

## **Funding Model for Early Learning and Care and School Age Childcare Draft Project Plan**

### **Work strands**

For the purposes of structuring and stratifying the project, five work strands have been identified, as follows: Foundations, Engagement, Affordability/Sustainability, Quality and Inclusion. While they are interdependent, it is helpful to identify the core elements in order to assist in project planning. A sixth strand of Implementation will also need to be addressed later in the project.

#### **1. Foundations**

The Foundations work strand focuses on putting in place the key infrastructure, processes and people to drive and oversee the project, over a timeframe of at least two years. It is important that, from the outset, the project has the necessary structure and resources to be able to undertake and complete its work.

Key elements of the Foundations strand include:

- The Expert Group membership and meetings
  - Key initial activities include securing approval from the Minister to establish group and of the composition of the group; agreeing participation of the Chair; approaching other members and securing their agreement to participate, agreeing logistical and practical arrangements.
  - An initial 2-day meeting took place on 29 & 30 October 2019. A second 1-day meeting with the Research Partner/s is taking place on 12 December 2019. This will be followed by a schedule of meetings for the remainder of the project, with approximately five meetings per year in January, March, May, September and November.
- Early Years Policy and Strategy team resources
  - The necessary human resources have now been secured by the Early Years Policy and Strategy (First 5) team to support the project with clear roles and responsibilities agreed. The Secretariat to the Group is made up of an Assistant Principal Officer (approximately 80%), Administrative Officer (approximately 80%) and a Clerical Officer (approximately 20%). The Early Years Policy and Strategy Team Research Specialist will also support engagement with the Research Partner/s.
- Initial foundational papers

An initial suite of papers will be developed by DCYA in advance of first meeting of the Expert Group.

  - Briefing paper on Funding of Early Learning and Care and School Age Childcare in Ireland: Background and Current Arrangements
  - Engagement and Consultation Discussion Paper
  - Discussion paper on Objectives and Guiding Principles to underpin the new Funding Model
- Research Partnership

DCYA issued a Request for Tender to identify a Research Partner to support the work of the Expert Group and a Research Partner has been selected. The papers to be developed and key research questions for each paper will be agreed with the Expert Group on a periodic basis. It is proposed that the second meeting of the Expert Group (12<sup>th</sup> December 2019) will include an in-depth discussion with the Research Partner to agree the research questions for the first set of 3-4

research papers and proposals for Phase 1 of engagement and consultation. DCYA will manage the delivery of the papers in line with needs of Expert Group.

- **Legal advice**  
The DCYA Secretariat to the Expert Group will be in a position to request legal advice from the DCYA Legal Unit and it may also be necessary to submit requests to the Attorney General's Office in certain instances. This advice can be shared in a summarised form with the Expert Group as a party of common interest on the understanding of confidence between the parties.
- **Other inputs**  
The most appropriate arrangement to deliver additional inputs to the Expert Group e.g. additional briefing, analysis, discussions with experts, can be considered as these needs arise.

## 2. Engagement

The new Funding Model is a major reform project impacting at all levels of the Early Learning and Care and School Age Childcare sector. This sector directly influences the day-to-day lives, and futures, of over 200,000 children and their families and is very important strategically and economically. It is a large and diverse sector in terms of the nature of services provided and with a range of views on the purpose of those services, and particularly the rationale for public investment. It is also an area that is the subject of frequent media attention and lively social media debate involving different interests including parents, providers and the workforce. There are a large number of organisations that operate in the sector, some on a membership basis, with varying levels of representation of different elements of the sector. A number of the organisations are funded by the DCYA to provides support to the sector<sup>1</sup>. For the new Funding Model to be successful in implementation, the development process will have to meaningfully engage the perspectives of various groups that have a role and an interest in the sector and seek, insofar as possible, to build a shared understanding and common purpose.

For this reason the Engagement strand of the work was given special consideration in an options paper for the Expert Group at its first meeting as indicated above. Some key considerations in this paper were regarding the groups that the new Funding Model will most affect – children, parents, providers, the workforce – and the most effective mechanisms to access the views and ideas of those groups. It will be important to ensure that these various communities of interest in the Funding Model are afforded appropriate and proportionate representation. These will clearly have to be weighted and balanced by the Expert Group and considered alongside the evidence in order to inform the Funding Model. Ensuring that all parties are represented will require proactive engagement with organisations and groups beyond those ordinarily involved in discussions on the sector, particularly in respect of accessing the perspectives of children and parents about what they want the Early Learning and Care and School Age Childcare model to deliver.

In preparation for the work on the Funding Model, an additional survey question was added to the Early Years Sector Profile in 2019 as follows: “Please tell us the principles you think are important for allocating additional funding to services.” This survey was sent to every Early Learning and Care and

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<sup>1</sup> The following organisations are currently allocated varying amounts of funding by the DCYA to provide a range of services in support of the Early Learning and Care sector: Barnardos; Childminding Ireland; Early Childhood Ireland (ECI); Irish Steiner Kindergarten Association; National Childhood Network; National Parents Council; St. Nicholas Montessori Teachers Association/ Society of Ireland (SNMSI)

School Age Childcare provider in the country (over 4,500). In the responses to this question, the strongest theme by far was about the need additional funding linked to better wages. Other important issues included quality measures (training, CPD, qualifications, non-contact time and for environments) as well as supporting parents, tackling disadvantage and integrating children with additional needs. The responses to the survey will be further analysed to inform the Engagement and Consultation process, having regard to the fact that the responses come from just one segment of the sector (service providers/managers).

A range of traditional and innovative approaches are presented in the options paper for consideration by the Expert Group. Equally, the Expert Group based on their knowledge and experience may themselves wish to suggest alternative or additional approaches to engagement and consultation including potentially engaging directly with key informants at different points in the process.

### 3. Affordability/Sustainability

An essential and top priority for this group will be to make recommendations for a mechanism to control fee rates for different types of provision for Early Learning and Care and School Age Childcare. Affordability of Early Learning and Care and School Age Childcare is a major challenge for parents, particularly working parents of young children. International comparisons regularly show Ireland to be one of the most expensive countries in Europe for Early Learning and Care and School Age Childcare with Irish parents paying some of the highest proportions of wages in the absence of any controls on fees. In order to increase accessibility of services to children and families, and make options available to working parents, additional funding for services delivered through the new Funding Model has to be linked to greater affordability for parents. Clearly, this is a major concern for parents and for political representatives, as evidenced by the volume of parliamentary questions, Ministerial representations and media coverage of this issue.

However, we also know that sustainability can also be a significant challenge for many providers, particularly those operating community not-for-profit services where there may be limited scope to increase capacity in services or generate additional revenue from participating children's families, but also some private for-profit providers in areas of low demand and/or low income. Some key fundamental questions that need to be addressed in this context relate to the parameters of viable service provision, taking account of both financial and quality considerations. These include: the nature of service provided (hours/ days/ weeks of operation); numbers of children of different ages; numbers of staff of different categories; physical size of the service, design and internal layout (e.g. whether sleeping and changing facilities are located inside or adjacent to rooms with children); fees charged; wage levels; other major outgoings (e.g. rent/mortgage, rates, insurance, food, equipment, maintenance, contingency). The development of the new Funding Model will need to take account of these various factors, the interaction between them and whether and how there are aspects of high quality and sustainable provision can be encouraged and incentivised through funding mechanisms.

A further key issue in the Affordability/Sustainability discussion is the question of profit/return on investment in the case of private for-profit services or surplus in the case of community not-for-profit services. In circumstances where significant public investment is made in independent organisations, it will be important for the Expert Group to consider what is considered a reasonable and proportionate profit/surplus to allow for, drawing on international experience and how that might apply in the context of the implementation of the new Funding Models, as well as legal advice on this issue. In the work of the Expert Group it will be essential to resolve challenges and tensions between Affordability/Sustainability and investment in Quality measures, including staffing costs, addressed further below.

Key elements of the Affordability and Sustainability strand to assist with understanding and addressing these issues include:

- Working paper from research partner reviewing different mechanisms internationally to control fees to parents
- Developing proposals for a fee control mechanism/s on which additional funding would be contingent
- Review of evidence of the features of an optimal service (e.g. hours of operation, critical mass, design), from both quality and sustainability perspectives
- Agreeing methods to ensure that additional funding for services is directed towards criteria of affordability, quality and inclusion and are not otherwise extracted from the business such as the requirement for services to operate on a reasonable profit/surplus or not-for-profit/surplus basis, informed by legal opinion on this issue
- Ensuring additional funding and conditions attaching are do not compromise the sustainability of provision or have unintended negative consequences on the type of services that are provided.

#### 4. Quality

There is strong evidence to show that positive impacts of Early Learning and Care services are only derived if those services are of high quality. Improving the quality of service provision is at the core of the policy intent of this project from a range of perspectives – children’s rights, assuring parents that their children are participating in excellent services, and ensuring that additional public money delivers a higher standard of services.

Early Learning and Care and, to a lesser extent, School Age Childcare provision quality have been extensively researched and written about. Quality is a complex concept and measures to achieve, improve and further develop quality are inter-dependent. A range of measures have been identified to help drive high quality, including measures which affect the structure of Early Learning and Care provision, the quality of the processes used in Early Learning and Care settings and the outcomes from Early Learning and Care provision. Structural quality criteria include staff-child ratios and group size, accreditation of settings, curriculum design and the physical requirements which need to be in place to meet the health and safety requirements of providing care and education for young children. Process quality looks at practice within an Early Learning and Care setting, primarily children’s everyday social, emotional, physical and instructional interactions with staff and other children. Process quality often includes the role of play within the curriculum; relationships between providers and children’s families; relationships and interactions between staff and children, and among children; the extent to which care and education is provided in an integrated way; the involvement of parents in the work of the setting and the day-to-day pedagogic practice of staff.

The competency, commitment and continuity of staff are the primary driver of quality for children. However, there are currently considerable challenges related to staffing in the sector including generally low levels of qualifications, poor pay and conditions, low hours work and high turnover of staff. Although wages are the primary driver of costs in the sector, accounting for an estimated 70% of the services’ budgets, staff are generally paid quite poorly. Average of hourly pay for all staff is

€12.55<sup>2</sup> and €11.44 for Early Years Assistants who make up approximately half of the workforce compared to the national average hourly rate of €23.07<sup>3</sup>. Low wages undermine the quality agenda by contributing to staff turnover and reducing the likelihood of current or prospective employees undertaking advanced studies in this field. It is essential therefore that the imperative to improve affordability and sustainability does not undermine the drive for improved terms and conditions for staff. Indeed, the new funding model must seek to address low pay, bearing in mind the legal and practical complexity of this issue given that the State is not the employer of staff in this sector and there is currently no national wage agreement in place.

It will also important to consider unintended and complex impacts of interventions to improve quality. For example, although an addition capitation rate is currently paid to providers who employ degree-qualified room leaders to deliver the universal pre-school programme (16% above the standard capitation rate), we know that most of this additional funding is not passed on to the degree-qualified staff<sup>4</sup>. Separately, likely because of differential mechanisms for public subsidisation of provision for children at different ages, those with higher levels of qualifications are more likely to work with older children than with babies and toddlers.

Increasingly there is an understanding about the impact of process quality on children's development, along with the impact of structural quality on process quality e.g. lower staff-child ratios or smaller group size facilitating high quality interactions between staff and children and amongst children. However, by its nature, process quality is more challenging to measure and assess. A key question for the Expert Group will to determine the features of quality that are amenable to being encouraged or incentivised through the Funding Model, and the mechanisms to design such funding for services, linking public money to quality in a meaningful and feasible way. Elements of the Quality strand to assist with understanding and addressing these issues may include:

- Working paper from research partner identifying the features of high quality provision and consideration by the Expert Group which of these are amenable to being resourced and required through a funding model.
- Working paper from research partner reviewing terms and conditions of staff in the sector which contribute to quality including optimal time for observation, reflection, planning, teamwork and cooperation with parents
- Determination of which features and in which combination will be most appropriate for inclusion in the new funding model, and whether specific features of quality should be funded independently of each other or only as a package.
- Consideration of and proposals for how additional funding can be channelled towards improved pay and conditions for staff in the sector
- Consideration of what level of funding should attach to the various features of quality, whether independently or as a package.
- Modelling the likely impacts of application of different features/criteria of the funding model.

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<sup>2</sup> <https://www.gov.ie/en/press-release/675a67-minister-zappone-publishes-new-data-on-the-cost-of-early-learning-an/>

<sup>3</sup> <https://cso.ie/en/releasesandpublications/er/elca/earningsandlabourcostsannualdata2018/>

<sup>4</sup> Focused Policy Assessment (FPA) of the Early Childhood Care and Education Higher Capitation payment, (forthcoming), Department of Children and Youth Affairs

## 5. Inclusion

There is considerable evidence to demonstrate the potential for high quality Early Learning and Care to contribute to closing the outcomes gap for children who experience poverty and disadvantage. However, Early Learning and Care and School Age Childcare services operating in the context of concentrated disadvantage often face challenges in providing a level of support and service to children and their families commensurate with their needs, such as provision of food, parenting supports and therapeutic interventions such as Speech and Language Therapy.

There is an established precedent in the primary and secondary education system in Ireland of providing additional resources to schools that have high concentrations of pupils from disadvantaged areas, known as the Delivering Equality of Opportunity in Schools (DEIS) programme<sup>5</sup>. These resources can fund reduced class sizes, dedicated Home School Community Liaison teachers and specialist interventions. In the Early Learning and Care sector however, while the National Childcare Scheme provides differential subsidies to families participating in services depending on household income, the net result in terms of funding for the service provider remains the same; regardless of what proportion of the fee is being publicly subsidised, providers have the same income. Indeed, providers operating in more affluent areas with high demand have the potential to command higher fees and therefore generate greater levels of resources for their services.

By contrast, a greater level of infrastructure and support for the inclusion of children with a disability or other additional learning needs in the universal pre-school programme has been developed in recent years through the Access and Inclusion Model (AIM)<sup>6</sup>. AIM is a model of supports designed to ensure that children with disabilities can access the universal pre-school Early Childhood Care and Education (ECCE) programme. It is intended to enable pre-school providers to deliver an inclusive pre-school experience, ensuring that all eligible children can participate. AIM involves seven levels of progressive support, ranging from universal to targeted, based on the needs of the child and the pre-school service. Some elements of AIM involve the provision of additional capitation to services and/or resourcing for an additional staff member.

Given the potential for Early Learning and Care to positively contribute to young children's experiences, particularly for those who face challenges in their home or community environment, it is intended that the new Funding Model for Early Learning and Care will also develop mechanisms to provide additional financial support to services where there are high proportions of children who are at risk of poverty to mitigate the impacts of early disadvantage and develop a programme for the delivery of ELC in the context of concentrated disadvantage, with clarity about what additional funding is designed to resource. In light of the growing numbers of children enrolled in Early Learning and Care for whom neither English nor Irish is a first language<sup>7</sup>, the particular needs of this cohort of children and these services will also be considered. Some key elements of this package may include:

- Working paper on mechanisms to assess levels of concentrated disadvantage for ELC/ SAC services and/or identify ELC/SAC services that would be eligible for additional funding on the basis of inclusion criteria (to inform identification model).
- Working paper on key features of an ELC/SAC model that effectively responds to early childhood poverty/ disadvantage developed (to inform allocation model).

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<sup>5</sup> <https://www.education.ie/en/Publications/Policy-Reports/DEIS-Plan-2017.pdf>

<sup>6</sup> <https://aim.gov.ie/>

<sup>7</sup> 68% of services report to have at least one child for whom neither English nor Irish is a first language.

- Consideration of integration of current funding aspects of Access and Inclusion Model into new Funding Model
- Agree identification and allocation model and associated costings.
- If appropriate, testing of identification model with data available from the National Childcare Scheme (from September 2020).
- Consideration of piloting of inclusion elements of Funding Model; identification of settings for pilot and design of accompanying evaluation.

#### 6. Implementation

While attention to implementation will permeate all work strands and phases of the project, as the development of the new Funding Model progresses and the shape of the proposal becomes clearer the Expert Group will also be required consider the implementation of the emerging model. Some of the considerations in relation to the Implementation strand are identified in the Terms of Reference and the actions required will become clearer in due course.

### Appendix A: Overarching timeline for project implementation

	Task	2019	2020				2021			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Project Planning, Expert Group and reporting	Expert Group appointed and announced									
	Expert Group meetings	Oct; Dec	Jan; Mar	May	Sept	Nov	Jan; Mar	May	Sept	Nov
	Initial set of papers submitted to Expert Group for consideration	Oct								
	Review and revise Project Plan on a six-monthly basis									
	Initial set of papers published	Dec								
	Estimates bid for model testing/implementation in 2022									
	Final report									
Research Partnership	Research Partner/s in place									
	Expert Group & Research Partner/s meeting to agree questions for sets of research papers									
	First set of 3-4 Research Partner/s working papers produced, presented and published									
	Second set of 3-4 Research Partner/s working papers produced, presented and published									
	Third set of 3-4 Research Partner/s working papers produced, presented and published									
Consultation & Engagement	Phase 1 of Consultation and Engagement Plan (Identify key issues e.g. through Specific consultations with children/parents as required; Online surveys; Targeted call for submissions)									
	Phase 2 of Consultation and Engagement Plan (Develop deeper understanding of key issues; Generate proposals for analysis e.g. through Facilitated discussion sessions using 'Pathfinder' tools; Use of Delphi techniques; Key informant interviews)									
	Phase 3 of Consultation and Engagement Plan (Test proposals e.g. through Presenting a 'Strawman proposal'; Challenge panels)									



**Appendix B: 2019-2021 Milestones for First 5 actions related to Funding Model**

Strategic Action	Action	Lead and Partner/s	Key Output 2021	Key Milestone 2019	Key Milestone 2020	Key Milestone 2021
5.B Develop more strategic approaches to funding supports for babies, young children and their families to deliver improved services.	D.5.B.3. Develop and introduce a new funding model for ELC and SAC that will support improved quality of provision without compromising sustainability for providers or affordability for parents (see further detail below).	Lead: DCYA	Resourcing in place to pilot funding model.	Expert Group appointed. Detailed project plan agreed. Research partnership established. First phase working papers progressed. Approach(es) to wider stakeholder engagement (e.g. consultative forum, public consultation, etc.) agreed.	Second phase working papers progressed. Stakeholder engagement process underway. Economic analysis completed. Legal advice secured.	Pilot model agreed. IT scoping initiated. Costed proposal developed for estimates process. Pilot services selected and preparations to pilot underway.
8.1 Make high-quality ELC (and school-age childcare) for babies and young children more affordable.	C.8.1.3. As part of the reform of the funding model, develop an appropriate mechanism to control fees charged to parents in return for increased State investment in affordability, quality and sustainability.	Lead: DCYA Partner: To determine on establishment of Expert Group	Fee control mechanisms integrated into development of new funding model.	Working paper on possible mechanisms to control fees charged to parents initiated.	Legal advice secured on fee control mechanisms. Integrate outcomes of working paper and legal advice into development of funding model.	See milestones under New Funding Model (action D.5.B.3).
3.C Develop mechanisms to raise the professional status of the ELC and SAC workforce and	D.3.C.3. Undertake a review of the types of favourable working conditions that could be supported so that	Lead: DCYA	Working paper on working conditions in ELC and SAC informing the reform of the funding model.	Working paper on working conditions in ELC and SAC initiated.	Finalise working paper on working conditions. Integrate outcomes of working paper into the reform of the	

<p>support employers to offer more favourable working conditions to attract and retain staff.</p>	<p>employers can attract and retain staff working in ELC and SAC settings as a key input to the development of a new funding model. As part of this review, the optimal time for observation, reflection, planning, teamwork and cooperation with parents will be explored</p>				<p>funding model for ELC and SAC.</p>	
<p>8.3 Ensure that ELC provision promotes participation, strengthens social inclusion and embraces diversity through the integration of additional supports and services for children and families with additional needs.</p>	<p>C.8.3.5. Develop mechanisms to provide additional supports to ELC settings where there are high proportions of children who are at risk of poverty to mitigate the impacts of early disadvantage. Specifically, informed by the DEIS model, develop a programme for the delivery of ELC in the context of concentrated disadvantage.</p>	<p>Lead: DCYA Partners: Pobal, DES and others to be determined on establishment of working group</p>	<p>Programme to mitigate early disadvantage agreed and piloted in identified services and subject to evaluation.</p>	<p>Working group to oversee development of initiative appointed. Methodology developed for assessing levels of concentrated disadvantage in ELC/ SAC settings.</p>	<p>Working paper on key features of an ELC/SAC model that effectively responds to early childhood poverty/ disadvantage developed. Agree identification and allocation model and associated costings. Test identification model with data available from the National Childcare Scheme. Identification of settings for pilot.</p>	<p>Pilot initiated and accompanying evaluation underway. See milestones under development of new funding model.</p>

<p>1.C Progress collaborative initiatives and integrated service development and delivery to support babies, young children and their families.</p>	<p>D.1.C.1. Develop ELC services as a delivery mechanism to provide supports for parents (resourced through a reformed funding model) and explore the potential for joined-up and integrated service development and delivery for babies, young children and their families, through ELC settings as a natural hub for collaborative work with families (for example, piloting the delivery of parenting programmes through ELC settings).</p>	<p>Lead: DCYA</p>	<p>Research report. Policy proposals.</p>	<p>Gather data on additional services offered in the context of ELC provision.</p>	<p>Gather data on existing provision e.g. AIM, Therapy Demonstration project, ABCs. Review international models of integrated ELC settings.</p>	<p>Develop policy proposals.</p>
<p>1.C Progress collaborative initiatives and integrated service development and delivery to support babies, young children and their families.</p>	<p>D.1.C.1. Pilot the development of models of local collaboratives to better address governance and sustainability in ELC, in partnership with community and private ELC and SAC providers.</p>	<p>Lead: DCYA</p>	<p>Preliminary findings from research on pilot available.</p>	<p>Paper on different models of ELC collaboratives initiated. Funding secured in estimates process to pilot in 2020.</p>	<p>Partner identified. Pilot designed and rolled out. Research partner identified and terms of pilot evaluation agreed.</p>	<p>Pilot ongoing. Research underway</p>

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