



An Roinn Leanaí, Comhionannais,
Míchumais, Lánpháirtíochta agus Óige
Department of Children, Equality,
Disability, Integration and Youth

Core Funding Provider Representative Meeting

April 2022

Session objectives



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- Share background, rationale and ambition of Core Funding
- Respond to issues raised
- Explore disconnect between the ambitions of funding, its design and the reaction
- Collectively think about how to move forward

Core Funding Objectives



- Significant milestone on the journey towards a new funding model.
- Aims to transform of the sector and establish a **new type of partnership between providers and the State** that reflects the importance of ELC and SAC for the **public good**.
- Contingent on an Employment Regulation Order being agreed by the Joint Labour Committee
- Core Funding is designed to meet the combined objectives of:
 - Improved affordability for parents by ensuring that fees do not increase;
 - Improved quality, including through better pay and conditions for the workforce by supporting agreement on an Employment Regulation Order through the Joint Labour Committee;
 - Supporting the employment of graduate staff and career pathways; and
 - Improved sustainability and stability for services.

Funding Model principles



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Strategic: public good, for children and families, use public management tools, remedy issues with existing funding approaches

Child-centred: best interests of children, equitable access to and participation in ELC and SAC

Family orientated: support parents to participate in employment, education or training; accommodate reasonable needs and choices of parents; mitigate the cost to families of ELC and SAC

Professional and valued workforce: quality of ELC and SAC is reliant on the quality of the workforce; qualifications; fair pay and working conditions; and a workforce that feels valued and is motivated

Competent Sector: continuous quality improvement, innovation, and interagency working; respect existing diversity of scale and service offering, but allow for longer-term changes required to support a sustainable sector; reflect the reasonable costs to providers, including the differential costs of delivery for different ages; robust regulation and accountability for public funds

Development and implementation: funding model developed with input from stakeholders; evidence-based, informed by existing data, research; incorporate mechanisms for future data collection, evaluation and review: as transparent as possible

Core Funding Design



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- €183m distributed based on capacity
 - The more service delivered, the greater the level of funding
 - More money for more hours of service
 - More funding for younger children
 - These are the key determinant of delivery costs
 - Capacity (distinct from occupancy) doesn't change week to week, income certainty
- €38m distributed for graduates
 - Additional money for graduate leaders in rooms and of services
 - Scales in line with number of hours of provision led (not number of children)
 - Graduates across ELC and Graduate Managers
- Core Funding is in addition to ECCE standard capitation, NCS subsidies and parental fees

Misconceptions



- **No money for non contact time**

- This is factored into the €138m for staff costs using data from Sector Profile on current amount of contact and non contact time for different grades of staff
- Funding allocated in line with contact hours, but % for non-contact time is built in
- Separately, €25m is available to further support administrative time

- **Hasn't taken account of inflation**

- €20m is included in the package as a contribution to non-staff overhead costs
- Non staff overhead costs estimated to be 30% of service outgoings (~€270m)
- This is the first time this kind of funding has been allocated

Misconceptions



- **No recognition for staff without a L7+ qualification**
 - €138m has been allocated for staff costs to improve pay and conditions for staff across the sector, regardless of qualification level.
 - An *additional* €38m has been allocated to graduate premiums for lead staff with L7+ qualification
- **Sector Profile and Income and Cost questions too intrusive**
 - Very substantial levels of public money being invested in sector – requirement on Dept to have proper oversight and assess outcomes of funding
 - Sector Profile (including Income and Cost data) are key information sources to justify the case for increased investment
 - New Funding Model is intended to operate as a partnership for the public good – requires transparency and openness on both sides

Misconceptions



- **Core Funding is causing services to close**
 - Core Funding not yet in place
 - Services continue to benefit from EWSS and afterwards, Transition Fund
 - Services close every year for variety of reasons, others open/expand
- **The contract will have surprise clauses/won't have enough time to sign**
 - Contract conditions have been very clear since publication of *Partnership for the Public Good*
 - Conditions will primarily be about fee management; quality improvement measures; implementation of practice frameworks; transparent financial reporting and other data collection; offering NCS and ECCE
 - Contract will be published in June, required to be signed in August

Misconceptions



- **PSP has been withdrawn**
 - The budget for PSP (€19.4m), plus an additional €5.6m, has been incorporated into the Core Funding budget
- **Core Funding assumptions are based on old data**
 - Core Funding uses a large number of data sources, both recent and trend data
 - Sector Profile up to June 2021; administrative data (84% children receive funding); financial impact returns from Case Management; Tusla register; data from Revenue; independent analysis of providers' income and cost (2018 and 2021); data on unit cost of delivery and staff/non-staff cost drivers; macro-economic and population trend data
- **Core Funding doesn't cover sick pay**
 - Statutory sick pay will initially be paid at 70% of regular earnings up to a cap of €110 per day, from the first day of illness for a maximum of three days per year.
 - If max entitlement used, this would equate, in percentage terms, to an additional cost for employers of around 0.8%
 - This is factored into the estimated staff costs allocation in Core Funding
 - For employers who genuinely cannot afford to pay, included in the sick pay proposals is an 'inability to pay' provision exemption from the Labour Court



- **CF doesn't cover training costs etc**
 - DCEDIY provide funded training initiatives for early years educators e.g. Síolta Aistear, AIM training and others on a fully funded basis. LINC Level 6 special purpose award also available at no cost.
 - Graduate Bursary fund available for staff who have achieved a qualification at level 7, 8 or 9
 - Nurturing Skills will strengthen drive towards professionalisation – commits to funding places on flexible education programmes at levels 6 to 8 for current early years educators. This new funding will support upskilling and strengthen career development pathways for those working in the sector, reducing the cost to educators of undertaking further and higher education qualifications. The new funding scheme will also develop and introduce mechanisms for providing financial support to early learning and care services to help meet the costs of releasing staff to go on student practice placements and study leave. Plans for the new funding scheme are currently being developed.
 - Amount of compulsory training is very limited and quite standard – regulations, policies and procedures, child protection, first aid, fire

Misconceptions



- **Core Funding is distorting the market**
 - First 5 committed to address disparities in provision for under 3 and over 3
 - Very few graduates currently lead provision for under 3 compared to over 3s
 - Currently oversupply of 3-6 places and undersupply of 0-3 places
 - Significant vacancy rates in ECCE – likely to continue
 - Significant differential in pay rates in ECCE vs non-ECCE workforce
- **No increase in ECCE since 2010**
 - Increase in ratio from 1:10 to 1:11
 - Introduction of non contact time payment (later PSP) from 2017
 - 7% increase in standard and higher capitation in 2018
 - Core Funding equates to at least a 9.5% increase in standard capitation

ECCE-only services



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Standard capitation services:

- Minimum increase of 9.5%
- Greater increase per child if occupancy is lower – on average around 8/9:1

Higher capitation services:

- Moderate increase for most services
- Greatest increase for those with low occupancy (e.g. rural service)
- Actually *larger* ECCE-only services – with 20+ children in a session – see least change
- More important point here is the quantum of income these services are getting per hour vis-à-vis outgoings: income of €110-120 per hour of service with two staff plus non staff costs (30%)
- ECCE 15-hour higher capitation service with 22 children currently receives income of €1,829.30 per week. Matched in Core Funding.
- Figures don't include INCO payment of €2 /child/week – over half services receive this

Analysis of impact of Core Funding on ECCE services

Standard Capitation services			
Number of children	Current <u>hourly</u> service income (ECCE plus PSP)	Core Funding <u>hourly</u> service income	Difference
8	€38.35	€43.95	14.6%
9	€43.14	€48.55	12.5%
10	€47.94	€53.15	10.9%
11	€52.73	€57.75	9.5%
12	€57.52	€69.50	20.8%
13	€62.32	€74.10	18.9%
14	€67.11	€78.70	17.3%
15	€71.91	€83.30	15.8%
16	€76.70	€87.90	14.6%
17	€81.49	€92.50	13.5%
18	€86.29	€97.10	12.5%
19	€91.08	€101.70	11.7%
20	€95.87	€106.30	10.9%
21	€100.67	€110.90	10.2%
22	€105.46	€115.50	9.5%

Analysis of impact of Core Funding on ECCE services

Higher Capitation services			
Number of children	Current <u>hourly</u> service income (ECCE plus PSP)	Core Funding <u>hourly</u> service income	Difference
8	€44.35	€48.39	9.1%
9	€49.89	€52.99	6.2%
10	€55.44	€57.59	3.9%
11	€60.98	€62.19	2.0%
12	€66.52	€73.94	11.1%
13	€72.07	€78.54	9.0%
14	€77.61	€83.14	7.1%
15	€83.16	€87.74	5.5%
16	€88.70	€92.34	4.1%
17	€94.24	€96.94	2.9%
18	€99.79	€101.54	1.8%
19	€105.33	€106.14	0.8%
20	€110.87	€110.74	-0.1%*
21	€116.42	€115.34	-0.9%*
22	€121.96	€119.94	-1.7%*

* All services will have their current income matched if they are operating on the same basis as last year.

Interaction with JLC



- Independent process, underway
- Department has provided data and technical briefing
- ERO, if agreed, will set **minimum rates** – no additional requirement on those paying above new minimum rates
- Unless and until agreed, challenging to determine impact of Core Funding at individual service level
- However, Department felt it was important that sector as a whole had data at early point, not just JLC members
- Proceeding with Core Funding at the rates previously presented is contingent on ERO being agreed

	Room Leader Sector-wide	Room Leader ECCE	Room Leader ECCE Higher Cap	Educator Sector-wide	Educator ECCE	Educator ECCE Higher Cap
Average Hourly	€12.78	€13.76	€14.86	€11.77	€12.33	€12.85

What happens now/next



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- JLC negotiations ongoing on ERO
- Extensive programme of training/communications underway via CCCs through workshops, one-to-ones etc
- Website being set up – FAQ, model services, data etc.
- Transition Fund paid to providers from end April
- Sector Profile live until 4th May
- Early June Core Funding contracts published
- June: application goes live, once complete providers can see their actual Core Funding value subject to verifications/validations
- Early August: programme readiness, sign contracts
- End August payments start to be made