

NICVA Policy Manifesto 2016 - Costings Appendix

Costs of a Universal Childcare pilot in Neighbourhood Renewal Areas

The NICVA Centre for Economic Empowerment research report 'Universal Childcare in Northern Ireland' (authored by PricewaterhouseCoopers) carried out an economic cost-benefit analysis of three international options for publicly subsidised childcare models as applied to Northern Ireland.¹

For one of the models selected for study, using data on childcare costs per place in the Canadian Province of Quebec, an average cost of **£4,080** per childcare place from ages 1-14 was estimated, assuming a take up rate of 43.7% of eligible children (all children in the age ranges in the NRA).²

Number of childcare places:³

Neighbourhood Renewal (NR) is a cross-government strategy that aims to bring together the work of all Government Departments in partnership with local people to tackle disadvantage and deprivation in all aspects of everyday life. There are 36 NR areas, they are the 20% most deprived urban wards in Northern Ireland.

Single year of age data on populations in Neighbourhood Renewal Areas is not available, however, a broad age band of 0-15 gives rough numbers. From these, indicative childcare places can be calculated under the assumed take up rate.

NRA	NRA Code	Persons: 0-15 years	Childcare places (43.7% take up rate)
Andersonstown	95BRO_01	1,728	755
Colin	95BRO_02	5,599	2,447
Crumlin / Ardoyne	95BRO_03	3,682	1,609
Falls / Clonard	95BRO_04	3,725	1,628
Greater Shankill	95BRO_05	3,882	1,696
Inner East Belfast	95BRO_06	5,072	2,216
Inner North Belfast	95BRO_07	2,552	1,115
Inner South Belfast	95BRO_08	1,529	668
Ligoniel	95BRO_09	734	321
Outer West Belfast	95BRO_10	1,839	804
Rathcoole	95BRO_11	1,569	686
South West Belfast	95BRO_12	1,107	484
Tullycarnet	95BRO_13	547	239
Upper Ardoyne / Ballysillan	95BRO_14	756	330
Upper Springfield / Whiterock	95BRO_15	2,835	1,239
Limavady	95NWDO_01	405	177
Outer North Derry	95NWDO_02	4,363	1,907
Outer West Derry	95NWDO_03	1,914	836
Strabane	95NWDO_04	1,024	447
Triax - Cityside	95NWDO_05	3,328	1,454
Waterside	95NWDO_06	1,958	856
Armagh	95RDO_01	1,287	562
Ballyclare	95RDO_02	260	114

¹ PwC (2015) *Universal Childcare in Northern Ireland*. NICVA.

² PwC, pp 28-9. See footnote 62 (page 31) of for how this take-up rate was calculated.

³ NISRA, *Mid-year population estimates by broad age band (2014)*

Ballymena	95RDO_03	904	395
Bangor	95RDO_04	690	302
Brownlow	95RDO_05	2,464	1,077
Coalisland	95RDO_06	676	295
Coleraine Churchlands	95RDO_07	661	289
Coleraine East	95RDO_08	817	357
Downpatrick	95RDO_09	1,464	640
Dungannon	95RDO_10	427	187
Enniskillen	95RDO_11	585	256
Lurgan	95RDO_12	1,699	742
Newry	95RDO_13	2,361	1,032
Omagh	95RDO_14	581	254
Portadown North West	95RDO_15	660	288

Existing pre-school provision (3-4 year olds):

The current cost of government spending pre-school provision in Northern Ireland is difficult to calculate, due to the presence of some spending by the Executive and tax benefits (for example, from WTCs and childcare vouchers). However, an annual figure of £129million spent by the devolved government has been arrived at, based on similar figures calculated for Scotland.⁴

Neighbourhood Renewal Areas together represent 17% of 0-15 year olds in the Northern Ireland population. An estimation of existing spending in this area that would be covered by the provision of universal childcare of £22m could be applied.

Increased revenue from currently devolved taxes:

The PwC research report for NICVA estimated benefits to public finances of £260.4million, implied by the increased income tax take, and reduced benefits spending, by employed parents benefitting from the Quebecois model of universal childcare in Northern Ireland.

However, as many of the fiscal benefits occurring as a result of devolved policy spending do not actually accrue to Northern Ireland, a much smaller benefit in light of tax revenues currently devolved of £20m was calculated.⁵ Based on Neighbourhood Renewal Areas population share of Northern Ireland of 15.8%, an increase in devolved taxes of £3.2m annually would result from the pilot.

⁴ PwC p 27.

⁵ PwC, p 39.

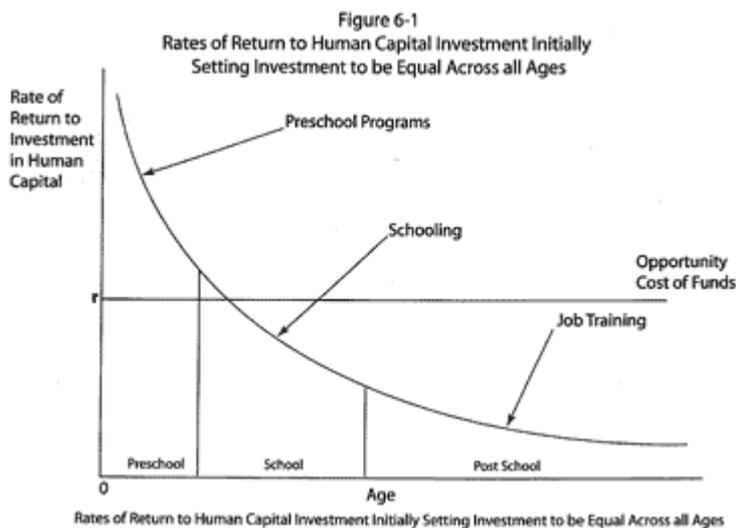
Universal early years provision for all 0-4 year olds.

Benefit

A UK Parliamentary study collated evidence which demonstrates that early intervention to improve the lives of children reduces the prevalence of social problems later in life and generates huge savings in public spending.⁶

Internationally the World Bank has shown through Early Childhood Development project research that children who participate are more successful in later school, are more competent socially and emotionally, and show higher verbal and intellectual development during early childhood. Ensuring healthy child development, therefore, is an investment in a country's future workforce and capacity to thrive economically and as a society.⁷

This is also a cost effective investment as Nobel Laureate in Economics, James J. Heckman, notes the 'highest rate of return in early childhood development comes from investing as early as possible, from birth through age five.'⁸ The steep drop in return on investment as a child grows older is shown in the below table:



Source: Heckman & Carneiro (2003) *Human Capital Policy*

This is why we are calling for universal early years provision for all 0 – 4year olds in Northern Ireland.

⁶ Graham Allen MP (2011) Early Intervention: Smart Investment; Massive Savings, Report to HMG https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/61012/earlyintervention-smartinvestment.pdf

⁷ The World Bank, Why Invest in Early Child Development (ECD) <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTCY/EXTECD/0,,contentMDK:20207747~menuPK:527098~pagePK:148956~piPK:216618~theSitePK:344939,00.html>

⁸ James Heckman (2012) Invest in Early Childhood Development: Reduce Deficits, Strengthen the Economy file:///C:/Users/michael.mcgilligan/Downloads/F_HeckmanDeficitPieceCUSTOM-Generc_052714.pdf

Cost

There are a number of early years programmes throughout Northern Ireland. Figures from the Department of Education (DE) Independent Review of the Sure Start Programme⁹ are used here. This model has been independently evaluated for a government department and this evaluation was completed recently therefore providing accurate and up to date figures for this estimate.

Approximately 35,300 children are registered with Sure Start in Northern Ireland, a 91% take up rate of eligible children in the current Sure Start areas.¹⁰ Children can access Sure Start up to their fourth birthday. The total budget for Sure Start 2014/15 was £24,189,672 or just over £620,000 per Sure Start Project. The average cost per child was £658.¹¹

Using the most recent mid-year population estimates by NISRA there are 100,432 0-3 year olds in NI.¹² Assuming the same 91% take up rate there would be needed an additional **56,095** places.

$$100,434/100 \times 91 = 91,394.94$$

$$91,394.94 - 35,300 = 56,094.94$$

Multiplying this number of additional spaces by the cost per child is an additional budget of £36.9m to Sure Start for 14/15. That would depend on providing exactly the same services as currently provided.

$$56,094.94 \times 658 = 36,910,470.52$$

⁹ RSM McClure Watters (Consulting) (2015) Independent Review of the Sure Start Programme
Department of Education Northern Ireland

<https://www.deni.gov.uk/sites/default/files/publications/de/final-report-review-of-sure-start.pdf>

¹⁰ RSM McClure Watters (Consulting) (2015) Independent Review of the Sure Start Programme
Department of Education Northern Ireland

<https://www.deni.gov.uk/sites/default/files/publications/de/final-report-review-of-sure-start.pdf#page=50>

¹¹ RSM McClure Watters (Consulting) (2015) Independent Review of the Sure Start Programme
Department of Education Northern Ireland

<https://www.deni.gov.uk/sites/default/files/publications/de/final-report-review-of-sure-start.pdf#page=23>

¹² NISRA (2015) Population by sex & single year of age (1961-2014)
<http://www.nisra.gov.uk/demography/default.asp17.htm>

Costs of radically reducing reoffending

The Department of Justice estimated the total economic cost of crime in Northern Ireland in 2006-07 to be £2.9 billion (£3.46bn in 2014-15 prices), with the majority of this cost falling to individuals, but also to business and the NI and UK Governments.¹³ In 2014-15, Northern Ireland's criminal justice system has the highest average cost per prisoner place in the UK (£58,387), more than double the cost of the England and Wales average (£25,980).¹⁴

In 2012-13, adult offenders released from custody had one-year proven reoffending rates of 45.8% (comprising 726 cases), over half of which occur within only four months following their release.¹⁵ 18.4% of reoffences are violence against the person, 14% public order offences and 12.7% are theft.¹⁶

The NIACRO 'Jobtrack' programme offered training, advice and work-sampling opportunities to prisoners (both during and after their imprisonment) and those serving community sentences through the Probation Board, with the aim of reducing their propensity to reoffend. The Department of Justice Data Lab's statistical analysis of the programme tracked custodial release and community supervision offenders through reoffending databases. One-third of offenders taking part in the Jobtrack programme completed it fully. The study found that Jobtrack significantly reduced reoffending rates for those who had fully completed the programme by up to 24 percentage points, and for partial completers by up to 18 percentage points, when compared to a closely matched sample of offenders with no such intervention.¹⁷

If all of the custodial releases during 2012-13 (i.e. 1,584 participants) had taken part in the Jobtrack programme and the results had been on par with those studied in the Data Lab analysis,¹⁸ the number of those who reoffended at least once within one year could have been reduced by 158.¹⁹ Based on reports of the cost of Jobtrack of

13 Oxford Economics (2007) Costs of Crime Against Government Departments in Northern Ireland. DoJ. <https://www.dojni.gov.uk/sites/default/files/publications/doj/cost-of-crime.pdf>

14 NI Prison Service (2015) Annual Report and Accounts 2014-15 https://www.dojni.gov.uk/sites/default/files/publications/doj/ni-prison-service-annual-report-and-accounts-2014-15_0.pdf and Ministry of Justice (2015) Costs per place and costs per prisoner https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/471625/costs-per-place.pdf

15 DoJ (2015) Adult and Youth Reoffending in Northern Ireland (2012/13 Cohort), Table 8 and Table 2b <https://www.dojni.gov.uk/sites/default/files/publications/doj/17-2015-adult-and-youth-reoffending-in-ni-201213-cohort-01sep15.pdf>

16 Ibid, Table 10b.

17 DoJ (2015) Northern Ireland Data Lab Bulletin 1/2015 <https://www.dojni.gov.uk/sites/default/files/publications/doj/northern-ireland-data-lab-1-2015.pdf>

18 This is not an unrealistic target. In 2010/11, the Jobtrack programme, as budgeted for, had 1,116 participants.

19 Taking 1,584 offenders (the number release from custody in 2012-13) of which 726 (45.8%) reoffended within one year. If the completion rate of Jobtrack were fully realised, the number of reoffenders would have reduced to 568.

£1,694 per participant, funding of £2.7million would have been required to achieve this reduction.²⁰

Different types of reoffending have varying levels of financial cost associated with them, as well as different sentence lengths, making it difficult to calculate the cost to the criminal justice system of reoffending (notwithstanding other economic and social costs). However, given that the annual actual operating cost of a prison place in Northern Ireland is £58,387, only 46 year-long imprisonments out of 158 previous offenders (who tend to have longer sentences imposed for subsequent offences) need be avoided in order to make this intervention cost-effective.

In addition to the positive impact on costs to the criminal justice system, reduced reoffending stops crime being committed in the first place. This also has significant economic and social benefits, which vary depending on the type of crime and are therefore more difficult to quantify in the case of a single reduction programme, but add to the business case for tackling reoffending.

²⁰ Interventions during the Jobtrack programme cost £1,694 per participant, below the budgeted amount of £2,360 (NIACRO).

Reduce the cost of school for low income families

Pupils with a parent/guardian on a low income are entitled to Free School Meals (FSMs) but still face the expense of school trips, school uniforms, sports gear, and books and stationary.²¹ In order to ensure that all pupils can fully participate in school life without putting their parents in financial difficulty, NICVA recommends that FSM should be extended to cover these additional costs. This is known as a Free School Day.

Costings

We estimate that the additional cost of a Free School Day would be in the region of £34.3m. This figure is primarily based on a [survey](#) undertaken by the Irish league of Credit Unions (ILCU) of what parents expect to pay in schooling costs in 2015/16, together with the number of [pupils](#) entitled to FSM in 2014/15. As the calculations are based on entitlement rather than receipt of FSM the figure of £34.3m is likely to be an upper estimate (the take-up rate for FSM is approximately 80%). More detail on the calculations is provided below.

Table 1: Summary of Costings

Item	Cost (£m)
School trips	13.7
School uniforms	8.7
Sports kits	6.7
Books/stationary	5.2
TOTAL	34.3

School Trips

Schools are not supposed to charge for educational trips if 50% or more of the time spent on the trip is within school hours. However they are permitted to charge when less than 50% of the trip time is within school hours. The ILCU reports that on average parents expect to spend £86 on school trips for primary pupils and £224 for post-primary pupils. Multiplying these figures by the number of pupils entitled to free school meals results in an additional **£13.7m**.

²¹ See Willow (2001) Bread Is Free: Children and young people talk about poverty and Horgan (2014) [Child Poverty and Education. In Beneath the Surface: Child Poverty in Northern Ireland by the Child Poverty Alliance.](#)

Table 2: Cost of School Trips

	FSM	Cost Per Pupil	Total Cost
Primary	55,526	86	4.8
Post-primary	39,895	224	8.9
TOTAL			13.7

School Uniforms

The Education Authority provides a grant towards the cost of a school uniform, called the School Uniform Allowance (SUA). The eligibility criteria for the SUA is similar to that of FSM.²² Under the SUA primary school pupils receive £35.75, post-primary pupils under 15 receive £51, and post-primary pupils 15 or over receive £56.²³ However this does not fully cover the cost that parents reported in the ILCU survey of £96 for a primary school pupil and £180 for a post-primary school pupil. After the SUA is taken into account parents of primary school pupils have a remaining cost of £60.25 per child, parents with post-primary children under 15 face an outstanding cost of £129 per child, and parents with post-primary children over 15 have a shortfall of £124 per child. Given the numbers of pupils in each category that are entitled to the SUA and the outstanding cost of a uniform (after taking the grant into account) it can be estimated that it would cost the DENI an additional £8.7m to fully cover the cost of school uniforms.

Table: School Uniform Grant

	Pupils Entitled to SUA 2014/15	Cost Per Pupil (£)	SUA Per Pupil (£)	Remaining Cost Per Pupil (£)	Total (£m)
Primary	56,144	96	35.75	60.25	3.4
Post-primary (under 15)	28,562	180	51	129	3.7
Post-primary (over 15)	12,861	180	56	124	1.6
TOTAL					8.7

Sports Gear

The Education Authority supplies post-primary pupils entitled to SUA with a PE Allowance of £22 towards the cost of sports gear. However the ILCU survey reports

²² FSM has an additional criteria for pupils with special dietary requirements.

²³ Data available at <http://www.nidirect.gov.uk/index/information-and-services/parents/schools-learning-and-development/school-life-parents/school-uniform-grant.htm>

that the annual cost of sports gear was £53 for primary pupils and £114 for post-primary pupils. This results in an outstanding cost to the parents of post-pupils of £92 and means that parents of a primary school pupil would have to cover the full cost of £53. In total this comes to an additional **£6.7m**.

Table: Sports Gear

	Pupils Entitled to PE Allowance	Cost Per Pupil (£)	Grant Per Pupil (£)	Remaining Cost Per Pupil (£)	Total (£m)
Primary	56,144	53	0	53	3.0
Post-primary	41,423	114	22	92	3.8
TOTAL					6.7

Books and Stationary

Schools are prohibited from charging for materials, books, instruments or other equipment. However the ILCU survey reported that on average parents of primary school pupils spent £46 on books, while the parents of post-primary pupils spent £69. If this cost was covered for pupils entitled to FSM it would come to £5.2m.

Table: Cost of Books and Stationary

	Pupils Entitled to FSM	Cost Per Pupil (£)	Total Cost (£m)
Primary	55,526	46	2.6
Post-primary	39,895	69	2.7
TOTAL			5.2