



Breaking point:

Why investment is needed now to ensure the sustainability of quality services for children and families

Just Economics
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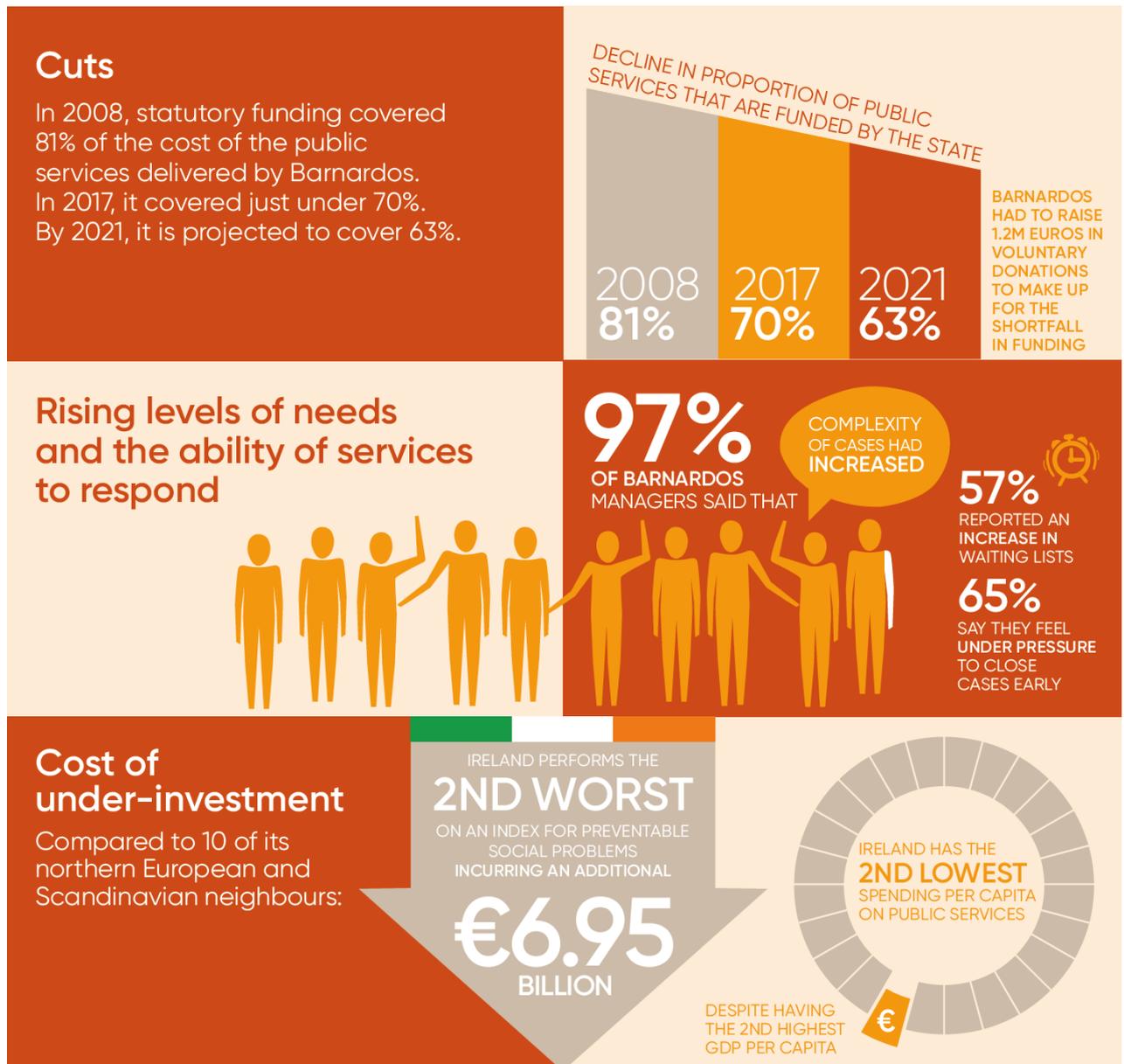
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What needs to be done

Providers are at a crisis point and urgent action is required



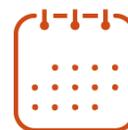
IMMEDIATE RESTORATION OF THE 3% COST OF LIVING FORMULA



REVIEW OF THE FUNDING FORMULA



COMMITMENT TO FUNDING 95% OF THE COST OF FAMILY SUPPORT SERVICES



LONGER TERM PLAN TO FUND EARLY INTERVENTION & PREVENTION

Figure 1: Infographic summarising main findings

1.0 Introduction

This year marks ten years since Barnardos agreed to temporary cuts to the funding for services they deliver on behalf of the State under Service Level Agreements (SLAs). Despite a sustained economic recovery, and the fact that Ireland is once again - on all economic measures - one of the richest countries in the EU, funding has never been restored. In fact, the freeze on cost of living increases has meant that funding has continued to decline in real terms year on year.

The constrained funding environment is rapidly becoming unsustainable for the organisations that deliver services and for communities that are experiencing rising levels of need. This report summarises the findings of research (see Appendix 1) carried out by Just Economics between March and June 2019 into the impact of funding cuts on Barnardos and the wider sector delivering services for children and families.

The research identifies two pathways by which false economies arise from efforts to make short term savings. First, we highlight the significant pressures on services due to the cuts, and the risks that unmet needs will lead to escalating, and more costly downstream problems. Notably these cuts have fallen hardest on intensive family support services provided on behalf of the State which enable it to fulfil its statutory obligation under the Childcare Act. Second, we show how historic and persistent underfunding of public services at the national level have led to poor policy performance by Ireland relative to peer economies. In particular, a failure to prioritise upstream preventative services has led to a high prevalence of avoidable social problems. This is brought into sharp focus by Ireland's laggard position on an index of European countries for both social problems and spending. The paper makes a case for both incremental and transformative change to improve Ireland's position and create a better, more equal society for its citizens.

1.1 About Barnardos

Barnardos mission is to help transform children's lives through its' services; support parents; and challenge society where it fails our children. In 2018, Barnardos worked with nearly 18,000 children, young people and their families. Barnardos provides practical and emotional supports to children and parents in its 41 centres, in families' own homes, through the school environment, and within their communities. Barnardos Family Support Services work with vulnerable children and families and are based at the heart of local communities. Our family support encompasses a very wide range of services including parenting programmes, breakfast clubs, after school groups, individual and group work with children including programmes for children affected by drugs and alcohol abuse, support programmes for children affected by family violence and services for children whose families are experiencing homelessness.

2.0 The funding environment since 2009

In 2008, the Irish economy contracted by 7.1% with large subsequent job losses, wage falls and other recessionary impacts. In response, the Irish Government embarked on one of the most severe austerity programmes undertaken anywhere in the world (Whelan 2009), with two-thirds of the 'savings' in the form of spending cuts compared with revenue raising (O'Farrell 2013). At the time, Ireland already had one

of the lowest tax bases in the OECD: and by 2017 it had fallen to the third lowest after Chile and Mexico and far lower than European peer economies (OECD 2017).

Services for children and families faced significant funding cuts, as did other public services. In the immediate wake of the crisis, Barnardos saw its statutory funding decline by 3%.

2.1 Barnardos response to funding cuts

In response to the cut, Barnardos took emergency cost-cutting measures to mitigate the impact of this funding cut. These included pay cuts, pay freezes, temporary layoffs, renegotiation of rents and other parts of the cost base, redundancies and in some cases service closures or retrenchments.

The 3% funding cut in 2009 was only the beginning of a protracted squeeze on the funds Barnardos was to receive for the delivery of public services. As noted already, the cost of living increase was discontinued at the same time.

An analysis of a sample of ten Barnardos projects that Tusla has contracted for over the past decade shows the widening gap between the funds received and the cost of delivering these services. Figure 1 shows, programme costs (rents, insurance, office costs and transport) and Tusla funding year-on-year for projects that have been consistently operating since 2009.

It shows that, while the initial funding cut was accompanied by a reduction in costs as Barnardos imposed its emergency measures, once the economy started to grow, price inflation resumed and the gap between Tusla funding and programme cost has widened.

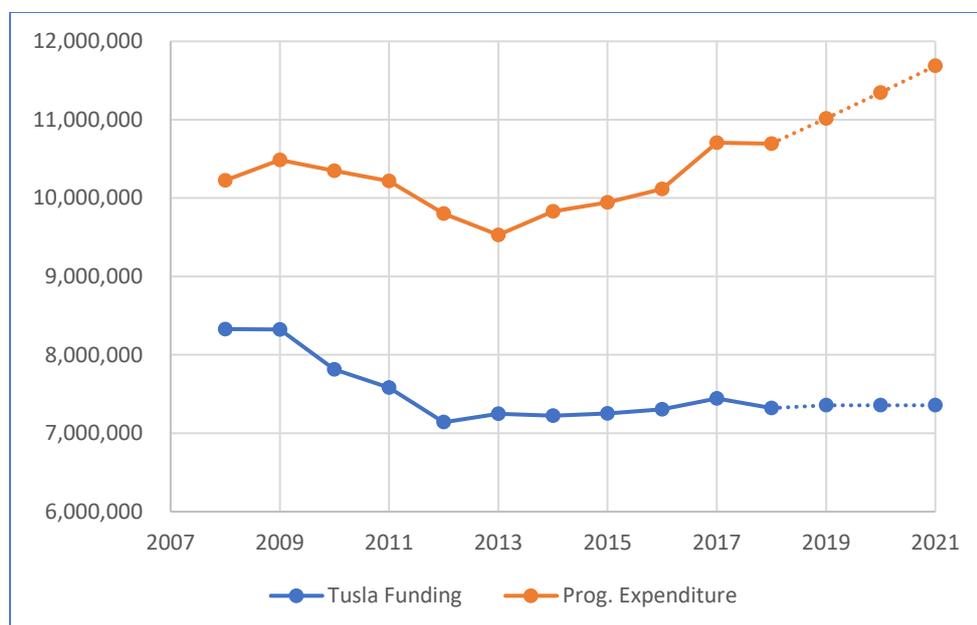


Figure 2: Programme costs and Tusla funding (actual 2008-2017, projected 2018-21) (Source: Barnardos data)

Tusla is now funding under 70% of the costs for services that they have 100% contracted for, compared with over 80% in 2008. In practice, this means that although they request 100% of a service, they pay for under 70% of the cost of that service. As they are the only funder for these services, Barnardos has had to raise an additional €1.2m from its fundraising activities to cover the costs. This problem also looks set to exacerbate. By extrapolating recent trends (the average of the past

three years) into the future, we can see how the gap between programme costs and Tusla income will continue to widen to 2021. In that year, Tusla income as percentage of total expenditure will have fallen to 63%.

2.2 The triple crunch for CVOs

Cuts to statutory funding are not the only pressures facing organisations, such as Barnardos, in a recession. Community and voluntary organisations (CVOs) that deliver public services often face a 'triple crunch' at such times.

In addition to the decline in their funding as a result of government cutbacks, CVOs tend to see an increase in demand and need for services. Evidence, including from the last recession, shows that they lead to negative impacts on suicide rates and health problems (Stuckler et al. 2009), school attainment of children (Gregg et al. 2012), mental health and substance misuse (Frasquilho et al. 2016). The impacts of these cuts are now being felt: in our survey of Barnardos managers in May 2019, 97% of respondents told us that the complexity of cases has increased over the past five years. Evidence shows that the austerity axe falls hardest on the most vulnerable groups – including children – that are dependent on public services and/or furthest from the labour market (Hastings et al. 2015). In Ireland, material deprivation in households with children increased sharply from 2008 onwards and has been associated with negative socio-emotional development outcomes for children (Watson et al. 2016). In both Ireland and the UK, their respective austerity programmes led to an exacerbation of the current homelessness crises (Loopstra et al. 2016; Focus Ireland 2018).

Finally, and thirdly, it is a time when the economy is contracting, and the public's ability or willingness to make voluntary donations tends to reduce. Recent research found that even though the Irish economy is recovering, there has been an increase in the percentage of people in Ireland who 'don't give money to charity': from 7% in 2016 to 16% in 2017 (Amárach Research 2018). This makes it harder for the CVOs to make up for the shortfall in government funding with voluntary donations.

2.3 A crisis of sustainability

This 'perfect storm' of declining funds and rising needs threatens the sustainability of community and voluntary organisations that deliver public services.

In extreme situations, organisations may be forced to rationalise or close services (see Appendix 2 for Barnardos services that have been closed or retrenched since 2009). In May 2019, for instance, Rehab announced that it was giving notice that it would have to discontinue its services in 2020 (Keena, 2019). The service closure was narrowly avoided when the HSE agreed to meet the funding shortfall.

Other organisations have responded by using up reserves, selling assets or imposing cuts to jobs, pay and conditions. But this is a high-risk strategy and is not dissimilar to asset stripping in the private sector. Most CVOs operate in relatively constrained financial circumstances and usually have a limited amount of reserves or assets at their disposal. Consequently, if the current funding squeeze continues, the experience of Rehab is unlikely to be an isolated one. Where organisations are able to continue operating, their ability to meet needs is likely to be compromised and false economies are likely to arise.

Sustainability is further undermined by the lack of an enabling policy environment for the sector. There is no whole of government approach to the sector, or strategic

oversight as exists in other countries, such as the UK. The relationship is, therefore, ad hoc and at times contradictory. This runs the risk of an adversarial approach rather than a partnership between the sectors.

Government has a major stake in ensuring a vibrant voluntary sector that can deliver safe and effective services. The CVO sector enables it to have a mixed economy of providers that can respond appropriately to needs as they arise, reduce the risks associated with single provision, and address the importance of choice for service users.

3.0 False economies: the costs of short-term savings

The research carried out by Just Economics points to two pathways by which the constrained funding and policy environment described above is leading to an increase in costs to society.

False Economy 1: Missed opportunities for early intervention

Where services are delayed, or omitted entirely, opportunities for early intervention may be missed, with consequences for other public services. Early intervention with access to locally based support services can address problems earlier thus reducing the draw on most costly services. In the short term, this might require services such as increased social care or learning support. In the longer-term, as problems manifest in areas like criminal justice, health and employment support, the costs escalate, and the present value of costs are likely to far outweigh the present value of the cost-savings (for more discussion of this, see the European comparison below).

A consistent finding from the survey with area managers and the external interviews is the increase in needs – both the quantity of needs and the complexity of issues – that Barnardos are responding to. As we noted, 97% of respondents told us that the complexity of cases has increased. Coupled with this, there has been rapid population growth and a higher proportion of new communities per head of capita, and an associated increase in demand for services. These factors have placed a strain on already stretched services and have led to an increase in waiting lists (57%), pressure to close cases early (65%) an increase in the qualifying threshold for services (30%), and a reduction in drop ins or open access facilities. All of these have implications for the ability to meet needs, intervene early and prevent problems from escalating.

This is compounded further in some areas where Tusla is requesting that Barnardos extend the geographical boundaries of work but there is no additional funding for this. Several staff expressed concern regarding instances where a self-referral was urgent or ordered by a court but could not be accommodated. Lower threshold cases are also a key way to provide an early intervention before cases become more complex and costly. Respondents described a vicious cycle where long wait times allow problems to escalate, which in turn require a longer intervention. This slows the throughput of clients and increases the waiting list further. As one respondent put it:

...when a family self refers and is put on a waiting list we are missing an opportunity to respond...when they are ready for the intervention. Our SLA [with Tusla] now means we have less opportunity to do prevention/early intervention work with families.

Further, the closure of cases before needs have been addressed may lead to families having to re-engage with services. 57% of managers either 'strongly agreed' or 'agreed' with the statement that 'There is a faster "revolving door" with individuals/families presenting again in the future'. Elsewhere in the survey 64% of respondents reported that they are seeing an increase in referrals from previous service users and around half of respondents said that they felt less able to do preventative work. Family support work has come under particular pressure, and the false economy risks of this are set out in Box 1.

Box 1: Family support as an example of early intervention

Barnardos specialises in family support and works intensively with families and children in their homes. Typically, this includes children living in households where there is acrimonious separation, drugs and alcohol misuse, poor mental health, and domestic violence. Barnardos provides needs led, outcomes focused services, which include strengthening parenting skills, parent/child relationships, provision of practical help and crisis management. A central objective is to support children to remain in their communities with their families, thus avoiding the social, emotional, and financial cost of sending children into care.

Given the centrality of family support to the work that Barnardos do, the risks to this service are particularly acute and potentially costly long-term. For most children, the family home is a nurturing, happy and secure environment, and the importance of the family home as a determinant of the future lives we will lead cannot be overestimated. Although some children can overcome childhood adversity and go on to lead fulfilling lives the odds of doing so are low. Conflict, abuse or neglect in the family home is empirically linked to a range of costly social problems such as mental health, drug and alcohol misuse (especially in girls), risky sexual behaviour, obesity, and criminal behaviour and homelessness (Gilbert et al. 2009; Mayock and O'Sullivan 2007; Fitzpatrick et al. 2013).

There is a strong cost benefit case for supporting these upstream investments where they can be shown to reduce long-term problems. Positive support has also been consistently shown to counterbalance adversity, including positive adult-child relationships, building a sense of self-efficacy and perceived control, skill-building and mobilizing sources of faith, hope and cultural traditions (Centre for the Developing Child, 2010). To remove children from the family home is costly and suboptimal, and government policy is to use this measure only as a last resort (DCYA, 2014). Improving outcomes at the family level is considered a social and economic imperative and family support is therefore central to government policy (Better Outcomes, Brighter Futures), and is set out as Goal 1 of the six transformational goals that underpin Tusla's work (DCYA, 2014).

False Economy 2: Employee wellbeing impacting on service quality

False economies may arise from staff taking on a greater burden of work as a result of funding shortfalls and this, in turn, impacting on the quality of service they are able to provide.

Research has consistently shown that employee wellbeing is important not only in and of itself, but also in terms of service quality as it is causally related to better organisational performance (Chi and Gursoy, 2009; Harter et al., 2003; Bakotić and Buble, 2011). This is especially important when working with vulnerable children and families. The Centre for the Developing Child (2016) at Harvard University has identified quality and adequately compensated personnel as a key characteristic of effective interventions for children and families.

Barnardos' managers reported a large increase in staff stress levels, some increase in unpaid overtime and a large decrease in staff satisfaction, morale and job security (especially for new posts). The research literature suggests that such detrimental effects on employee well-being impact on service costs – and ultimately quality - as

a result of increased turnover and absenteeism (Hackett, 1989; McShane, 1984; Scott and Taylor, 1985)

Barnardos staff are resilient and have this amazing ability to always put children and families first, they adapt to funding cuts and make hard decisions work for them...but is this good enough for the children and families we work with...they deserve a service that has the funding to respond to their needs.

This is especially important where staff are having to use their judgements about the correct interventions for vulnerable groups:

Staff are tired and find it difficult to balance the other requirements of the post such as reviewing the service, preparing the environment, record keeping etc and keeping the service at the high level of quality at which it has previously operated.

4.0 The costs of underinvestment

The research by Just Economics for Barnardos also explored how false economies may manifest at the national level by comparing spending and outcomes for Ireland relative to its neighbours.

In Appendix 3 we set out the details of the research, which compares Ireland with a sample of peer economies in Northern Europe and Scandinavia on a range of issues that have a preventable component like obesity, drug and alcohol use, crime and violence against children.

The research found that Ireland is second only to the UK as the worst performer. When the costs of the preventable negative outcomes are summed, Ireland has the second highest (see Table 1). Compared to the average cost of these social problems in the three best performing countries (Austria, Norway, Sweden), Ireland incurs an additional €6.95 billion annually.

*Table 1 Comparative cost of preventable social problems in 11 European countries (*calculated by Just Economics based on Irish population and costs)*

Country	Total cost (in Euro billions) *
United Kingdom	€39.51
Ireland	€37.74
Finland	€36.47
Belgium	€32.99
France	€32.67
Germany	€32.24
Netherlands	€31.45
Denmark	€31.43
Sweden	€31.26
Norway	€30.84

Further, levels of public spending broadly correlate with outcomes. The best performing countries tend to spend more per capita than the worst-performing. Norway, Sweden and Austria are ranked 1st, 3rd and 5th, respectively in terms of per capita spending on general public services, housing, social protection, education and safety. Ireland, by contrast, has the second lowest per capita spending on these same functions.

Comparing the average spend per capita of the three best performing countries (€25,518 per capita) we see that Ireland spends nearly a fifth less per capita. This is despite the fact that Ireland has one of the highest GDPs per capita in the EU, second only to Norway in our sample of ten comparison countries. That is, Ireland is spending a considerably smaller proportion of its GDP on these government functions.¹

The worst performing countries are trapped in something of a vicious cycle. Not only are their levels of public spending lower than the best performing countries, a greater proportion of the spend is needed to deal with the consequences of the higher prevalence of negative outcomes – so-called defensive spending – rather than services to improve well-being and prevent future problems

While achieving a step-change in outcomes for children and families in Ireland will require a sizeable upfront investment, more pragmatic changes such as allowing full cost recovery and wage increments would also make a significant difference. In the next section, we consider what the government can do to achieve 'big picture' transformation as well as more pragmatic, immediate gains.

5.0 Towards a solution

In this section, we set out a twin-track approach to improving Ireland's position on the index of social problems and preventing further false economies from arising. The first, is to increase overall investment in early intervention and preventative services. This would form part of a long-term strategy to shift the emphasis in spending upstream, which would yield social as well as economic dividends. The second is to invest in quality, evidence-based services, like those that Barnardos operate.

5.1 Greater overall investment in early years

Research shows that although most Irish children do well, between a fifth and a quarter have poor economic, social and educational outcomes (Walsh and Cullinan 2015). Almost a fifth of children live in poverty (CSO 2017), and there is a strong social gradient in health, education and other key outcomes (Walsh and Cullinan 2015). Investment in early childhood and poverty reduction are recognized as key mechanisms through which inequalities can be tackled but Ireland has been historically underfunded, and to a large degree (Harvey 2014).

Ireland has the economic wealth to effect a step-change in investment, if there is a political will to do so. Here we make recommendations for both pragmatic, immediate changes to stem the tide of worsening outcomes and for achieving transformative change.

¹ Use of GNI as the indicator does not change the rankings.

Recommendations for upstream prevention

High quality, universal provision of a range of services, particularly early childhood education and paid parental leave. Early childhood education can act as a great equaliser, with disadvantaged children reaping the greatest benefit. Neighbouring countries that have much better outcomes spend close to 2% of GDP on early childhood education, while Ireland spends less than 0.2% of GDP. Beyond early childhood education, there are a whole range of preventative and early intervention services run by organisations like Barnardos in disadvantaged areas such as parent/toddler groups, parent's groups, and after school clubs that are being increasingly narrowed and targeted. These should be directly funded and expanded as appropriate.

Cash transfers to reduce child poverty rates in Ireland and the negative outcomes that are associated with economic deprivation, from poor health through to lower educational attainment and higher rates of offending in adolescence and adulthood.

5.2 Investment in quality services

Funding high-quality providers is likely to lead to better outcomes in the longer term. As such, even where there is a higher upfront cost to service delivery, the benefits of the improvement in outcomes often outweighs this. Interviews with external colleagues as part of this research suggests that Barnardos is highly regarded for the quality of its service, professionalism, good governance and is trusted by the community and partners. Barnardos' approach demonstrates consistency with good practice on how early intervention services should be delivered (see Box 2).

Box 2: Characteristics of effective early intervention services

The Harvard Child Development Centre (2016) identified the following factors that are associated with good outcomes and programme effectiveness. For each we highlight ways in which Barnardos services are consistent with these guidelines.

Qualified and appropriately compensated personnel Barnardos has long recognised the importance of the recruitment, development and retention of a skilled workforce as being critical for success. They continue – in spite of funding environment – to strive to ensure staff are skilled, trained, and compensated fairly as means to ensuring consistency and quality implementation of programmes. Barnardos entry level for direct work with families is a relevant practice-based qualification at Level 6 and 7 plus two years post qualification experience; and provides ongoing access to in-house training and continuous professional development

Small group sizes and high adult-child ratios Full time staff providing individual, centre and home-based supports have a caseload of approximately 10-12 families on average to ensure that each child receiving a service, is given the right amount of interventions at the right time.

Work in the home, one to one Barnardos specialises in home-based, individualised programmes. For example, the Partnership with Parents programme is an individual, home-based parenting support programme tailored to the needs of the parent receiving the service.

Language-rich environment The Tús Maith Preschool Programme integrates REDI into the High Scope programme to layer in early language development for very young children in Barnardos services. This is a social and emotional coaching approach which gives very young children language for their feelings and supports their oral language development.

The Friendship Group programme adopts a social and emotional coaching approach to support children aged 6 to 13 to develop a language for their feelings.

Developmentally appropriate “curriculum” Barnardos invests in using evidence-based programmes to ensure that the work we do is appropriate to the needs presenting in our centres.

Safe physical setting Barnardos' centres are bright, warm, welcoming centres, often in the heart of communities affected by community violence and anti-social behaviour which is intimidating for children and families.

Warm and responsive adult-child interactions Barnardos' supervision framework provides for dedicated monthly supervision, which enables frontline staff to reflect on their practice, learn from their work and consistently enhance their practice. This lends itself towards respectful, warm and positive interactions between adults and children in Barnardos' services; and between Barnardos staff and parents needing support at a difficult time in their lives.

But the funding gap for high-quality providers, such as Barnardos, is fast approaching crisis point and business as usual is no longer possible. The cuts, which were initially thought to be a 'temporary' response to the recession, appear to have become permanent with the post-crisis funding formula now being applied to new services. To ensure the sustainability of providers and their services, urgent action is now required on a number of fronts.

Recommendations to support service quality

Restoration of the cost of living increase We recommend that the government immediately restore the cost of living increase². The absence of a cost of living increase at a time when costs of delivery (e.g. rents, insurance) are increasing represents an annual sector-wide cut in real terms that is threatening the survival of providers. Providers, such as Barnardos, can no longer absorb the funding shortfall and are having to consider reducing and/or closing services. It also means that pay restoration, which has occurred in the public sector, has not been possible for the vast majority of voluntary sector providers.

Committing to a minimum of 95% funding of family support services As with the previous recommendation, there is a risk that temporary cuts to family support services have become permanent. Whilst Barnardos could shoulder a small shortfall, the aim should be for 100% funding of state services, with a recommendation that public funding not fall below 95% of the cost of the service.

Review funding arrangements and funding formulae Barnardos has calculated its total overhead average at about 20%. However, Tusla contracts fall well short of this. Higher overheads are not an expense, they are key to delivering a quality service. For instance, appropriate compliance measures come at a cost, as does training of staff. At present, the government's approach to assessing the relationship between the costs and benefits of services is crude. We recommend that it is strengthened to improve decision-making when contracting services.

Build a supportive policy environment for the community and voluntary sector The lack of a whole-of-government approach to the community and voluntary sector is a contributory factor to the current situation. There is no coherent strategy for the sector, and the way the State engages with the sector is ad hoc and inconsistent. A new voluntary sector policy could address issues with the commissioning environment, the funding and pay arrangements between the State and the sector and review the reporting requirements, including the place of outcomes measurement within this.

6.0 Concluding remarks

This summary highlights the many ways that a failure to invest not only has high social costs but also makes poor economic sense. Countries that make investments in

² Although, Ireland was experiencing deflation at the time the cut was imposed, this was anomalous and there has been substantial growth and price inflation since then. In fact, inflation reached a 7-year high in April 2019 of 1.7%
<https://tradingeconomics.com/ireland/inflation-cpi>

public services and poverty reduction reap the benefits by minimising pernicious inequalities and social problems that blight families and communities. Ireland is one of the richest countries in the world, but its least advantaged citizens do not enjoy the quality of life and social benefits of this wealth to the same extent as its less-wealthy neighbours. This is not an accident of history but the result of clear policy choices. Families, communities and public services are a social asset that require investment to maintain and, like any other investment, the potential returns are great.

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Appendix 1: Research methodology

The full report draws on a combination of primary and secondary research, including the following:

- Internal workshops with Barnardos staff and a small number of external interviews with Tusla colleagues (April 2019)
- An online survey (n=43) of Barnardos area managers and project leaders to examine changes in working practices, staff well-being, and case complexity over the past five to 10 years (May 2019)
- Secondary research on early intervention with children and families, including economic modelling of the comparative costs of under-investment relative to Ireland's neighbours in northern Europe and the Nordic region (see Appendix 3 for details).

Appendix 2: Barnardos services that have been discontinued or significantly reduced since 2009

Table 2: Barnardos services that have been discontinued or significantly reduced since 2009 (Source: Barnardos)

Programme	Description
Wizards of Words	Wizard of Words is a volunteer-based literacy programme that is low cost to run. RCT evidence shows that it supports positive literacy outcomes for children in disadvantaged schools (Fives et al. 2012).
Family Welfare Conference	A family welfare conference is a special family meeting supported by professionals to discuss concerns about a child's welfare. A report on outcomes from family conferences found that the majority of conferences resulted in positive outcomes for the children, particularly for children in care and for those who were not regularly attending school (Barnardos, 2009).
Early Years Wraparound	The Early Years Wraparound service aims to maximise the impact that Barnardos Early Years (Tús Maith) services can have on children by including a Tús Maith home visiting component and extending the parenting work available to families in the Early Years setting.
Contact Centres	Child contact centres exist for parents and children who do not live together to support them to maintain contact and a relationship between children and their parents. Barnardos' Child Contact Centre provided a range of services to facilitate contact at times that suit the needs of children and their families. These services included particular support for children whose parents have significant conflict and included assistance with handover and supported contact to ensure positive experiences for children with a parent and supervised contact.
Early Years Centre for Travellers	The Early Years service for Travellers which delivered the Tús Maith curriculum. This is an

evidence-based early years care and education programme which seeks to improve children's learning and development by increasing their readiness for school before they move into "big school".

In addition, the funding situation has forced retrenchments to the services in Table 3.

Table 3: Barnardos services that have been substantially reduced since 2009 (Source: Barnardos)

Programme	Description
Friendship Group	An evidence-based group work programme that helps children who are experiencing difficulty making and keeping friends to develop the skills they need to interact appropriately with their peer group. Barnardos have scaled back delivery and prioritised delivery to the older age group as this is less resource intensive. Likely impact of reducing availability of programmes like this is that the emotional and behavioural challenges that they address will need to get worse before a child receives 1:1 attention.
Parent and toddler groups	Some parent and toddler groups have been closed. While there are other providers in the area, Barnardos staff believe they add value by being able to address issues earlier and prevent problems from arising.
Capacity to take in self-referrals or deal with lower threshold cases	Families who self-refer and who need a service have to be turned away or put on waiting lists. This misses opportunities to engage with families, many of whom are hard to engage, at a time when they are actively seeking help.

Appendix 3: Comparative cost of underinvestment methodology

A3.1 Country selection

We began by selecting the following countries as a benchmark for Ireland:

Austria	Belgium	Denmark	Finland	France
Germany	Netherlands	Norway	Sweden	UK

These were chosen for their similar social and economic structures, and the availability of comparable data. All countries are northern European/Nordic and have comparable levels of economic development. All of these countries had data available in robust OECD and Eurostat datasets for the vast majority of outcomes selected to be in the costing index.

A3.2 Selecting outcomes

The focus of the index is on establishing the cost of negative outcomes that could, to some degree, be prevented. This is not to say that these problems are wholly preventable through investment in reducing poverty and providing adequate public services (i.e. some mental health disorders will always occur). Instead, by benchmarking against better performing countries, we are seeking to establish what the additional cost is of those instances where the negative outcome might have been prevented.

To this end, a range of outcomes were selected that are generally considered to be, at least in part, preventable through public investment in supports, transfers or services. A requirement for inclusion was the availability robust comparable data.

Table 4 sets out the outcomes that were selected to be in the index, as well as their corresponding indicators and data sources.

Table 4: Outcomes, indicators and data sources

Outcome	Indicator	Data Source
NEETs	Percentage of youth (aged 15-19 years old) not in employment, education or training	OECD (2019), Youth not in employment, education or training (NEET) (indicator). doi: 10.1787/72d1033a-en
Obesity	Percentage of the population self-reporting as obese (BMI > 30)	OECD (2019) Non-medical determinants of health: Body weight (indicator) https://tinyurl.com/y2wu2sfs

Crime	Percentage of population reporting victimisation by any conventional crime (i.e. not consumer fraud or corruption)	European Crime Victimization Survey 2004, https://tinyurl.com/y2gebqth As 2004 is the latest year for which comparable crime victimisation data is available, these figures were adjusted by the average decline in reported crime between 2003 and 2012 (12%) https://tinyurl.com/y3kvhtzi
Teenage births	Births per 10,000 women aged 15-19	World Bank Data (2017) https://tinyurl.com/yyogv5df
Mental health	Total mental disorders per 100,000	Global Burden of Disease Study (2017) https://tinyurl.com/y2ypa9ec
Problem drug use	Number of problematic drug users per 1000 aged 15-64 <i>No data was reported for Belgium, Denmark and Sweden. The average of comparison countries (except UK and Ireland, which were outliers) was used in place of this missing data.</i>	European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) https://tinyurl.com/yyczqwpn Latest available data was used. This ranged, depending on country, from 2012 to 2015.
Problem alcohol use	Percentage of population with alcohol use disorders	IHME Global Disease Burden https://tinyurl.com/y4prgnzo
Domestic violence (against women)	Percentage reporting physical and/or sexual violence by a partner in the 12 months prior to the interview <i>Note that no comparable data exists for domestic violence where victim is male</i>	EU Survey on Violence against Women (2012) https://tinyurl.com/y5qju52z
Violence against children	Percentage of children reporting experiencing any form of violence in the previous year (UNICEF 2004) multiplied by the proportion that resulted in A&E attendance for violent injury in Ireland (the use of the A&E	UNICEF (2004) & European Injury Database (IDB) https://tinyurl.com/yxhs8o5n

attendance indicator was to identify the proportion of cases where violence is likely to be at the more severe, costly end of the spectrum).

A3.3 Calculating comparable costs

Establishing the comparable prevalence of negative outcomes

To be able to compare the prevalence of each of the outcomes with those in the Irish population, each country prevalence was related to relevant Irish population figures. For instance, to be able to compare teenage births, each country percentage prevalence was multiplied by the number of 15-19 year old females in Ireland. This provided an absolute number of teenage births as if all the countries had the same population as Ireland.

Calculating the comparable costs

The absolute numbers were then multiplied by the unit cost of the negative outcome in Ireland. Wherever data allowed, societal costs were used rather than simply costs to the public. Given the inter-relatedness of some of the outcomes in the index, care was taken to avoid double counting (e.g. the costs related to teenage births were similar to those of being NEET, and so only the additional social welfare spending was counted for teenage births).

Table 5 sets out the unit cost that was used for each indicator and the corresponding data source.

Table 5: Outcomes, unit cost and data sources

Outcome	Unit cost	Data Source
NEETs	Resource cost per NEET young person in Ireland	European Foundation for the Improvement of Living and Working Conditions (2012) <i>NEETs: Characteristics, costs and policy responses in Europe</i> https://tinyurl.com/y3d6lz57
Obesity	Direct and indirect per person costs of obesity in Ireland	Perry et al (2017) https://tinyurl.com/y2ha969k
Crime	Cost per crime in Ireland*	Crowe, D (2017) https://tinyurl.com/y95rw34r

*Calculated by Just Economics based on estimate of total social cost of crime in Ireland by David Crowe of the Irish Government Economic & Evaluation Service

Teenage births	Additional welfare spending per individual	Just Economics calculation
Mental health	Direct and indirect costs per person calculated from OECD estimate of total costs of mental health as a proportion of Irish GDP	OECD (2018) https://tinyurl.com/yyyvlhgz
Problem drug use	Direct and indirect costs per person calculated from EMCDDA estimate of total costs of public expenditure on problem drug use as a proportion of Irish GDP	EMCDDA (2018) https://tinyurl.com/yfo9j6v
Problem alcohol use	Direct and indirect costs per person calculated from HSE estimate of total costs of alcohol abuse as a proportion of Irish GDP	HSE (2007) https://tinyurl.com/y4j2ltvv
Domestic violence (against women)	Direct and indirect costs per person calculated from estimate of total cost of DV to Ireland by the National Office for the Prevention of Domestic, Sexual and Gender-based Violence	National Office for the Prevention of Domestic, Sexual and Gender-based Violence (n.d.) https://tinyurl.com/y3qrlduh
Violence against children	Based on the unit cost of A&E attendance Note that this is a highly conservative estimate as it only covers some of the direct costs. However, given the lack of certainty around the underlying data for this outcome, we chose to use a conservative costing.	Department of Health (2015 data) https://tinyurl.com/y3rkvfjm

Establishing the total comparable cost

To arrive at the total comparable cost of negative outcomes, the cost of each outcome was summed for each country.