

## PRESS RELEASE



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

### **Minister O’Gorman welcomes first ‘Partner Services’ as record number of early learning and childcare services signal intention to expand**

**Wednesday 17 August**

1. ‘Partner Service Funding Agreement’ for the new €221 million Core Funding for early learning and childcare providers available for signing from today.
2. Early learning and childcare services commit to expansion ahead of Core Funding introduction, with record increase in applications for a ‘change in circumstance’ to Tusla
3. Number of early learning and childcare service closures notified to Tusla down by 16% relative to pre-Covid-19.

The Minister for Children, Equality, Disability, Integration and Youth, Roderic O’Gorman, will today (17 August 2022) welcome the first ‘Partner Services’ signing up to Core Funding, as new data revealed a record increase in early learning and childcare providers signalling their intention to expand their services.

Core Funding, introduced in last year’s Budget, will see €221 million invested by the State into early learning and childcare.

Services that sign up for Core Funding will become Partner Services, working in partnership with the State to deliver early learning and childcare for the public good – focused on quality and affordability for children and their families, sustainability and stability for providers and their staff, and accountability, transparency and value for money for the State.

The Partner Service Funding Agreement for Core Funding is available for signing from today.

Preliminary data gathered by the Department suggests a strong response from providers to Core Funding:

1. A 31% increase in ‘change in circumstances’ applications from Early Learning and Care services and 261% increase in increase in change in circumstances for School-Age Childcare services compared to 2021 driven by services seeking to expand their service.
2. A 16% reduction in the number of ELC services closure notifications to Tusla for the same time period in 2022 compared to 2019.
3. 90% of services have completed the Annual Early Years Sector Profile Survey to date, which is a pre-requisite for Core Funding.

4. 95% of eligible services have signed up to the Transition Fund, introduced in April 2022 to bridge the gap between the end of Covid-19 supports for the sector and the start of Core Funding, a condition of which is a fee freeze.

Core Funding will come into effect and is contingent upon Employment Regulation Orders being in effect, setting minimum rates of pay for all roles across the sector as defined in the Early Years' Service Joint Labour Committee Establishment Order.

Minister O'Gorman said:

*"We are on the cusp of transformative change for the early learning and childcare sector. Delivering high-quality, affordable early learning and childcare is one of my top priorities as Minister. Core Funding is central to this, and will involve a fundamental shift in the relationship between the State and providers."*

*"My vision is for early learning and childcare to be delivered as a public good to the benefit children, their families and all of society."*

*I am delighted to see Partner Services join together with us to realise this vision."*

*"I want to see as many providers as possible participating in this partnership to deliver early learning and childcare for the public good, by coming in to contract for Core Funding, and becoming Partner Services. A partnership requires commitment, openness, and good faith on both sides. I intend to uphold the partnership by continuing to increase investment and supporting Partner Services in delivering high quality early learning and childcare. Working together we can achieve great things for the sector and Core Funding will bring many benefits for children, parents, staff and providers."*

Core Funding constitutes a very different approach to funding the early learning and childcare sector. Extensive efforts are being made to assist services with the application process. Services requiring assistance should contact their local City/County Childcare Committee or Pobal via the Early Years Provider Centre (EYPC).

**ENDS//**

## **Notes to Editors**

### What is Core Funding?

Core Funding is a new strand of funding to early learning and childcare services which will form part of the new funding model as recommended by an Expert Group and approved by Government in December 2021.

Core Funding is a payment to providers designed to meet the combined objectives of:

1. Improved affordability for parents by ensuring that fees do not increase;
2. Improved quality through, among other things, better pay and conditions for the workforce;
3. Supporting the introduction of an Employment Regulation Order through the Joint Labour Committee;
4. Supporting the employment of graduate staff; and
5. Improved sustainability and stability for services.

This is a new and different way of providing funding to the sector and is intended to support the development of a partnership relationship between providers and the State that reflects the public

good dimension of ELC and SAC.

€221 million per year is available for Core Funding.

#### What does Core Funding mean for providers income?

Core Funding will contribute to services' sustainability and will significantly increase income for the overwhelming majority of services and provide greater funding stability.

Core Funding will be allocated based largely on capacity. Core Funding will give providers a stable income source based on the nature of the service they deliver. A provider's income will now consist of Core Funding, NCS and ECCE subsidies, and parental fees. Structuring Core Funding primarily based on capacity means that services will have an allocation each year that will not fluctuate in line with children's attendance.

The vast majority of services will see an increase in funding, and less than 1% of services will see no change. No service will see a decrease in funding. For any service that does experience financial difficulties, a Sustainability Fund will be in place. This new strand of the Sustainability Fund, linked to Core Funding, will be designed to provide an extra safety net for providers. This will be open to both private and community providers.

#### What does Core Funding mean for ECCE services?

Core Funding is equivalent to an increase of *at least* 9.5% in funding for ECCE services not led by a Graduate Lead Educator. At a minimum, for every ECCE child €78.75 per week is now available (compared to €71.90 previously from ECCE standard capitation and PSP combined).

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 per staff member, Core Funding is equivalent to weekly per child capitation of €80.92.

With Core Funding, the overwhelming majority of ECCE services with Graduate Lead Educators will also benefit and no service will lose out.

#### What are the conditions attached to Core Funding?

The full detail of the conditions are set out in the published [Funding Agreement](#).

Some of the key conditions include:

1. Participating in the Annual Early Years Sector Profile (AEYSP).
2. Operating a fee management system, which requires no increase to fees in 2022/23 above September 2021 rates.
3. Implementing practice frameworks
4. Developing, implementing and reporting on a quality action plan.
5. Providing transparent and validated financial reports.
6. Issuing a Parent Statement to all parents using the service outlining what they can expect.
7. Offering the NCS and the ECCE programme to all eligible children.

#### What is AEYSP and why is it mandatory?

The Annual Early Years Sector Profile (AEYSP) is the primary data source on the ELC and SAC sector. The AEYSP, which has been running for 20 years, plays a central role in assessing the impact of policy

change and informing policy development. It provides a comprehensive national analysis of over 4,500 ELC and SAC services throughout Ireland on key issues, such as capacity and staff.

This year, the Sector Profile is more important than ever. Spring 2022 was a unique point in time for the sector with the end of pandemic measures and imminent introduction of a major new funding stream, Core Funding.

The AEYSP captures essential information to provide a baseline to assess the impact of Core Funding at a sector-wide level. As in previous years, the data collected in the AEYSP provides vital insight to track and monitor trends and identify key issues in the sector.

Given the importance of collecting this data at this point in time, completion of the Sector Profile is a necessary requirement in order to access Core Funding application form.

The information provided in the AEYSP will not be used in assessing eligibility for Core Funding. The purpose of the AEYSP is to create an aggregated picture of the sector as a whole. This is especially important this year, in order to set a baseline against which the impact of Core Funding can be measured in subsequent years.

#### What are the conditions around fees and what do they mean for parents?

As a condition of receiving Core Funding, a Partner Service agrees not to increase the fee for any Service Type which was extant on September 30th 2021 or introduce an extra charge for any component of that Service Type.

An increased charge of any kind for an existing and unchanged Service Type will be in breach of Core Funding rules.

This also includes circumstances by which a change of fee policy would result in an increase charges to parents, for example, a service that offered a multiple child deduction cannot remove it.

Anything that had been “folded into” the 30 September 2021 fee cannot now be charged for individually; for example if meals were included in the fee, they cannot now be charged separately.

The charges for items and services which were offered for free or at discounted rates on 30 September 2021 cannot be increased beyond these levels.

A Partner Service that has any Service Types that have not changed since 30 September 2021 may reduce a charge for any of those Service Types. They may also increase provision without increasing charges, or introduce a change in fee policies if that change would reduce the charge to parents/guardians, e.g. introduction of a multiple child discount.

This will ensure that any developments to the National Childcare will be fully felt by parents in affordability.

#### Why is Core Funding contingent on Employment Regulation Orders (EROs)?

Of the €221 million Core Funding budget, the large majority is intended to contribute to improved pay rates across different categories of staff. A significant proportion of the budget therefore cannot be made available without assurances that this funding will be channelled towards achieving this intended objective. In the event that there are no EROs or an ERO covering only one role in the sector in place on 1 September, Core Funding cannot proceed.

#### What is the latest update on the EROs?

The process to develop Employment Regulation Orders (EROs) is an independent process that is set out in the Industrial Relations Act 1946 as amended by the Industrial Relations (Amendment) Act 2012. The Minister of State for Business, Employment and Retail established a Joint Labour Committee (JLC) for Early Years Services in 2021, and the JLC has been meeting since December 2021. The sector is represented on the JLC by employer representatives from Childhood Services Ireland (CSI) and Federation of Early Childhood Providers (FECF), and worker representatives from SIPTU.

The JLC carried out a public consultation on two draft EROs. The first proposed ERO would set a minimum hourly rate of €13 for Early Years Educators and School Age Childcare (SAC) Practitioners.

The second proposed ERO would set a number of minimum hourly rates for a range of roles from Lead Educators (Room Leaders) / SAC Coordinators to Centre Managers including where those operating in those roles hold a recognised Level 7 or 8 qualification.

The JLC has adopted draft proposals to cover all roles in the sector as set out in the Establishment Order. Even after adoption of proposed EROs by the JLC, however, the legislation sets out a number of further steps that would need to be completed before proposed EROs could come into force:

1. The Labour Court must consider the proposals received from the JLC and examine a range of matters set out in the legislation. There is no time limit to this part of the process, and it is open to the Court to submit amended proposals back to the JLC for further consideration. If the Court wishes to adopt the JLC's proposals, it shall forward a copy of the proposals to the Minister of State for Business, Employment and Retail.
2. If the Labour Court submits proposals to the Minister of State for Business, Employment and Retail, the Minister shall review them as soon as is practicable, giving consideration to a range of factors set out in the legislation, and then make a determination on whether it is appropriate or not to give effect to the proposed EROs. There is no time limit to this part of the process either.
3. If the EROs are approved and given effect, they are then laid before each House of the Oireachtas. Given the various stages in this independent process, and while Minister O'Gorman has acknowledged the hard work of the members of the JLC to negotiate pay and conditions for employees in the sector, there is no certainty that EROs will be in place before 1 September 2022.

#### What contingency plans are in place if the EROs are not in place by 1 September?

Core Funding is contingent on EROs being in place for all roles across the sector as defined in the Early Years' Service Joint Labour Committee (JLC) Establishment Order. The process to develop EROs is an independent process underpinned by legislation.

The process to finalise the EROs remains ongoing and the Minister has acknowledged the hard work of the members of the JLC to negotiate pay and conditions for employees in the sector. Core Funding will follow once the EROs are in place. However, it is not certain that EROs will be in place by the 1 September 2022. While the Department is not a party to the independent ERO process, there is a requirement to align the funding approach with the outcome of that process. As communicated by the Minister and stipulated in the funding agreement pre-condition, without the EROs, Core Funding will not come into effect.

In this event, an Interim Funding scheme will be available and will operate from 1 September 2022 until such time as the EROs comes into effect, or the 30 September 2022, whichever is sooner.

The main objectives of the Interim Funding are to:

1. Sustain services in the period between the end of the Transition Fund and the beginning of Core Funding, through funding for capacity
2. Support graduate employment and administrative time
3. Ensure that parents' fees do not increase above September 2021 rates
4. Create a smooth lead in to Core Funding once the EROs come into effect, with as limited additional administration for services as possible

#### Key milestones and timeline on the path towards the new funding model to date include:

1. August 2020-July 2021: A number of phases of stakeholder engagement on the new funding model involving webinars, public submissions, online consultation events with parents, providers and the

workforce, and a national survey of households and a series of facilitated events with representative organisations.

2. October 2021: Budget 2022 €207 million investment secured for new Core Funding stream to be introduced in September 2022
3. December 2021: *Partnership for the Public Good: A New Funding Model for ELC and SAC* approved by Government for implementation and published
4. December 2021: Establishment of a Joint Labour Committee (JLC) for Early Years Services with employer representatives from Childhood Services Ireland (CSI) and Federation of Early Childhood Providers (FECF), and worker representatives from SIPTU.
5. March 2022: Reallocation of additional €14 million to Core Funding to bring total annual investment up to €221 million.
6. March 2022: Ready Reckoner launched to give an indication of the potential value of Core Funding per service based on the information provided.
7. May 2022: Early Years Sector Profile data collection, a prerequisite to contracting for Core Funding, with 90% participation rate to date.
8. May-August 2022: Transition Fund in place securing no fee increases from September 2021 rates with 95% uptake from eligible services.
9. June 2022: Publication of Core Funding Partner Service Funding Agreement to set out the detail of how Core Funding will operate in its first year, the commitment from the Minister to funding and the associated requirements of Partner Services.
10. July 2022: Opening of Core Funding Application Process comprising a Service Profile and Application Module.
11. August 2022: Publication of Interim Funding Partner Service Funding Agreement to make provision for the funding of the sector in the event that Employment Regulation Orders (EROs) are not in place on 1 September 2022.
12. August 2022: Opening of Core Funding Partner Service contracting period allowing for acceptance of the Core Funding and Interim Funding Agreements.

**Issued by the Press and Communications Office at the Department of Children, Equality,  
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