



Northern Ireland
Assembly

Committee for the Office of the First Minister
and deputy First Minister

OFFICIAL REPORT (Hansard)

'Bright Start: The NI Executive's Programme
for Affordable and Integrated Childcare':
OFMDFM Officials

26 March 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Mike Nesbitt (Chairperson)
Mr Chris Lyttle (Deputy Chairperson)
Mr Alex Attwood
Mr Leslie Cree
Mr Alex Maskey
Ms Bronwyn McGahan
Mr Stephen Moutray
Mr George Robinson
Mr Jimmy Spratt

Witnesses:

Dr Denis McMahon	Office of the First Minister and deputy First Minister
Mr Martin Tyrrell	Office of the First Minister and deputy First Minister

The Chairperson: We welcome to the Committee Martin Tyrrell and Denis McMahon. Over to you, Denis.

Dr Denis McMahon (Office of the First Minister and deputy First Minister): I will make a few short opening remarks. Thank you for inviting us along. We are very happy to come along and talk through the briefing paper and any other questions or issues that you want to raise.

Basically, there are two overarching aims of all this. One is about improving children's health, well-being and life opportunities. That is one of the reasons why this fits within the Delivering Social Change framework. The other is trying to improve levels of economic activity and to allow parents an opportunity to use childcare as a way of getting into work or other forms of economic activity. Those two aspects are equally important.

Bright Start has a range of measures. Obviously, the first measure is for 7,000 school-age childcare places. The aim of that is to begin to meet some of the demand that we believe is there, given the research that we have. From the figures that we have, it looks as though there are about 19 children for every childcare place, and 75% of super output areas have no school-age childcare provision. So, this is about trying to bridge some of that gap between demand and supply. It is also an opportunity to assess how effective that approach is. It is important to say that 7,000 school-age childcare places is a big provision, but it certainly will not meet the full level of demand. I am happy to answer any questions that you have.

The Chairperson: OK. The Deputy Chair indicated immediate interest.

Mr Lyttle: That was unintentional, but I am happy to start anyway.

I think that the childcare crisis is one of the single biggest issues facing families in Northern Ireland. Denis, can you say something about how the UK Government childcare subsidy has been taken into consideration by OFMDFM in launching this scheme and how that will apply to families in Northern Ireland?

Mr Martin Tyrrell (Office of the First Minister and deputy First Minister): The proposal for there to be assistance with the cost of childcare of up to, I think, £2,000 per annum is a revision of the existing scheme whereby parents can avail themselves of vouchers to help with the cost of childcare. We will ask all providers that receive grants under the school-age childcare grant scheme to promote the uptake of the voucher scheme and the tax credits assistance with the cost of childcare. As part of the conditions of their grant, they will have to undertake to promote existing financial assistance. When the financial assistance regime changes, or if it changes in favour of the new system, which, I think, is dated for after the general election in 2015, that will be taken into account as part of the grant scheme. So, whatever financial assistance is available for the costs of childcare, we expect assisted providers to promote that assistance. In addition, our managing agent will also be required to promote the available financial assistance.

Mr Lyttle: It is a welcome provision, but I think that it has exacerbated the complicated nature of the framework of assistance that is available to families across Northern Ireland. I think that the information and awareness-raising needs to extend well beyond the areas of social disadvantage that you will target through the school-age childcare grant scheme. One of the key actions is for a social media application. Are you aware that Early Years has recently launched a social media application to assist with choosing childcare in early years?

Mr Tyrrell: Yes, we are aware of that. The two apps were in development pretty much side by side for a time, but the Department of Health and Social Services is leading on the development of our app. That reflects enhanced information that has been made available through the Family Support NI (FSNI) website. The childcare search facility on the FSNI website is being upgraded to enable parents to do a more refined and detailed search of childcare facilities in their area. That will be reflected in the new app. The app will basically provide the same information via mobile phones.

Mr Lyttle: Are you also hoping to do a full advertising campaign about all this information?

Mr Tyrrell: Initially, in the first year in 2014-15, the Department of Health and Social Services, which will take forward that first action, will promote, for example, financial assistance through the Family Support NI website. It will use that in a promotional way. It will also use the app and social media. The full media campaign will be taken forward later, on the condition that the Executive agree that it is a good use of resource.

Mr Lyttle: I argue that that is more urgent than some of the other methods that you are taking forward. The school-age childcare grant scheme's services are for four- to 14-year-olds, and they incorporate things such as breakfast clubs and after-schools clubs in disadvantaged areas. The scheme will get £15 million-worth of grants over three financial years from 2014 to 2018. That is about £5 million a year. Your research shows that there are around 230,000 four- to 14-year-olds and, currently, only around 12,000 places. Strategic Investment Board (SIB) research shows the cost of delivering one place under this social economy delivery model is around £3,400 per year. I think that the £5 million equates to around 1,470 places per year, in addition to the 12,000. Is that anywhere near enough in the context of 230,000 children? How will it assist families who are not deemed to be in socially disadvantaged areas?

Dr McMahon: There are a couple of aspects there. First, funding could be up to £17 million, depending on the demand and so on. However, that will very much depend on what happens when the scheme is initially rolled out.

Mr Lyttle: It is £17 million, but £1 million of that is for the management agent and another £1 million is for registration, so it is £15 million in grants.

Dr McMahon: Although, we are starting with the £12 million that we have and we will potentially work up to that and get additional resources for it, as I said to the Committee earlier.

It is absolutely correct to say that this will not meet all of the demand. This is about trying to bridge a significant gap in the market. It is initially about trying to identify areas and people that are most in need and to support the development of additional provision. The greatest need will be to promote economic activity and provide good facilities to improve children's health, well-being and life opportunities. Part of that, as you said, is capital, and the aim will be to see whether we can grow the market overall. There is an issue there about making sure that this is done sensitively, which is one of the reasons that we are doing this through childcare partnerships; we want to grow the market without damaging the existing market. That is what Ministers aim to do.

Mr Lyttle: At a recent session, officials suggested that, of the current £12 million budget, which I think was for 2011-15, as much as £5 million might be underspent. Is that £5 million included in the £17 million that you advertised today?

Dr McMahon: All of the remaining childcare budget will go into that. At this point, £9.5 million remains regionally. When we spoke to you before, we talked about £2.5 million having been spent and further resources having been committed. Martin will say something about that.

Mr Tyrrell: Yes. To date, we have allocated £2.5 million from the £12 million that was originally available. So, the balance of that will be deployed to fund the first years of this grant scheme.

Mr Lyttle: What is that balance?

Mr Tyrrell: It is £9.5 million — £12 million less £2.5 million.

Mr Lyttle: So is £9.5 million of the £17 million then an underspend from 2011-15?

Mr Tyrrell: When we got moving on developing key first actions, the resource was held in order to be utilised for those key first actions. Previous to that, we had been taking applications for assistance from Departments and applying resource to successful projects — projects that met the criteria. However, once we had a childcare strategy with spending needs in development, the resource was diverted to the childcare strategy itself. The function of the £12 million was to support the development of the childcare strategy, so it is now supporting the first phase of that strategy.

Mr Lyttle: I have one other important question. I welcome additional places in any area and in any format. What consideration has been given to the capacity of the private sector to provide additional affordable childcare places in areas of social disadvantage or for any families across Northern Ireland?

Dr McMahon: It is important to say that the private sector providers are a key element of the market. The intention of this is not to displace or damage the existing market; it is to grow it. The sense was that there is a much greater need than there is supply at the moment, so there has to be a way of filling that gap. Ministers took the view that the resources should be focused very much on social economy models. That does not mean to say that people providing on a private sector basis could not apply using a social economy model for this. It also does not mean that an existing business could not set up a non-profit wing or element to provide facilities. It is —

Mr Lyttle: Are you making that clear at the launch tomorrow, or have you made it clear? Have you engaged with the private sector?

Mr Tyrrell: In consultation, we have engaged with all sectors. We have made it clear that the scheme is open to private sector firms that wish to adopt a social economy model. That has been clearly stated in all the publicity. To date, we have not actually launched the scheme formally, but that advice will be provided.

Dr McMahon: The only issue with that is the fact that it is on the basis of a social economy model. That means that it is on a non-profit basis. It is important to be very clear about that. If I were a childcare provider, I had a property and I was going to use that property to provide additional childcare places and I bid for a grant, that could be problematic because the money will build profits in the form of the increasing value of my property.

Mr Lyttle: Surely you could restrain the way in which the private sector could utilise the funds. I realise that you have to move on, Chair. My last point is that the main aim surely has to be to increase places across the board.

Dr McMahon: Absolutely; on a non-profit basis.

Mr Lyttle: It is pretty concerning to hear today that around £9 million in the past four years has basically not been used to do that. We need to hear more about how exactly the private sector could be being used to quickly and more urgently deal with this than the Department has been able to up to now.

The Chairperson: I want to expand on that. Denis, am I right in saying that your definition, for the purposes of this exercise, of a social economy is:

"businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders"?

Dr McMahon: Yes.

The Chairperson: "Principally reinvested". So, do you allow for an element of profit being used not for reinvestment?

Dr McMahon: That is the definition that we are using.

Mr Tyrrell: That is not necessarily how we will assess applications. Applications will be assessed basically one by one to see whether the proposed project fits with the social economy model. We will be taking advice from the Social Economy Alliance and Invest Northern Ireland.

The Chairperson: What is a social economy model as opposed to the definition?

Mr Tyrrell: A social economy business is one that invests its surpluses for the purpose of the business.

The Chairperson: All its surpluses, or principally?

Mr Tyrrell: I am not sure why the word "principally" appears. It is most of its surpluses.

The Chairperson: "Principally" or "mostly". The distinction is between "exclusively" and "principally/mostly".

Mr Tyrrell: I am guided by Invest Northern Ireland and other specialists in the social economy area on what constitutes a social economy model.

The Chairperson: I thought that you indicated that the definition I have just read out is the definition you are using.

Mr Tyrrell: It is the definition that appears in the overview, which is to guide applicants. It is the definition that appears in the guidance, but we will assess applications one by one.

Dr McMahon: The definition is, as Martin said, in the guidance. The principle is that Ministers were very keen for the resources to go into areas most in need and to people most in need and that they would not be used to create profits for private sector businesses. That is the principle that we are operating to. However, that is the definition.

The Chairperson: Let us say that I am a private sector provider and am interested in drawing down some of your funding for this strategy for affordable and integrated childcare (SAIC) initiative, and I am prepared to look at running it as a social economy model. Will you define "principally"?

Dr McMahon: We would have to look at that in more detail, to be honest. Any set of criteria that you use for any grant scheme will always have a level of judgement associated with it. If that is the

definition, that is the starting point for the panel to meet and discuss the different applications coming in.

The Chairperson: If I reinvest 51% of my surpluses, I am reinvesting the majority, but does that mean that I am principally reinvesting?

Dr McMahon: We cannot provide you with the hard-and-fast definition of that. It would be fair to say that if you are investing 51% of your profits back into the enterprise for the purposes of providing childcare places and somebody else is providing 85% reinvestment, obviously that will be one of the factors that will be taken into account when prioritising one application over the other.

The Chairperson: I am hearing that there is a definition but you cannot explain to me how it will be applied. So, you are saying that, if I am reinvesting 51%, I will lose out to somebody who is reinvesting 52%.

Dr McMahon: We would have to apply all of the criteria. If that is one of the criteria, then that would be something that we would take into account when deciding between applications.

The Chairperson: Early Years argues that that is not appropriate for private sector providers. I will quote a little of what they say:

"The sector is one that does not receive any form of traditional grant-aid funding support, and it is characterised by husbands and wives, sisters and family members that have set up and developed their own small to medium-sized businesses locally, often inspired by their own childcare needs, offering flexibility and a valuable service to the communities they serve in allowing parents to either find or remain in employment. These small to medium-sized enterprises act as a significant employer themselves, employing currently 4,500 full- and part-time staff. Fees charged are reinvested in staff costs, training, regulation, rates and overheads, capital and high-quality provision. If the type of subvention support envisaged by Bright Start Key First Actions was made available to this sector, allowing a wider, more mixed range of providers to participate, fees in the private sector could be significantly reduced, enhancing affordability for parents and allowing wider access."

Is that a reasonable argument?

Dr McMahon: The point about the private sector providers being a key part of the market is one that nobody could argue with. It is important to say that Ministers' policy decisions are based on a principle that does not at all conflict with the importance of the private sector as part of the market. The point that Ministers are making with that decision is that they want the resources to go primarily to those areas and those people most in need and that they do not want the resources going to private sector profits.

The Chairperson: Is that not discriminating against the private sector?

Mr Cree: It is.

Dr McMahon: There are many different example of areas where public sector provision is supplemented or funded by Government because there is a failure in the market. In this particular case, there is a failure in the market because the supply does not meet the demand. Ministers are saying that we need to ensure that the resources are going into non-profit organisations so that that gap in the market can be filled.

The Chairperson: My concern is displacement. Invest Northern Ireland likes to back companies that export; it does not like to back companies that are local because of the fear of displacement. Imagine you are a baker on one side of town and I am a baker on the other side of town. The fear is that, if they support me, I grow at your expense. So, basically, they just displace the business from you to me. Surely the fear with this scheme is that you will displace from the private sector into the social economy.

Dr McMahon: It is a really important point that displacement is to be avoided at all costs.

The Chairperson: How do you do that?

Dr McMahon: The mechanism that will be used for the scheme is to go out through the childcare partnerships, which are supported by the Health and Social Care Board. The childcare partnerships have a mixture of different types of providers and have a lot of local market intelligence. We want to avoid a situation where we simply allocate places to different areas in a very mechanistic way that does not take into account local knowledge and a local understanding of which providers are already there. The idea is to ensure that, as far as possible, the model is sensitive to existing provision so that it does not cut across existing provision.

The Chairperson: If I am a parent who is currently using a private sector provider at x per hour, and I become aware that there is a social economy alternative around the corner at x-minus-subsidy per hour, I will apply to the social economy model and displacement will happen.

Dr McMahon: There are a number of factors. If you have a private sector provider providing places at a certain amount per hour, we would not expect the scheme to promote another provider around the corner offering the same service at the same level. You may be a private sector provider offering a service in a particular area, and it may be that, in a 20-mile radius, there are very few other providers around. It may be the case that there is a geographical barrier to people using childcare. It may be that you have a private sector provider who is providing a place at a higher cost. That is the issue. If it is at a high enough rate, there is a danger that existing parents may not be able to use it.

The Chairperson: Yes, exactly. So why exclude them?

Dr McMahon: Obviously, we are talking about one particular scenario here, but you could have a private sector provider that is providing childcare at a higher rate than the parents can afford.

The Chairperson: You are now making my argument for me.

Dr McMahon: There is a gap in provision. Are we content to allow a situation where parents are not able to access providers? That is the Minister's point.

The Chairperson: I just heard you say that if there is a provider in the private sector, you will put some sort of 20-mile radius around it to protect it.

Dr McMahon: The point that I am making is that there are a number of different factors. One is distance. You have talked about it being around the corner. There are a lot of areas where there are no providers at all, so there are gaps where there is no provision.

The Chairperson: Focus on displacement, Denis.

Dr McMahon: On the issue of displacement, it is not a right or wrong answer. Ultimately, it is not simple. It is not really an administrative issue but more of a policy issue. However, there is a policy or political issue about a case where you have a private sector provider and parents are unable to access childcare because that is the only provider and because the costs are too high. In that case, what are your options?

The Chairperson: To bring the price down. To my mind, that is one perfectly valid option that has been excluded by the policy.

Dr McMahon: Yes, that is correct. There are a number of ways of bringing the price down. One way is to provide grants to supplement existing provision. Another way is to promote competition in areas where a provider is maybe not able to provide at a certain level. I am not saying that either is right or wrong. In that scenario, if you ended up with another provider being provided grant funding, it would be to promote competition effectively.

The Chairperson: I fear displacement and that this discriminates against the private sector.

Mr Lyttle: Is it the hope to drive down costs? Is there not the potential to put other providers out of business?

Dr McMahon: It is about the provision of quality, affordable, integrated childcare. It is about recognising that there is not enough of that provision and that there has to be a way of trying to grow more. It is recognising the fact that it is not about a single level of demand, which you divide between existing providers and new providers. It is about reflecting the fact that there is a whole range of unmet demand out there and that we need to find ways to support additional provision that can meet that demand.

Mr Lyttle: You mentioned another option being grants to help with cost. Is that being considered as another roll-out? That seems to be the approach that the UK Government are taking in trying to increase the money in families' pockets to meet the costs.

Dr McMahon: The policy decision is that the resources are to go primarily into providing services, not into profits.

The Chairperson: OK. Many members want to come in, but I have one last question at this stage, Denis. At the moment, there is only one place for every 19 children aged four to 14. Obviously, we all agree that we want to address that. In what financial year will we move from one-in-19 to full one-to-one provision?

Dr McMahon: That is one of the questions that the strategy will aim to address in the longer term.

The Chairperson: So there is no answer at this stage?

Dr McMahon: No, we do not have an answer. To be fair, it is a huge issue. If you are talking potentially about 100,000 places, the provision of 7,000 places is not going to do more than simply meet some of the most urgent need and provide the basis for looking at wider measures that can be taken.

Mr G Robinson: Can I just confirm, Denis, that any financial interventions would be primarily in areas of deprivation and social enterprise areas to ensure value for money? Is that correct?

Dr McMahon: That is correct.

Mr Tyrrell: It is not just areas of deprivation; it also focuses on rural areas. We are going to try to create up to 1,000 new places in rural areas with providers using the social economy model, and also in the schools estate, using it as a location for school-age childcare provision. We are hoping to create between 2,000 and 3,000 places there across the board, not just in disadvantaged areas, or even primarily in disadvantaged areas. There is a mix of provision and a mix of target groups for this initiative.

Mr G Robinson: Will rural areas definitely come into the equation?

Mr Tyrrell: Yes, definitely.

Ms McGahan: Thank you for your presentation. I welcome this initiative. I know of many people out there in the community who have been waiting for this for a long time. A lot of words have been used, including "discrimination" and "displacement". That is what rural areas have been going through for the last number of years. Also, I know that there are women travelling 18 miles or more to use some of the private sector childcare facilities, because they are the nearest to them. They will welcome the opportunity that funding going into rural areas will bring. Some of these private childcare providers also sit in neighbourhood renewal areas. None of those people can use them because they are not affordable, so again, these different models will be welcomed in our community.

I think that there is a total of 2,000 places going into rural areas, and I raised a question with Minister Michelle O'Neill, asking whether, if the childminder start-up places are not fully used, she would give consideration to moving those places to the social enterprise model, because I have picked up that that would be a quite popular concept in rural areas. She is going to feed that into her business case. I am just flagging that up, but I want to welcome this initiative. I have spoken to rural people out there who are delighted.

I have been quite disappointed by disparaging comments that I have heard from some in the childcare sector who have been critical of potential moneys going into rural areas. They have said that, by

putting money into rural areas, you are putting money into places that are not sustainable. Well, if they knew anything about a rural community, they would know that that is the way it is. I live in a rural community, and it is difficult to get numbers. I just wanted to thank you for your presentation and welcome the good work that has been done.

Mr Attwood: First, the principle of money going into childcare is very welcome. The £17 million is very welcome, and no one should or will deny any of that. Secondly, I support the principle of moneys going into the social economy. Believe it or not, 5% of all jobs in the North are in the social economy. It should become a preferred model or certainly a model that is treated with equality when it comes to the provision of services generally, which is not what our Government do. More and more, central procurement is tendering on the basis of the big and the brash, not the small, the medium and the social economy. There are very good models of social economy and the small and medium out there that are now in jeopardy, including in the area of health and community care, because of this tendency or direction of government procurement to favour the big and the brash. We will all suffer because of that, because big organisations will take the work, subcontract, take their profit, and do very little.

If we are going to get into the social economy, let us get serious about it, but, in getting serious about it, you have to do it wisely. What is being rolled out here is a model that will have consequences that are not going to be good. On the basis of the conversation so far, I think that you need to go and take urgent advice, both legal and political, about what you have said to the Committee today and about how what you may announce tomorrow can be reconciled with what is explicitly in the policy.

Hansard will confirm, Denis, that you said that it was good that money will go into disadvantaged areas and that it was the view of Ministers that it should not go into the private sector. That is the evidence that you have given to the Committee today, yet you did not dispute the views of the Chair when he quoted the policy laid down by the Government on what is a social enterprise approach. I remind you that it is a business:

"with primarily social objectives whose surpluses are principally reinvested for that purpose".

That is the policy, and that is different from what you have said.

Dr McMahon: If I said that —

Mr Attwood: No, you said it, and there is a tension between what you said —

Dr McMahon: I am happy to accept that I said what I said.

Mr Attwood: — and what the policy is. When it comes to the roll-out of this scheme and the assessments that you will have to make about who gets awarded moneys or grants, the assessment has to be what the Chair said it has to be. It must be:

"principally reinvested for that purpose in the business or in the community".

That will be the test. It is not, as you said, that Ministers do not want funds to go into the private sector. The words of the policy do not exclude the private sector. I think that you need to go and get policy and legal advice in that regard. Can I ask you, on the basis —

Dr McMahon: Can I answer, please? I accept that point. I may not have not put it as accurately as I should. The issue that Ministers are concerned about is private sector profits. It is not about the private sector, and, if I said that, that is a mistake, and I should not have said that.

Mr Attwood: Whatever about private sector profits —

Dr McMahon: It is —

Mr Attwood: — you, the Ministers and everybody will be judged against what is in the policy. The policy is that a social enterprise approach involves businesses with primarily social objectives, which childcare, in my view, is. It is businesses whose surpluses are principally reinvested for that purpose, which, in my view, is the case with the vast majority of private providers. The vast majority of private providers are not, in the words of the policy:

"driven by the need to maximise profit for shareholders".

Therefore, it seems to me that we need urgent clarification at a policy and legal level on what is or is not captured by those words. That is why I would like to see all the research that has been conducted by OFMDFM. I would like to see not just all of the SIB stuff but the RSM McClure Watters stuff. It is my view that, although there will be big providers out there and they may or may not be motivated by profit, the vast majority of private sector providers are, first, a business with primarily social objectives and, secondly, are working to such tight margins that there is no profit or very little profit, the vast majority of which goes into the scheme. On the basis of the policy, they qualify, but the word has gone out that they do not. That tension has to be resolved before any announcement is made. We need certainty about what is or is not included. On the basis of what I have been told, the intention is that the private sector will not be included. I think that that is a false approach, and it will result in good businesses that provide a good service in areas of disadvantage and other places potentially going to the wall, with all the best practice being lost. I think that it is a false policy that needs to be corrected. What we need to know between now and tomorrow is whether those types of businesses are captured by the policy. The written policy is what we all will judge it on. Are they captured or not? If they are not captured, I think that the policy should be reviewed urgently. If they are captured, let us say that they are. On the basis of what the policy is and what you said today, I think that there is a tension, Denis, that you have to urgently work through.

Dr McMahon: On a point of clarity, at this stage, it is worth reiterating that the policy is the policy as stated. If I have given the impression that the private sector would not be able to apply for this, that was not my intention. The intention is to ensure that resources do not go into private sector profits. That is a different issue. I think that it is important to say that funding decisions will not be made tomorrow. Funding decisions will be made on the basis of the policy. The best clarification that I can give is that the policy is there.

Mr Attwood: OK. I think that this probably has been considered properly. However, I will go back to what you said in Hansard when the Chair questioned you about what was or was not captured by a social enterprise. You said that you would look at that in more detail. Then you said that you cannot provide a "hard-and-fast definition". You then differentiated between a company that reinvests 75% of its profits and one that reinvests 85% of its profits and said that the one that reinvests 85% might be eligible for a grant.

An announcement is to be made in 24 hours, and this is not very certain for us, for the social economy sector or for the private sector. I hope that the grant scheme is available for the private sector, but I would be very cautious about launching this, given the ambiguity and uncertainty in this room and the uncertainty of the words from your mouth.

Mr Maskey: I think that we are starting to get into a legal argument here. The last I heard, nobody in this room, including Mr Attwood, was a practising solicitor.

As far as I am concerned, this is a good project, based on appropriate principles. We always hear the private sector say that it can do things better, more cheaply and more effectively, and, to some extent, that can be correct. From my reading of it, this is not against the private sector at all. We know that funding for the programme will not meet all needs, so you would assume that the private sector will still be well able and well disposed to expand its businesses. Given the demand out there, you would expect that a number of them would be able and have been able to do that. That is good, and it is an important part of the mix. I think all of us assume and understand that social economies as organisations are designed to deliver particular services. Most good social economy projects actually create more employment and provide services at a reasonable point of access or cost per unit. I think that they are a good way of using our public money. We discriminate in a whole range of policies here. For example, there are rates reductions for particular sections of industry, such as manufacturing. That is a good thing, because the Government here have decided that they need to strategically support particular parts of the economy, which is as it should be. Those are political decisions.

I want to see the programme work and work well. Like everybody else, we are concerned that it is taking time to deliver. Hopefully, we are at the point where some of this is coming to fruition. I wish it well and I do not want to see any business displaced; far from it. I want to see more people getting access to appropriate levels of affordable and accessible childcare. It has to be costly, particularly in rural areas or when you deal with children with particular needs. That will be much more costly because greater expertise and professional support are needed.

There might have been a bit of confusion earlier around the argument about "principally" and so forth. However, I understand that a social economy project is not there for private profit-making. I am not against that. I am simply saying that this programme is designed for and targeted to social economy projects with the wherewithal to try to make sure that an awful lot more children and families get access to affordable childcare. On that basis, I welcome it and look forward to continuing reports on how it is being rolled out in practice. I think that Martin made the point early on that each of these applications will be dealt with on its merits. On that basis, I expect that a range of people, families or small businesses will be able to apply, providing, one would assume, that they meet the criteria of a social economy concept.

Mr Spratt: I, too, welcome the announcement, not just in respect of rural areas but for inner-city areas, where this will be very welcome. Although thousands of extra childcare places will be created, it is still not enough. The key point is that there will still not be enough places at the end of the day. If it is to be done in inner-city areas and some of the areas where the Government have been putting in a fair amount of money, the news has to be welcome. However, there is room for everybody, and this helps with that. The one thing that slightly concerns me is its three-year nature. I suspect that you cannot give any guarantees beyond three years.

Dr McMahon: No, obviously we cannot.

Mr Spratt: Are we entering into a programme that will roll on beyond three years? I assume that, if successful, it will run on and that the Government will want to provide those affordable places for people who, at this time, cannot afford childcare. They certainly cannot afford to go to some of the private enterprises. News of the additional places is welcome. I hear the legal arguments — we often hear them in this Committee — but I suspect that they are not much more than hot air.

Mr Moutray: Thank you for the presentation. Jimmy has probably covered the points that I wanted to raise, including what will happen after three years if some of the projects are not sustainable. I go back to the point that was made in relation to private sector businesses: let us hope that they are going to be there in three years. I hope that they will also have an opportunity to avail themselves of the funding. We all realise that there is a demand for places, but I hope that one sector is not going to be penalised as we move forward. There must be a balance, and I hope that there is room for both.

Dr McMahon: I want to be definite in reinforcing the point that the overarching aim is to improve the level of provision, and that is certainly not going to be achieved at the cost of any one sector. That would just not work. The aim is to grow the sector and different types of provision, not to damage one element of it. As for sustainability, we cannot talk about the longer-term funding position, but the affordable childcare issue is only going to get bigger, because more people will seek to avail themselves of childcare as they seek to enter work in, hopefully, a growing economy. Obviously, this is a huge priority in making sure that children have the best chance in life. I cannot see this as anything other than a continuing priority for government.

Mr Moutray: Time will tell.

The Chairperson: Denis and Martin, we will move to a few quick-fire questions. It may not be possible to get through them all. Are you still on course to finalise and publish the final, complete strategy this calendar year?

Dr McMahon: The aim is to do so by March 2015, so it is the financial year.

The Chairperson: The end of this financial year, OK. Is it correct that the 40 school-age childcare providers currently assisted by the Department will no longer receive funding after September?

Mr Tyrrell: That is correct, unless they successfully apply under the new scheme. They are perfectly entitled to apply under the new scheme but they will have to take their chances against the selection criteria.

The Chairperson: Key actions 3 and 4 are on rural childcare. Can you tell us a little bit more about the initial evaluation of the 2011 rural childminder initiative?

Mr Tyrrell: I believe that that evaluation has just begun or is about to. There is nothing to report from that as yet, but that will inform the development of a successor, which will be part of the Bright Start strategy.

The Chairperson: We previously encouraged the Department to go for advertising. I believe that the Health Department is taking that forward; is that correct?

Dr McMahon: Yes.

The Chairperson: Will that be timely?

Mr Tyrrell: The initial promotional work will be done through social media, the website and the app, as well as through advertisements in, for example, the 'ni4kids' magazine. Subsequently, there will be a promotional campaign and a full media campaign in 2014-15, the next financial year. That will be timely and will coincide with peaks in the key first actions.

The Chairperson: In 2014-15? That starts very soon. However, it could be nine months before we see the advertising campaign. Have you any idea when, in 2014-15, it will take place?

Mr Tyrrell: I would have thought later in 2014. The specific content will be developed over those nine months.

The Chairperson: Has the childcare strategy management forum been set up?

Mr Tyrrell: It has, in effect. A cross-departmental project board has been managing the development of the strategy. In order to develop that into the managing forum, it has taken on some new members, additional Departments and the childcare partnership representative, who is now participating in the forum.

The Chairperson: How often has it met?

Mr Tyrrell: It meets monthly and will continue to do so.

The Chairperson: How many times has it met to date?

Mr Tyrrell: Since it expanded in form, it has held, I think, four or five meetings.

Dr McMahon: Prior to that, however, there have been monthly meetings of the smaller project board, which is the core of the forum.

The Chairperson: SIB said that there was limited up-to-date information about children with disabilities. The estimate is that there are 35 per 1,000 children under 16 with disabilities. Are those figures robust enough for you to incorporate in a strategy or do you need to do more research?

Mr Tyrrell: We are aware that there is a need for more provision. The focus of the strategy has been on addressing the need for provision by small grant schemes to childcare providers to help them to adapt their premises, acquire equipment and for training initiatives. Those have been very successful; the reports from DHSSPS indicate that there has been good take-up of grants and training.

The Chairperson: How are you quantifying the need? Are you basing it on that figure of 35 children per 1,000?

Mr Tyrrell: Initially, yes, and also on consultation responses and engagement with the childcare sector.

The Chairperson: So you are content to use that information even though the SIB says that up-to-date information is limited?

Mr Tyrrell: It is the only information we have at present. We are aware of need and we have tried to meet that need through the policy.

The Chairperson: So, that is the only information available at the moment and you are not seeking other sources of information?

Mr Tyrrell: At the moment, there are other priorities in the childcare strategy beyond information gathering.

Dr McMahon: It is something that we could look at —

The Chairperson: I am sorry; there are other priorities? These are children with disabilities.

Mr Tyrrell: The gathering of statistics is not the priority. The priority is addressing the need for childcare provision for children with a disability. That is what the strategy is focusing on.

Dr McMahon: There is clearly a need and huge demand. We need more research to define the full extent of that demand but, in the meantime, the focus is on trying to meet some of that demand. That is what we are trying to do.

The Chairperson: Thank you for clarifying that. Martin and Denis, thank you very much.