needing more time also needed more information.

²¹² It should be noted that 26% reported some other reason not listed as an option in the survey, suggesting that there could be other secondary (less prevalent than administrative burden) factors.

²¹³ Survey time limitations meant that this question was not asked in the survey of providers offering the NCS, although a comparison of responses would have been interesting.

(table 71), consistent with the reasons why providers were not currently offering the NCS.

Table 71: Factors that could lead services to offer the NCS

	Proportion of services
Requests from parents	46%
Parents moving to alternative settings to access the NCS	8%
Simpler scheme/less administration	42%
Observing benefits (or no problems) for other providers offering the scheme	12%
Observing benefits for parents using the scheme	15%
Other	21%

Source: Survey of services NOT offering NCS.

Notes: Sample size is 238.

7.3 Financial support

This section describes the financial support available to services during the preparation for the NCS and the initial period of the scheme. This covers the NCS launch grants, the case management support system and the Covid-19-related financial supports.

NCS launch grants

In order to facilitate and compensate for the additional administrative burden of offering the NCS and to boost provider engagement with the scheme, two grants were made available to services:²¹⁴

- The NCS Transition Support Payment was a “modest once-off payment” designed to both recognise the additional administrative burden of transitioning to a new scheme and to incentivise engagement.
- The NCS Capital Grant was a one-off capital grant to facilitate the purchase of qualifying ICT hardware and software needed to perform certain administrative duties associated with offering the NCS.

Over 3,000 services benefitted from each support (3,205 for the transition support and 3,074 for the capital grants) with an average payment per service of €816 for the transition support and €839 for the capital grant. Total spending was €2,615,000 for the transition support and €2,579,000 for the capital grants. Most payments for the transition support were made in October and December 2019,

²¹⁴ References [38] and [41].

while the capital grants were mostly paid across the period from June to November 2019 (table 72).

Table 72: Transition support payments and capital grants by month

	Number of services		Mean amount per service		Total amount paid to all services (in €1,000)	
	Trans. pay.	Cap. grants	Trans. pay.	Cap. grants	Trans. pay.	Cap. grants
June 2019	0	834		€863	€0	€719k
July 2019	0	523		€887	€0	€464k
August 2019	0	326		€788	€0	€257k
September 2019	0	591		€797	€0	€471k
October 2019	3,196	613	€613	€836	€1,959k	€512k
November 2019	12	187	€340	€787	€4k	€147k
December 2019	3,176	2	€205	€475	€652k	€1k
January 2020	5	6	-€35	€750	-€0.2k	€5k
February 2020	0	0			€0	€0
March 2020	1	5	-€117	€650	-€0.1k	€3k
Total	3,205	3,074	€816	€839	€2,615k	€2,579k

Source: Frontier analysis of Pobal data.

Notes: There were a small number of negative payments (6 for transition support payments and 7 for capital grants).

In total, 3,440 services received support from one or both of the schemes (with 2,839 receiving payments from both supports, 366 only receiving the transition support and 235 only receiving the capital grant) with an average total payment of €1,510 per service (table 73). This indicates that just about all services in contract to offer the NCS availed of these initial support payments.²¹⁵

In line with the proportions contracted to offer the NCS, 70% of services receiving these initial supports were private providers, while 30% were community providers and 25% were in Dublin (and reasonably distributed across the remaining regions) (tables 73 and 74). However, average payments were slightly higher for community

²¹⁵ As Pobal administrative data indicated 3,222 services were contracted to offer the NCS, this suggests some inconsistency between the two data sources.

services than private ones and varied across region, ranging from €1,414 for the combined amount in the Mid-West to €1,637 in the Border region.

Table 73: Combined transition support and capital grants by service type

	Number of services			Mean amount per service		
	Trans. pay.	Cap. grants	Total	Trans. pay.	Cap. grants	Total
Private	2,245	2,151	2,417	€790	€816	€1,461
Community	960	921	1,021	€876	€893	€1,629
All	3,205	3,074	3,440	€816	€839	€1,510

Source: Frontier analysis of Pobal data.

Notes: All services includes two with missing type.

Table 74: Combined transition support and capital grants by region type

	Number of services			Mean amount per service		
	Trans. pay.	Cap. grants	Total	Trans. pay.	Cap. grants	Total
Border	317	300	333	€870	€898	€1,637
Dublin	798	778	863	€820	€843	€1,518
Mid-East	459	435	487	€817	€844	€1,523
Mid-West	388	371	419	€768	€794	€1,414
Midlands	184	193	207	€854	€851	€1,553
South-East	275	251	287	€877	€890	€1,618
South-West	420	384	447	€799	€828	€1,462
West	364	360	395	€765	€793	€1,428
All	3,205	3,074	3,440	€816	€839	€1,510

Source: Frontier analysis of Pobal data.

Notes: All services includes two with missing region.

As a proportion of total spending on early learning and care and school-age childcare (around €400 million in 2018/19²¹⁶), the total expenditure on these NCS launch supports (around €5 million) is about 1.25%, suggesting a reasonable increment to encourage services to engage with the scheme. However, evidence was not identified on how well the average total payment per service (€1,510) covered the additional administrative and IT costs of offering the scheme.

Case management support system

The case management system, overseen by DCEDIY, is a process through which local CCCs and Pobal work together to assess and provide support to services experiencing financial difficulties.²¹⁷ Pobal co-ordinates the overall case management process, with the CCCs administering on-the-ground case management assistance. Specially designed tools are available that services can use for completing and interpreting analysis of staff ratios, fee setting and cash flow. The local CCCs support the service providers in the case management process to complete these tools and interpret the results, and provide more specialised advice and support appropriate to individual circumstances. Regular case management meetings take place at local level and they provide the opportunity to ensure that the DCEDIY is informed of any services that may need more intensive support from both the CCC and Pobal and which may lead to preparing sustainability funding requests for the DCEDIY to review. Financial supports may also be accessed through the case management process and are usually only available for community services which present with sustainability issues following a financial assessment by Pobal. However, there is currently a Covid-19 impact support funding strand for both community and private services.

Covid-19 financial support

Due to the Covid-19 pandemic, all childcare services closed on 12 March and remained closed until 29 June 2020. A number of additional measures were introduced to support service sustainability through the pandemic, including during this period of closure and following the reopening in July.²¹⁸

During 12 March to 5 April 2020, this support included:

- Continuation of the DCEDIY subsidy schemes (NCS and the CCSP/TEC Saver Programmes) and the ECCE programme on an ex gratia basis.

During 6 April to 28 June 2020, this support included:

- A Temporary Wage Subsidy Childcare Scheme (TWSCS) layered on top of the economy-wide revenue-operated Temporary Wage Subsidy Scheme (TWSS), which topped up wages in the sector and provided funding towards non-deferrable operational costs. In return for this support, services were not able to charge parental fees for the period of the closure

²¹⁶ Reference [9], pages 8-9.

²¹⁷ References [14] and [40].

²¹⁸ Reference [41] and other sources.

and were required to retain staff and places for children previously in attendance.

During 29 June to 23 August 2020, there was a reopening funding package which included:

- A once-off Reopening Support Payment: €18 million were made available to providers to meet the costs of implementing reopening guidance, to support children in “play pods” and to meet additional staffing needs during the reopening period;
- A once-off Covid-19 capital grant: €14.2 million were made available to assist with the costs of adhering to the reopening guidance by improving hygiene facilities and outdoor play areas;
- Continued access to the Revenue-operated TWSS; and
- Resumption of DCEDIY subsidy schemes.

During 24 August to 31 December 2020, there was a Job Stimulus Package including:

- A new strand of sustainability funding called “Covid-19 Sustainability Support” for private and community providers registered to deliver DCEDIY subsidy schemes who could demonstrate that the other Covid-19 measures were not sufficient to enable viable operation of the business;
- Access to the Revenue-operated Employment Wage Subsidy Scheme (EWSS) with an exemption to the turnover rule (at standard rates initially and enhanced rates from 20 October);
- Continuation of the DCEDIY subsidy schemes; and
- Resumption of the ECCE programme at existing capitation rates.

During 4 to 31 January 2021, the ECCE programme was not resumed and support included:

- Continued access to enhanced EWSS; and
- Continuation of funding under the DCEDIY subsidy schemes and the ECCE programme.

In return for this support, providers were asked to pause payment of fees or return fees paid in advance for parents not accessing services.

During 1 February to 5 March 2021, support during Level 5 restrictions included:

- A Covid-19 Operating Support Payment to support providers with a significant reliance on parental fee income to waive fees during this period, while remaining sustainable;
- A new Covid-19 strand of the Sustainability Fund;
- Continued access to the enhanced EWSS; and
- Services remaining open received 100% of funding under the subsidy schemes and AIM and 70% of the value of ECCE programme funding (plus the remaining 30% if they met certain conditions). Services which closed

(approved by DCEDIY) received 100% of funding under the subsidy schemes and AIM and 70% of the value of ECCE programme funding if they met the same conditions.

During 8 March to 29 March, support during the phased lifting of restrictions included:

- Resumption of the ECCE programme and normal funding arrangements for the DCEDIY subsidy schemes;
- Continuation of the Covid-19 strand of the Sustainability Fund; and
- Continued access to the enhanced EWSS.

7.4 Perceived financial impacts

Table 75 presents findings on providers' perceived financial impacts from the survey of providers offering the NCS undertaken in May 2021.

Table 75: Perceived impacts on financial aspects of provision

	Proportion of services	Number of services
Substantial increase in demand	6%	61
Slight increase in demand	23%	217
No change in demand	51%	488
Slight decrease in demand	8%	76
Substantial decrease in demand	5%	52
Don't know	7%	63
Total	100%	957
Fees have generally decreased	7%	63
No change in fees	88%	842
Fees have generally increased	6%	57
Total	100%	962
Improved the service's financial position	1%	11
Made no difference to the service's financial position	1%	6
Led to a decline in the service's financial position	1%	9
Don't know	2%	20
Not answered	95%	922
Total	100%	968

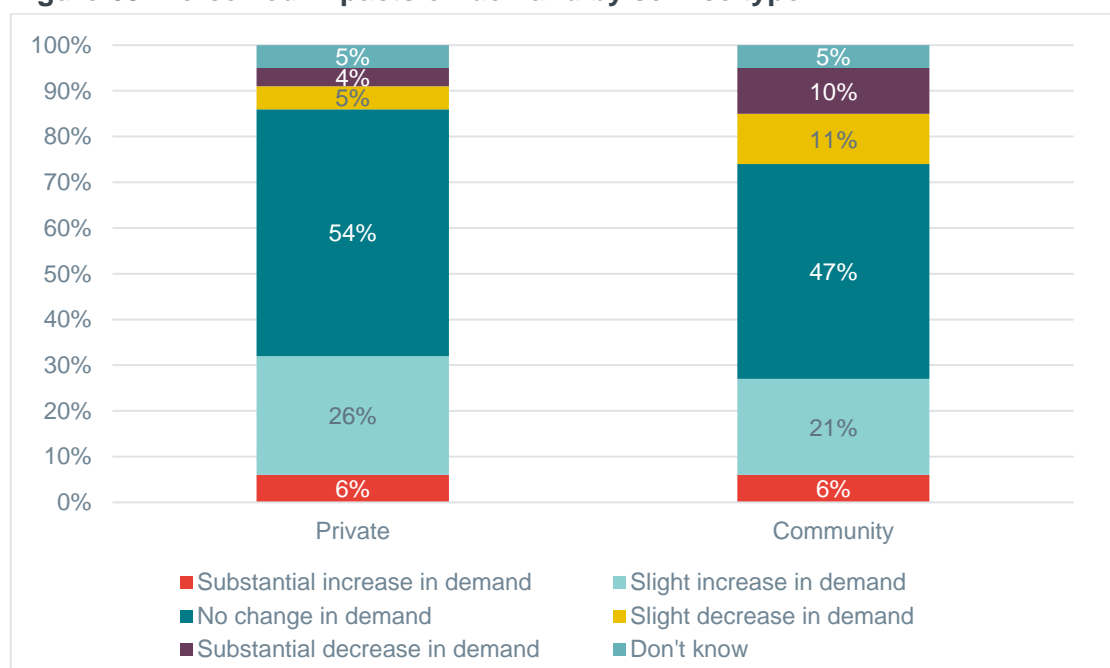
Source: Survey of services offering NCS.

Most providers did not think that offering or delivering the NCS had financially impacted their service. Just over half (51%) reported that they thought that there had been no change in demand from parents for places or hours of childcare because of the NCS, although almost a quarter (23%) thought there had been a slight increase in demand and a small number (6%) thought there had been a substantial increase in demand as a result of the NCS. The vast majority (88%) had not changed their fees because of the NCS (and small and similar proportions reported increasing and decreasing their fees), while a very small proportion (2%) reported that they thought that the NCS had affected their overall financial position.²¹⁹ However, it is important to note that the significant financial support provided in response to the Covid-19 pandemic may have masked any financial impacts from the NCS.

Figures 69 to 72 examine the variation in perceived impacts on parent demand and show:

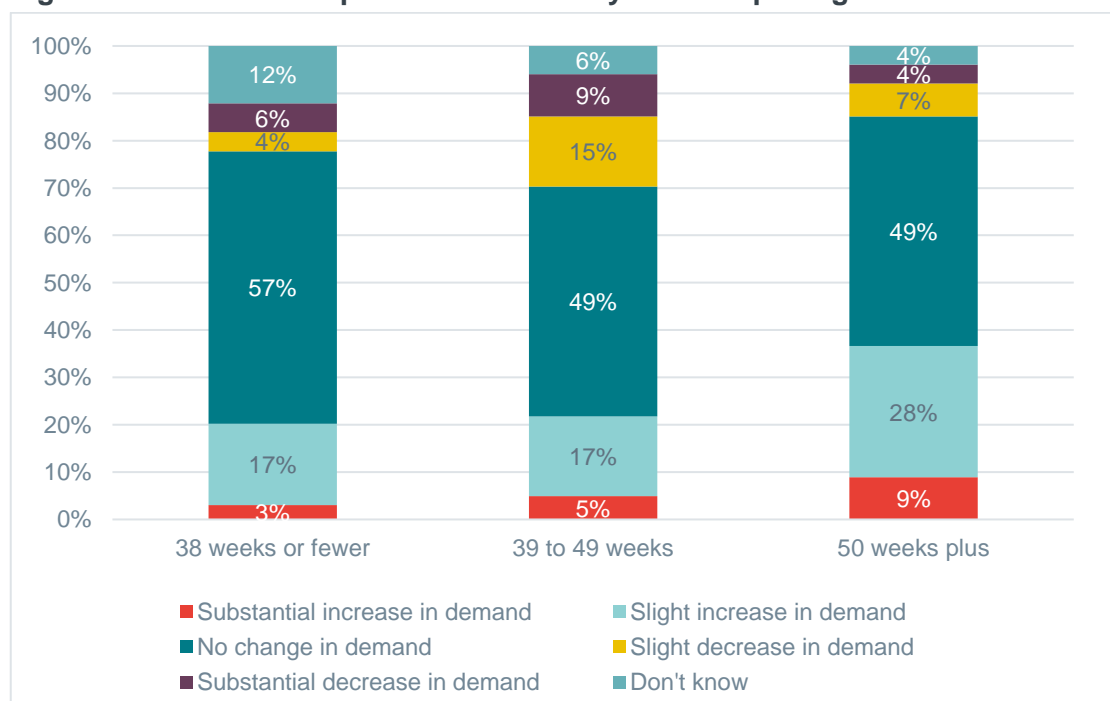
- A greater proportion of private services than community services reported that there had been a slight increase in demand, while greater proportions of community services reported that there had been a slight and substantial decrease in demand.
- The proportion of services reporting a slight or substantial increase in demand was higher for those open for 50 weeks or more each year, while the proportions reporting a slight or substantial reduction in demand were greatest for those open for 39 to 49 weeks each year.
- Greater proportions of multisite providers than single-site providers reported a slight or substantial decrease in demand.
- There was some variation across regions: services in Dublin and the West region were less likely than those in most other regions to report a substantial or slight increase in demand, while services in the Border and the West regions were most likely to report slight or substantial decrease in demand.

²¹⁹ A very high proportion (95%) of providers gave no answer to this question. The reason for this is not clear, but it remains the case that almost none reported that they thought there had been adverse financial impacts on their service.

Figure 69: Perceived impacts on demand by service type

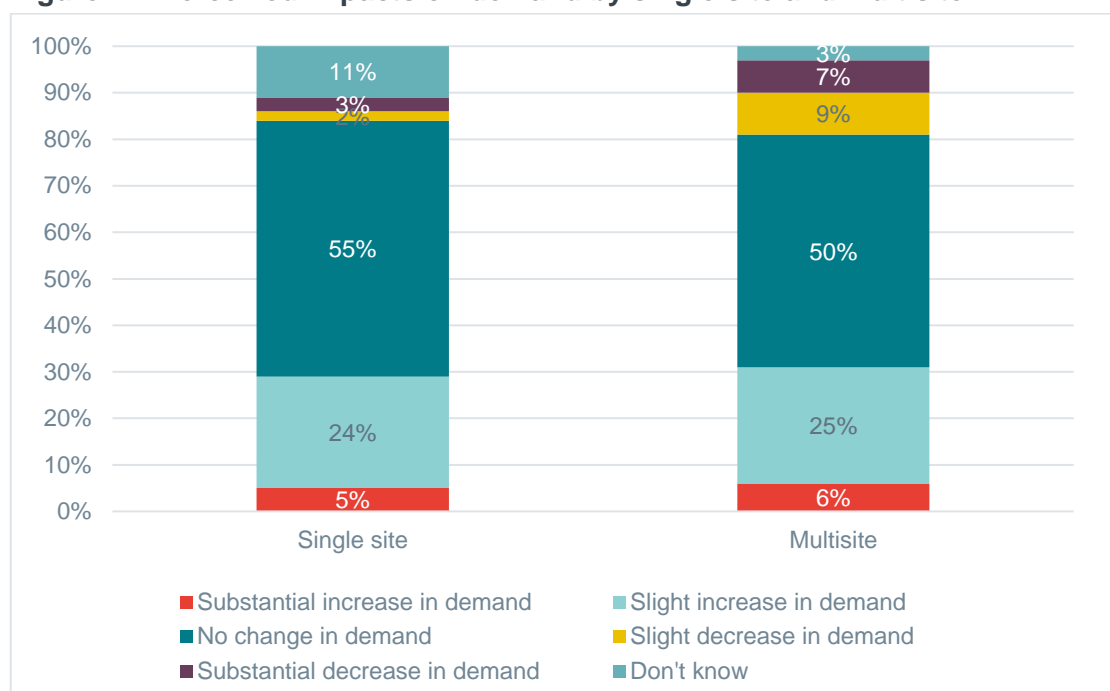
Source: Survey of services offering NCS.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 427 for private services and 236 for community services

Figure 70: Perceived impacts on demand by annual opening weeks

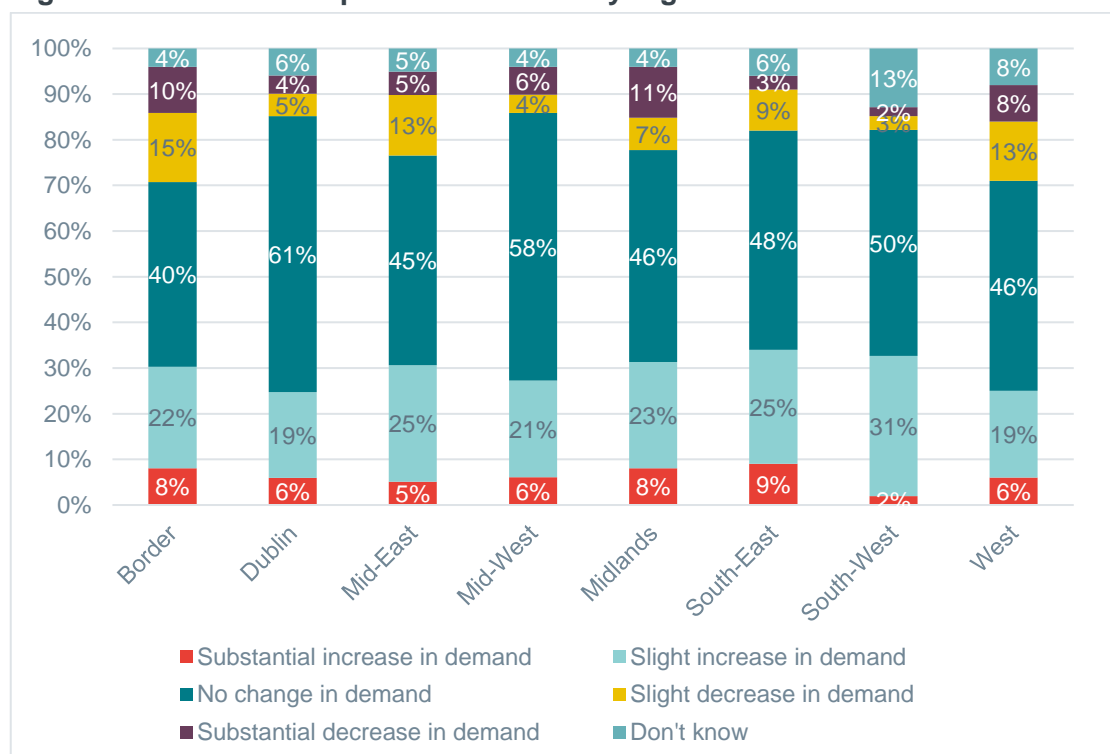
Source: Survey of services offering NCS.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 251 for services open 38 weeks or fewer, 193 for services open 39 to 49 weeks and 491 for services open 50 weeks plus.

Figure 71: Perceived impacts on demand by single site and multisite

Source: Survey of services offering NCS.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 161 for single site and 522 for multisite.

Figure 72: Perceived impacts on demand by region

Source: Survey of services offering NCS.

Notes: Some columns may not sum to 100% due to rounding. Sample sizes are 89, 240, 55, 67, 98, 174, 101 and 120 across the regions from the Border region to the West.

7.5 Changes to provision

In some cases, services may have taken mitigating actions against adverse financial impacts by altering their service offer. This could include reducing opening times (or after-school care), reducing staffing or staff quality, or reducing the extent of specialised services. In addition, the structure of the NCS could have altered the patterns of demand facing providers, leading to changes in the nature of the services being offered.

Table 76: Impacts on provision characteristics

	Proportion of services	Number of services
Open for more hours each day or week	3%	31
No change in opening hours	94%	895
Open for fewer hours each day or week	3%	31
Total	100%	957
Extended the age range to younger and older children	1%	10
Extended the age range to older children	1%	8
Extended the age range to younger children	4%	36
No change in age range	92%	883
Reduced age range	2%	21
Total	100%	958
Average qualifications among staff is higher	3%	31
No change in average staff qualifications	95%	910
Average qualifications among staff is lower	2%	17
Total	100%	958
The range of activities and services has extended	4%	34
No change in the range	92%	875
The range of activities and services has reduced	5%	44
Total	100%	953

Source: Survey of services offering NCS.

Responses to the survey of providers offering the NCS indicated that there had been few such changes to provision (table 76). Most providers had made no change to their opening hours, age range of children, the qualification level of staffing, or the range of activities offered as a result of offering the NCS. The small proportions of providers which did report that some aspect had been affected by

the NCS were evenly balanced between expansions and contractions (in numbers or ranges) and between improving or reducing the quality of staffing.

The absence of substantial impacts on the nature of provision may reflect that it is too soon for the effects of the NCS to have materialised in characteristics which take time to adjust. In addition, the impact of Covid-19 on the use and delivery of childcare and the accompanying schemes of significant public financial support may have delayed the full effects of the NCS being felt by providers.

7.6 Impacts on provision in disadvantaged areas

Evidence presented in section 5.4 above highlighted concerns that the NCS has reduced the availability of places for vulnerable families because services could not afford to offer places to these families (due to the lower amount of funding and greater administrative burden under the NCS than under CCSP²²⁰). Where services predominantly serve such families in disadvantaged areas, the nature of this issue can become one of financial sustainability for services rather than access for vulnerable families. As indicated in section 5.4, this financial pressure may also result in changes to provision such as reduced opening hours.

Prior to the launch of the NCS, an in-depth analysis of 13 childcare services in very disadvantaged areas²²¹ concluded that seven of the 13 services would move into financial deficit with the introduction of the NCS. The underlying driver of these changes was that the majority (or all) of the parents using many of these services were availing of CCSP and other legacy schemes, which meant that funding from these schemes constituted a major share of the services' revenues. Moreover, of the parents receiving CCSP assistance, a very high proportion were unemployed and receiving Band A subsidies. These types of parents would therefore receive fewer (standard) hours of subsidised childcare under the NCS, leading them to reduce their childcare hours, with substantial impacts on the service finances.

Since the launch of the NCS, there have been reports of providers in very disadvantaged areas coming under severe financial strain due to the NCS. Specific examples include a case where 95% of parents of children in a setting were unemployed, creating a potentially substantial drop in demand under the NCS.²²² Another example is a report of several after-school settings experiencing substantial drops in numbers (up to 50%) during 2020, combined with concerns that the numbers would fall further because most remaining children were funded by the CCSP savers provision and new cohorts would only be eligible for fewer hours under the NCS.²²³ Hence, not only may financial impacts of the NCS have been masked by the Covid-19-related supports but they may also have been delayed in disadvantaged areas by the savers provision for legacy schemes.

It could be argued that lower levels of provision and amalgamation of provision into a smaller number of providers in some areas is not an issue per se if it is simply adjusting to lower levels of demand. However, there are two potential problems

²²⁰ As noted above, the increase in CCS rates in September 2017 meant that gaps in support between the legacy schemes and the NCS were greater than intended when the NCS rates were set.

²²¹ Reference [1].

²²² Reference [19].

²²³ Reference [43].

with such adjustments. First, if demand is too low to sustain any provision, children in these areas may not be able to access the subsidised hours that they are entitled to. Second, amalgamation could mean that provision is no longer geographically close to where children live (or attend school).

In addition to potential setting closures, there were two other types of concerns for provision in disadvantaged areas:

- Provision for some types of children may be reduced. It was reported that that baby and toddler rooms might need to close because they cost more to run than provision for other ages.
- Concerns that opening hours or numbers of sessions will have to be reduced could create staff retention problems due to the shorter hours of work, including the loss of more qualified staff.

Evidence on impacts in disadvantaged areas was very limited,²²⁴ but the effects may have been masked by both the Covid-19 pandemic supports and the savers provision for legacy schemes. There are also some initial signs that the transition from the legacy schemes to the NCS may lead to reductions in capacity and other detrimental effects specifically on provision in disadvantaged areas.

²²⁴ Two sources were identified and these reported potential future impacts rather than actual impacts.

8. SUMMARY AND DISCUSSION

This chapter reviews and discusses the findings. The first section outlines the limitations of the evidence, while the second highlights the achievements of the first year and the third indicates some areas of concern. The final section suggests potential areas for further research.

Key findings

- There are a number of limitations to the evidence used in this review. Most importantly, the limited time for the scheme to establish itself and the interruption of the Covid-19 pandemic mean that the findings should be treated as indicative and preliminary.
- There are several indications of positive effects of the scheme: the design has broadened support and included a strong progressive element; providers have been willing and able to deliver the NCS without (as yet) major impacts on provision; and parents have broadly engaged with the scheme and report positive impacts on the cost and use of childcare, their work choices and their family finances.
- Early concerns include barriers to take-up among some vulnerable families and the level of support for some families, the administrative burden on providers, the constraints of current provision structures on the scheme flexibility and potential future adverse financial impacts on providers in disadvantaged areas, and the clarity of the scheme structure and value of the universal subsidy.
- There are a number of areas where further research could help inform on early concerns.

8.1 Limitations of the evidence

A number of limitations of the evidence used in this review should be noted:

- The relatively short timeframe limited the primary data collection. In particular, the surveys with parents and providers had a relatively low response rate due to the fieldwork period of just over two weeks. In addition, other evidence collection was limited and so focused on a quick and informal collection of information on the identified concern around vulnerable families. Ideally, qualitative work would have undertaken a more formal approach and would have included the collection of experience from other stakeholders including policy makers, sponsor bodies and CCCs.
- Analysis of the administrative data sources faced substantial challenges in the complexity of the data and possible issues around management of the data. A key issue was around the recording of NCS contract dates with providers.
- Analysis of the changes brought about by the introduction of the NCS and its impact was complicated by the changes made to the CCS in September

2017 as an interim action prior to the introduction of the NCS. In some cases, an earlier baseline for the pre-NCS comparison might have been helpful, but this would have meant capturing changes and impacts over a protracted period of more than three years. On the other hand, the savers provision has delayed some of the impacts of the NCS. While both elements have to some extent smoothed the transition from the legacy schemes to the NCS, the long period of transition makes measuring the effects of the scheme more difficult.

- It is challenging with any new policy to draw strong conclusions after 12 months, but the interruption of Covid-19 increased this challenge. Moreover, the ongoing effects of Covid-19 on parental work patterns and provider finances mean that the impacts of the NCS may still be masked. Hence, the findings are preliminary and may evolve as the scheme becomes established and the effects of the pandemic diminish or become permanent.
- While measures of the perceptions of impacts have been captured, it is too early for a robust impact analysis of changes in behaviour to have been undertaken. It is also too early to assess the extent to which the scheme has supported longer-term objectives, including the impacts on reducing poverty and improving child outcomes.

The combination of these factors means that the findings should be treated as indicative, the primary purposes being to highlight early signs of the benefits of the policy to promote support for its objectives and identifying issues potentially requiring more immediate action.

8.2 Achievements in the first year

Many elements of the first year of the NCS have been successful:

- The design of the scheme meets the objectives of replacing the existing targeted childcare programmes with a single streamlined scheme, broadening the scope of childcare support to improve accessibility and affordability of childcare for a wider range of families, and incorporating progressive levels of support and incentives for parental work, study or training. In addition, the scheme provides a platform for flexible investment through the ability to change key parameters, including the income thresholds, subsidy rates, eligible hours and the multi-child discount.
- Providers were willing to deliver the scheme: 71% of those contracted to provide a DCEDIY-funded programme agreed to offer the NCS²²⁵, with community providers and private ones almost equally likely to participate. No indications of widespread impacts on provision have emerged to date.
- Despite the challenge of parental involvement in applications for the first time, large numbers of parents have actively engaged with the scheme and, on the whole, have found the application process and scheme system

²²⁵ Some services not contracted to provide the NCS only offer ECCE provision with a Tusla registration only to deliver sessional care and therefore do not currently offer the type of childcare eligible for NCS support.

reasonably easy to use. Use of the online system is firmly established among parents and processing times are now quick.

- Although awareness of the scheme was not high among parents, increasing proportions are learning about it by word of mouth from family and friends, indicating that awareness is beginning to develop through a key communication channel for parents.
- Subsidy amounts and the proportions of family childcare costs covered by the subsidy have been progressive (as intended by the scheme design), with lower-income claimants and those living in disadvantaged areas receiving considerably higher levels of support than higher-income claimants and those living in affluent areas.
- Most importantly, substantial proportions of parents using the NCS reported that it had positively impacted on their use of childcare, their work and their family finances.

It should be noted that it is too early to assess the extent to which the scheme has supported longer-term objectives, including the impacts on reducing poverty and improving child outcomes.

8.3 Issues arising in the first year

A number of issues were identified around parent participation and uptake, provision and the structure of the scheme. These are each discussed in turn.

Parent uptake and support for children in greater need

Several issues around parent participation and uptake were identified:

- Awareness of the NCS was not high in September 2020, possibly because the Covid-19 pandemic made childcare subsidies a low priority and the awareness campaign lost momentum.
- The proportion of the child population applying to the NCS is broadly in line with the estimated proportion that is eligible (and currently using the required paid centre-based childcare). But the uptake rate (the proportion of successful applicants who make a claim) is surprisingly low. Having obtained a CHICK, it is not clear why so many children (45%) do not then have a claim. This could suggest that awards are not as expected or that parents struggle to be able to use their award.
- Sponsorship referrals aim to facilitate access and provide a higher level of support (in funding rate and hours) for children with “social welfare” needs, that is, those who are living in families with broad support needs. However, it has been argued that the threshold of need for NCS sponsorship referrals is higher than under the legacy schemes and that the sponsorship application process is more challenging, particularly for families which do not wish to engage with government bodies.
- There appears to be a gap in access and support level (in funding rate and hours) for children who do not meet the *family* social welfare need criteria

for sponsorship but who would benefit from a higher level of support due to *child* needs around development or education or whose families require additional help with access.²²⁶ These types of children can include those from families lacking literacy or fluency in English or holding refugee or immigrant status. School children lacking access to after-school support appear to be a key part of this group. This gap is evident in the examples provided in the key informant discussions and in the proportion of families in the lowest income group reporting that they are financially worse off under the NCS.²²⁷

Provision issues

Several issues around provision were identified:

- The administrative burden on providers to deliver the NCS is substantial. One of the largest issues is the tracking of attendance records over several weeks for NCS purposes (the recording of child attendance is required independently of the NCS). There were hopes that software would be developed to support issues such as recording attendance data, but communication between different systems has been problematic. Compliance checks have not yet been undertaken and there are concerns that there may be compliance issues when they do. There are also concerns that this burden is greater for smaller community providers than larger private ones.
- The NCS introduced hourly subsidy rates to allow parents more flexibility in their childcare use than the set session structure of the legacy schemes. However, a substantial proportion of provision only offers sessions of fixed length,²²⁸ which inhibits parents' flexibility in choosing hours. Combined with the attendance requirement for each hour of a subsidy claim,²²⁹ there is also a perverse incentive for children to attend more hours than the parent would choose.²³⁰ Provision may adjust to operating on the basis of hourly rates rather than session rates, but this may be inhibited by (a) ECCE still creating a strong incentive to operate on a session basis and (b) sessional provision reducing costs because it is easier to operate at higher occupancy and avoids the costs of staff breaks or the provision of meals. In addition, provision may be slower to adapt in more disadvantaged areas where demand for flexible hours may be lower.²³¹ On the other hand,

²²⁶ Under CCSP, these families would have been assisted in their applications by providers and would have received higher levels of support (funding rate and hours) without sponsorship. The parent-led application process and the targeting of support solely on income rather than child need in the NCS mean that the same additional support is not available for these families as it would have been under the CCSP.

²²⁷ The numbers of children in this gap could increase as the legacy scheme entitlements under the savers provision expire and children in new cohorts fall into this gap.

²²⁸ Historically, provision in Ireland was more flexible. In 2009, most services operated for 52 weeks and were open 10 hours each day. The introduction of ECCE created substantial incentives to operate on the basis of three hour sessions for 38 weeks each year and the structure of provision adjusted to meet that need.

²²⁹ Attendance requirements for subsidy payments aim to help ensure that public funding is not wasted on hours that children do not attend and to encourage regular attendance.

²³⁰ The reason is that the provider charges for the entire session, but the subsidy payment is lower if the child does not attend and the parent pays a higher co-payment. Hence, some parents keep their children in childcare for longer to avoid paying more.

²³¹ This may further inhibit the ability of parents to work in these areas.

funding based on hourly rates may be helpful for the more flexible type of provision offered by childminders if childminders move into the mainstream of regulation and are able to offer provision supported by the NCS.²³²

- It is not clear how limits can be placed on fee increases and parental co-payments (although this is under consideration by the Expert Group for the new funding model as described in section 2.2).
- While there is no evidence that the NCS has had substantial adverse impacts on provision, this may have been masked by the Covid-19 pandemic and the saver provision for the legacy schemes. Moreover, it can take more than a year for such impacts to materialise. Ongoing concerns on changes observed to date indicate that there may adverse financial impacts for settings in disadvantaged areas.

Scheme structure

Three sets of issues around the structure of the scheme were identified through this review.

First, the scheme structure is fundamentally intended to provide support for a standard number of hours to all children when not in ECCE or school for child development reasons and additional (enhanced) hours for parents who are in work, study or training (“active”) to facilitate and incentivise this activity, combined with a declining level of subsidy rate as household income increases to target funding to those who need it more. But there are three anomalies in the scheme design:

- Children in ECCE with one or more parents who are not active are entitled to an additional five hours when in ECCE.
- Children under age three on the universal subsidy (primarily those in families with reckonable income over €60,000) with one or more parents not active are entitled to the additional hours under the universal subsidy.
- Children over age three in families with reckonable income over €60,000 are not entitled to any subsidised hours even when not in ECCE or school.

Second, the scheme is presented in a confusing manner for parents (setting aside the sponsor referral element):

- The universal element subsidy rate is simply the minimum rate for households above the income threshold but the separate presentation suggests it is more complex.
- Subtracting ECCE and school hours from the standard entitlement is confusing as school hours would not normally be counted as part of a childcare subsidy and neither ECCE nor school hours are funded by the NCS.²³³ This gives some parents a spurious impression that they are eligible for support during term time because they can observe that they

²³² The recently published National Action Plan for Childminding sets out plans to move childminding into the mainstream of regulation and state support by 2028 (reference [15]).

²³³ This also gives the impression of giving with one hand and taking away with the other and of a double counting of hours in both ECCE or school and the NCS.

are eligible for a subsidy rate and standard hours. It also makes it complicated to calculate the number of hours of support for school children.

- The use of the term “enhanced hours” suggests a higher subsidy rate rather than a higher number of hours.
- The system requires parents to identify the subsidy rates and hours they would be eligible for under both subsidy types before selecting one of the subsidy types to begin the application process.

Finally, there are several issues with the universal subsidy currently available for 45 hours to children under the age of three:

- This universal subsidy is not technically “universal” in that it is restricted to children under the age of three²³⁴ and, moreover, is not used by those entitled to the income-assessed subsidy (or sponsor referrals). This can be confusing and reduces buy-in to the scheme if most parents using the NCS are not technically in receipt of the universal subsidy.
- The level of support offered by the universal element is very low by scheme design and has little impact. In addition, the low application rates could reflect parents not applying because of the low universal subsidy. Although lower support for the universal element is consistent with the progressive objective for the scheme, the current level may be too low to be of much value at all.
- Some providers question the value of offering the universal subsidy when the benefits to parents are so small relative to the administration involved and the subsidy only benefits better-off parents.

8.4 Areas for further research

Further evidence could be sought to understand some of these issues including:

- 1) Research on whether and why any eligible families have not applied to the scheme and why those with NCS awards do not subsequently make a claim;
- 2) Research on whether and how the sponsorship referral process is more challenging under the NCS and analysis of national statistics on the number of sponsor referrals under the legacy schemes in 2019 and under the NCS;
- 3) Research to identify the types of children with greater child development needs but who are not eligible for sponsorship support and whether and how they might be better supported in the application process or receive a higher number of subsidised hours;
- 4) Continued monitoring of fee levels to consider whether the NCS is driving up fee levels. This would require analysis to understand the drivers of fee

²³⁴ Universal subsidies are restricted by age in schemes elsewhere, but they are typically part of schemes which are entirely restricted by child age and understood as such. For example, the universal element in the free early education entitlement in England is part of a scheme which is clearly only for two- to four-year-olds.

changes, including such factors as inflation in staff or other costs or service improvements;

- 5) Follow-up on the previous research analysing the financial viability of services in disadvantaged areas under the NCS. As in the previous work, this could involve a small number of case studies, but would also benefit from a wider piece to capture a representative picture of the prevalence and scale of potential impacts and whether this might lead to specific shortages in provision in these areas; and
- 6) Research on whether and how flexibility in provision could be supported, including the use of core funding for services offering hourly fees and more flexible hours.

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