



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

# Core Funding

Presentation to Early Learning and Childcare Stakeholder Forum

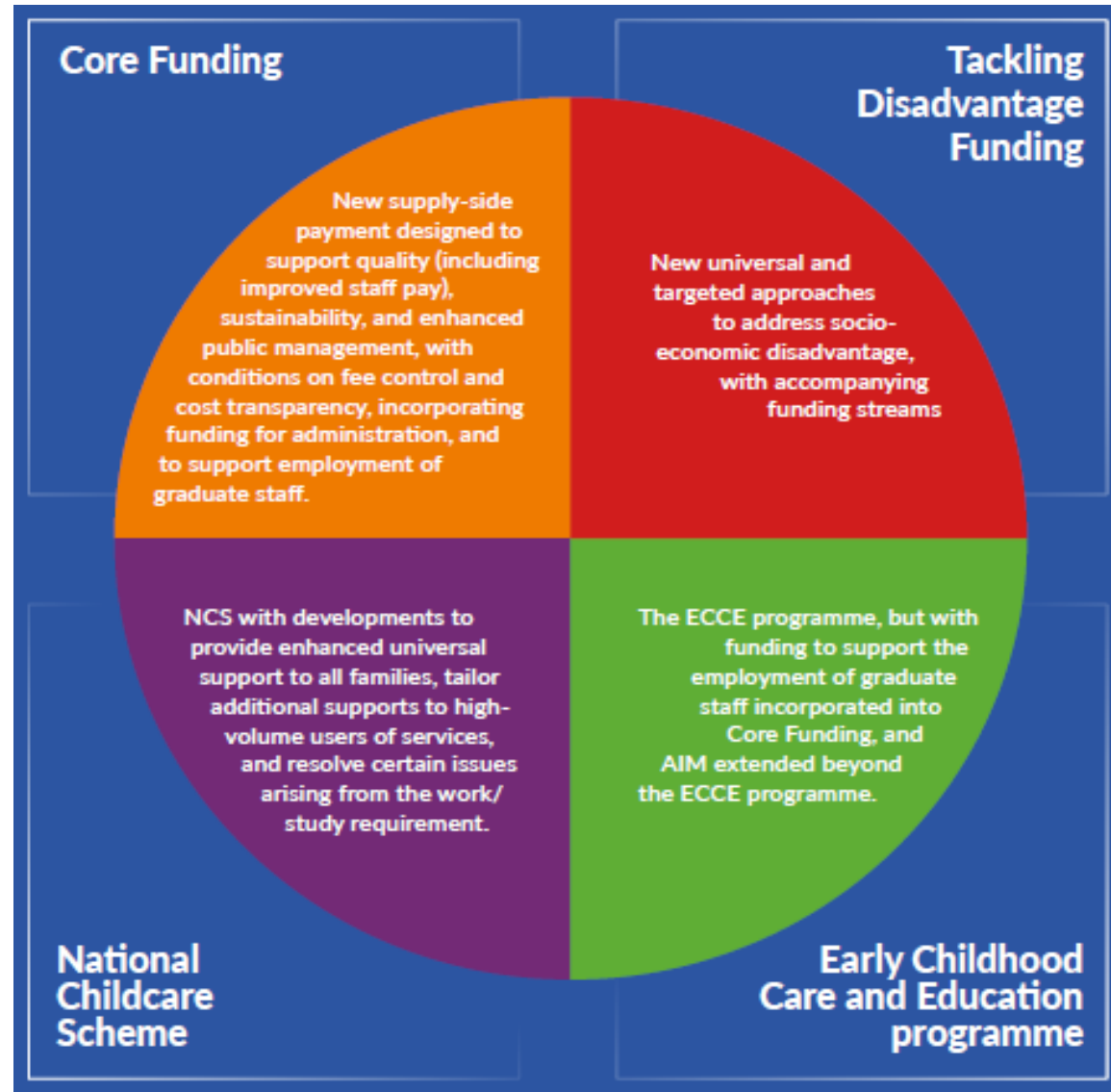
15<sup>th</sup> March 2022

# Background and origins



## New Funding Model

- Core Funding was recommended in *Partnership for the Public Good: a New Funding Model for Early Learning and Care and School-Age Childcare*
- Core Funding is a new element to form part of an overall package of funding for the sector
- Operating alongside NCS and ECCE



# Core Funding



- 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.
- Core Funding is designed to meet the combined objectives of:
  - Improved affordability for parents by ensuring that fees do not increase;
  - Improved quality 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
  - Improved sustainability and stability for services.

# Core Funding recommendation



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## Core Funding should:

Be calculated based on a setting's capacity (number/age of children, type/duration of service) and its associated staffing complement.

Include the extra funding that the Government decides to make available to support the JLC process currently underway.

Incorporate additional funding to meet the extra costs to providers arising from the implementation of the Workforce Development Plan, including opportunities for staff progression and development within the sector.

Incorporate funding for administration and to support the employment of graduate staff.

Unlock access to a package of supports and resources , including capital funding and quality supports

# Core Funding recommendation



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**Providers who sign up to Core Funding should be required to:**

Follow the fee management system (initially no fee increases).

Implement the quality improvement measures under the Workforce Development Plan.

Implement the relevant practice frameworks.

Develop, implement, and report on an annual quality development plan.

Provide transparent financial reports and participate as required in cost surveys and other necessary data-collection exercises.

Offer the NCS and ECCE programme to all eligible children/parents.

# Budget



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## €221m (full-year) allocated to Core Funding

→ includes €14.4m in reallocated investment since Budget announcement

### 1. €138m to support staffing costs and improve pay and conditions

JLC to determine implications

Expectation that this will be used for this purpose

### 2. €25m to support administration

(Incorporating old PSP budget of €19.4m)

### 3. €20m to reflect increases in non-staff overheads

First time this type of funding has been provided – increase of €10.9m since original allocation

To enable fee conditionality and protect other budget elements of total package

### 4. €38m to support the employment of graduates

Replacing ECCE Higher Capitation (old budget: €28.8m)

Rectifying anomalies in existing approach to funding for graduates

Extending support for graduates to Lead Educators across ELC and to ELC and ELC/SAC managers

# Allocation of Core Funding



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- €138m + €25m + €20m = **€183m**
- **€183m** will be distributed based on capacity (base rate)
  - Capacity depends on staffing & space, multiplied by hours of operation
  - The staff costs element will reflect ratio requirements
  - The admin and non-staff costs elements will be at flat rates
- **€38m** will for Graduate Premiums
  - €4.44/hour of graduate-led provision in an ELC room (Graduate Lead Educator)
  - €4.44/hour of operation of a service, if manager is a graduate (ELC or combined ELC/SAC)

# Base Rate Funding distribution



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Age of child	Number of child places	Value of Core Funding per place per hour	Flat rate (admin and non-staff costs)	Scaling (staff costs)
Full-time (5+ hours per day) and Part-time (3.5 hours – 5 hours per day)				
0-1 year of age	3	€1.66	€0.18	€1.48
1-2 years of age	5	€1.07	€0.18	€0.89
2-3 years of age	6	€0.92	€0.18	€0.74
3-6 years of age	8	€0.68	€0.18	€0.50
Sessional (up to 3.5 hours per day)				
0-1 year of age	3	€1.66	€0.18	€1.48
1-2.5 years of age	5	€1.07	€0.18	€0.89
2.5-6 years of age	11	€0.65	€0.18	€0.47
School-age				
4+	12	€0.55	€0.18	€0.37



# Project Milestones



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- Ready Reckoner (7<sup>th</sup> March)
- Application Process
  - **Stage 1:** April – Sector Profile and Income & Costs Survey, which is a pre-requisite for application for Core Funding
  - **Stage 2:** June –
    - Providers define their service’s profile and their capacity in detail in an online form
    - Core Funding value is communicated to providers (subject to final verifications and confirmations)
    - The provider contract will be published so applicants can review what they will later be asked to sign
  - **Stage 3:** Early August – individual contracts available for signature.
- Payment (end August)
  - Payments will be made monthly in advance throughout the programme year.

# Ready Reckoner



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- On Monday 7<sup>th</sup> March the online tool became available to provide approximate estimates of potential Core Funding values for individual services.
- Lightweight tool, can be used by anyone, allows different scenarios to be tested
- Important to read the instructions, provisos
- Not an exact calculation, based on averages of hours/weeks of operation
- Full application will allow for all details to be provided



- Until April 2022, ELC and SAC employers continue to be eligible to access the **Employment Wage Subsidy Scheme (EWSS)** without having to demonstrate the reduction in turnover which is required of other employers.
- Following the cessation of EWSS at end April 2022, ELC and SAC providers will have access to a **Transition Fund** between May and August in advance of the introduction of Core Funding from September.

# Responding to issues raised



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## Impacts on ECCE-only services

### All ECCE services

- Core Funding is equivalent to an increase of *at least* 14% on the standard capitation for ECCE.
- At a minimum, for every ECCE child €78.75 per week is now available (compared to €69 previously)
- Because Core Funding is paid in respect of places rather than children, effectively this could mean a greater 'per child' marginal increase if the service has unfilled capacity.
- With average ECCE occupancy of 9 children, Core Funding is equivalent to weekly per child capitation of €80.92

### ECCE-services with graduate Lead Educators

- Overwhelming majority of ECCE higher capitation services will benefit substantially.
- Approach of providing funding for graduate Lead Educators is different, *but* ...
- Increased base rate funding *plus* payment based capacity rather than attendance
- So most services currently in receipt of higher capitation will see significant benefits from Core Funding.

### No service will lose out with Core Funding: Funding Guarantee

- All services will receive at least the same level of funding in Core Funding as they received from higher capitation and PSP in the 2021/22 programme year, assuming the numbers of children, graduate staff and type of service offered remains the same

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- Services for whom the Funding Guarantee will apply and those who will see just small increases from Core Funding are higher capitation ECCE services with large groups and high occupancy
- Currently in receipt of the highest levels of public funding relative to the staffing levels required for operating those types of services e.g. ECCE higher capitation service with 22 children currently receives income of €1,829.30 per week from ECCE standard capitation, higher capitation and ECCE PSP. This will be matched in Core Funding.
- Staff in ECCE have higher rates of pay than equivalent staff in other parts of the sector and staff in ECCE higher capitation services currently earn, on average, more than those in ECCE standard capitation services.
- ECCE Room Leaders in higher capitation services earn on average €14.86 compared to €12.78 for Room Leaders outside of ECCE. ECCE Assistants in higher capitation services earn on average €12.85 compared to €11.77 for Assistants outside of ECCE.
- Due to the nature of ECCE provision – 15 hours per week – even a small core funding allocation can take account of increased delivery costs including staffing costs

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## Rationale for change in approach to calculating payments to providers in respect of graduates

1. Extend support for the employment of Graduate Lead Educators outside of the ECCE programme to ensure that children in other parts of the ELC system have the opportunity to benefit from graduate-led provision.
2. Allow for a Graduate Premium to be paid in respect of Managers of ELC or combined ELC/SAC services. This is because of the strong evidence of the importance of graduate leadership in shaping quality for children.
3. Bring the financial support for Graduate Lead Educators more closely in alignment with the costs of delivery for that type of provision.

ECCE higher capitation has been paid on the basis of the number of children participating in the ECCE session, not the number of hours of ELC being led by a graduate. An ECCE room with 22 children currently receives 2.75 times the level of higher capitation funding than an ECCE room with 8 children.

Core Funding provides an opportunity to rectify that anomaly as well as extend funding for graduates beyond the ECCE programme to other aspects of ELC provision.

For this reason, the Graduate Lead Educator Premium in Core Funding is paid as a top up on the number of hours of provision that is led by a graduate, rather than the number of children that are participating in that room.

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## Distribution of funding between small and large services or ECCE vs FDC

- Core Funding based on operating hours, number of places offered by services and the age group of children for whom the places are offered, given the staffing requirements determined by the regulatory ratios for different care categories.
- Services opening longer hours or offering more places will receive a higher value of Core Funding than other services. This is because their costs of operation are higher.
- ECCE is 15 hours per week over 38 weeks of the year – 570 hours per year  
23% of the annual hours of a full day service operating from 8am to 6pm for 50 weeks of the year
- ECCE ratio requirements are 11 children to one adult. Service offering places for 2-3 year olds can have a maximum of 5 children to one adult.  
ECCE therefore has less than half the hourly staffing requirement of a service for 2-3 year olds.
- Core Funding is related to the costs of delivery.
- In fact, the value of funding offered is skewed in favour of sessional services for 2.5-6 year-olds. ECCE services receive proportionately *more* than other types of services relative to the staffing requirements of sessional pre-school provision.

# Summing up



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- Very substantial package on the table for big change
- Additional public money to contribute achieving a range policy objectives
- Complex and detailed – will take time for implications to be clear
- Joint Labour Committee ongoing in parallel
- Please read the documentation that has been made available
- Support available from CCCs/ Pobal
- Please ask questions, check things, we will issue FAQ and updates as necessary