

## **Budget 2022**

### **Overview and FAQ for Early Learning and Care (ELC) and School-Age Childcare (SAC) Providers**

#### **Overview**

In 2022, the Department of Children, Equality, Disability, Integration and Youth (DCEDIY) allocation for ELC and SAC is €716m. This funding will allow the DCEDIY to:

#### **New Measures**

- Introduce a new core funding stream from September 2022 for approximately 4,700 early learning and childcare providers. This core funding stream will be worth €69 million to providers in 2022 and €207.3 million in a full year from 2023 on. Providers will be eligible for this new funding stream to help cover increased operating costs linked to quality improvement measures. This additional funding will support ELC and SAC providers to attract and retain staff, including degree-qualified staff and will support the Programme for Government commitment to support the drawing up of an Employment Regulation Order for the 30,000 staff in the sector. In return for this investment, a commitment will be sought from providers not to increase parents' fees for ELC and SAC.
- Extend the NCS universal subsidy to all children under 15 from September 2022, benefitting up to 40,000 children.
- Remove the practice of deducting hours spent in pre-school or school from the entitlement to NCS subsidised hours, benefitting an estimated 5,000 children from low income families.
- Create a one-off transition fund of up to €37million to operate from May to August 2022, to support providers in the period leading up to the new core funding stream.

#### **Existing Measures**

- Continue the implementation of universal Early Childhood Care and Education programme for more than 100,000 children for the two years before they begin primary school.
- Continue the implementation of the Access and Inclusion Model programme of supports that enables more than 5,000 children with a disability participate in the ECCE Programme.
- Continue the implementation of the National Childcare Scheme (NCS) which delivers universal and targeted subsidies to up to 80,000 children in line with their income and other circumstances

- Deliver regulatory and quality supports for the implementation of the National Action Plan for Childminding, a new workforce development plan for ELC and SAC and the registration and inspection system for the quality of ELC and SAC services.

In addition to this, the EWSS and, more specifically, the exemption to the turnover rule for the EWSS for ELC and SAC employers will remain available until April 2022. This ongoing commitment to the sector will continue to ensure that additional costs arising from public health measures in early learning and childcare services are not passed on to parents.

Short-term measures will be established by the DCEDIY over the period May-August 2022. A Transition Fund will provide the necessary resources to support ELC and SAC services to ensure there continues to be no increases in parent's fees for ELC and SAC in the period leading up to the introduction of the new funding stream.

## FAQ

### What will the extension of the NCS universal subsidy mean for me as a provider?

The extension of the NCS universal subsidy of 50 cent per hour will be available to all families with children under 15. This will reduce the cost of ELC by up to €1,170 per year for each child. Families earning less than €60,000 may be able to get a higher subsidy. This may make ELC a more attractive option for parents, ensuring continued demand for services. The extension of the NCS universal subsidy will be introduced in September 2022.

### How will change in practice of deducting hours spent in pre-school or school change the entitlement to subsidised NCS hours?

The change in practice of deducting hours spent in pre-school or school or preschool from the entitlement to subsidised NCS hours will increase subsidised NCS hours available to children. The changes are set out in the table below. This change will be introduced in 2022, however, the date has not yet been finalised.

<b><u>Where all eligible parents in a household are not in work or study</u></b>		
<b><i>Age/education stage of child</i></b>	<b><i>Current maximum hours per week of subsidy during term-time/out of term-time</i></b>	<b><i>New maximum hours per week of subsidy year round</i></b>
Prior to qualification for ECCE	20 hours / 20 hours	20 hours
Qualifying for ECCE and not yet in school	5 hours / 20 hours	20 hours
Junior or senior infant classes in primary school	0 hours	20 hours
First to sixth class in primary schools and secondary school up to age 15	0 hours	20 hours

  

<b><u>Where all eligible parents in a household are in work or study</u></b>		
<b><i>Age/education stage of child</i></b>	<b><i>Current maximum hours per week of subsidy during term-time/out of term-time</i></b>	<b><i>New maximum hours per week of subsidy year round</i></b>
Prior to qualification for ECCE	45 hours / 45 hours	45 hours
Qualifying for ECCE and not yet in school	30 hours / 45 hours	45 hours
Junior or senior infant classes in primary school	23 hours / 45 hours	45 hours
First to sixth class in primary school and secondary school up to age 15	17 hours / 45 hours	45 hours

**How will I access the extended universal NCS subsidy?**

There will be no change to the processes with which you are familiar. It just means you can register more children on the NCS.

**When will the practice of deducting hours spent in pre-school or school from the entitlement to subsidised NCS hours be introduced? What do I need to do?**

Pobal, the scheme administrator for the NCS, will notify you when this new measures go live. At that time, you will be able to update a child's registration for the hours being used by the child in the same manner you would use for any change in registration. Further details will be made available prior to this measure going live.

**I have not signed up for the NCS – can I join it now?**

Any Tulsa registered ELC and SAC provider – centre-based or childminder - can register for the NCS at any time. Full details are available from Pobal on the Provider Portal. Support and advice on registering your service is available from Pobal and your local CCC.

**What should I tell parents who are not in the NCS but want to join?**

Parents should go to the dedicated NCS website [www.ncs.gov.ie](http://www.ncs.gov.ie) for all information on the NCS, including how to apply.

**What should I tell parents who are already getting NCS subsidies but want to know if their subsidy or hours will increase due to the new NCS measures announced in Budget 2022?**

The Department will publish information on the changes to the NCS before they go live. Please let parents know that you will update them on any actions they need to take when this information is available.

You may need to inform parents that the extension to the universal subsidy will be introduced in September 2022 and that the change in the practice of deducting hours spent in pre-school or school from the entitlement to subsidised NCS hours will also be introduced in 2022, but that the date is not yet decided.

### **I am a childminder – what does Budget 2022 mean for me?**

Additional support and advice will be available for childminders nationwide as there will be an increase in the number of Childminding Development Officers from 6 to 12. This will help with the implementation of the National Action Plan for Childminding.

### **Will there be a Programme Support Payment (PSP) in 2022?**

There will be PSP of €19.4m in 2022. Providers will be invited to apply for PSP funding in the usual way in the summer of 2022 for the 2021/2022 programme year.

### **What will the new core funding stream for ELC and SAC mean for providers?**

The new core funding stream for ELC and SAC will provide funding to support higher quality services, including funding for non-contact time, curriculum implementation, and supports for degree-qualified staff. The funding can also support the retention of staff.

The support that the new funding will provide for the agreement of an Employment Regulation Order is also anticipated to enable providers to attract and retain staff.

The new funding stream for ELC and SAC will provide additional funding, in addition to existing State funding, to achieve this. By basing the funding stream on capacity, providers will have a stable income source based on the service they deliver.

Participation in the new funding stream for ELC and SAC will require a commitment not to increase fees to parents in return for the increased State funding. Services will also be invited to report on the quality development measures they are pursuing.

Extensive communications will issue to the sector in the coming months to give further details on the parameters of the funding stream.

### **What does the new core funding stream for ELC and SAC mean for staff?**

The new core funding stream for ELC and SAC will support the quality of services by enabling providers to attract and retain staff, including degree-qualified staff; establish career structures; introduce or improve other features of provision that are demonstrated to contribute to quality. All of these have a direct effect on staff.

The additional investment will support the Programme for Government commitment to support drawing up of an Employment Regulation Order between employer and employee representatives to determine minimum rates of pay for workers, as well as terms and conditions of employment.

The establishment of an Employment Regulation Order, will be a big step forward in ensuring better pay and conditions for the 30,000 staff in the sector.

#### **How will the new core funding stream for ELC and SAC be allocated?**

The new funding stream for ELC and SAC will be a payment directly to services who choose to participate in the scheme. It will be available from September 2022.

The value of the new funding stream for ELC and SAC to each provider will depend on a number of points:

- The capacity of the service will be the main basis for calculation. It will be based on the numbers of children, the hours available and the number of weeks per year the services is open. Larger services, and those operating longer hours, will receive higher funding.
- Higher levels of funding will be available for capacity for younger children, to support the higher operating costs of ELC for these children arising from the higher staff ratio requirements.
- Additional funding will be available for provision that is led by a staff member with a degree-level qualification.

#### **Will the new core funding stream be available to all providers?**

The new funding stream will be available to registered ELC and SAC providers, including full day care providers, ECCE-only providers, and stand-alone SAC providers, subject to the service agreeing to come into contract for the scheme.

#### **How will different circumstances of ELC and SAC providers be recognised by the new core funding stream?**

The calculation of the value of the new funding stream to an individual provider will take account of their level of capacity including the number of children, the ages of children, and their hours of operation and will reflect the qualification levels of staff.

The capacity of services is enabled by staff, and underpinned by statutory regulation in respect of adult:child ratios. The calculation of the value of the new funding stream based on capacity is therefore closely related to the level of costs of the service given that staff costs are by far the biggest component of costs for all services – estimated to be 70% of overall costs, regardless of size or location.

**What is the new core funding stream intended to contribute to?**

The new funding stream will enable providers to better attract and retain staff, including degree-qualified staff; establish career structures; and introduce or improve other factors that contribute to high-quality early learning and childcare, such as non-contact time, planning, training, curriculum implementation.

The additional investment will support the Programme for Government commitment to support the drawing up of an Employment Regulation Order to determine minimum rates of pay for workers, as well as terms and conditions of employment.

The new funding stream will also ensure that services remain sustainable in the context of a commitment not to increase fees. For this reason, the new funding stream will also contribute to cost increases related to non-staff costs (for example, utilities, rent).

**How will services be able to remain sustainable by paying higher wages without increasing fees?**

The scale of the investment being made available is very significant; it is equivalent to over €200m on a full year basis. This is sufficient to allow for greater costs associated with improved quality (including supporting an Employment Regulation Order to be agreed to determine minimum rates of pay for workers, as well as terms and conditions of employment) without providers needing to increase fees.

Indeed, provider sustainability is a key objective of this new funding stream and it has been designed to address quality, affordability and sustainability together.

**Is the amount of funding available for the new core funding stream guaranteed to continue?**

The level of investment being made available for this measure is an acknowledgement that high quality ELC and SAC costs more than the current income to the sector.

The aim of the new funding stream is to allow providers' costs to increase to improve quality but to ensure these costs are not passed onto parents in fees and that services are not made unsustainable.

The €69 million funding allocation for Budget 2022 relates to the September-December period of the year. The value for a full year from 2023 on will be €207.3 million. This is the start of a multi-annual investment plan and is part of Government's commitment to realising the First 5 target of investment of approximately €1 billion by 2028. The new funding stream introduces a strategic way of funding the sector and begins to implement the recommendations of the Expert Group to develop a new funding model. It is therefore anticipated that, the new funding stream will continue to be made available into 2023 and beyond.

**Will providers have to use the money to improve wages? What happens if an ERO is not agreed?**

The new funding stream is designed to support an Employment Regulation Order (ERO) to determine minimum rates of pay for workers, as well as terms and conditions of employment.

Further information on Employment Regulation Orders are available here: [https://www.workplacerelations.ie/en/what\\_you\\_should\\_know/hours-and-wages/employment%20regulation%20orders/](https://www.workplacerelations.ie/en/what_you_should_know/hours-and-wages/employment%20regulation%20orders/)

If an ERO is agreed between employer and employee representatives, this will become a legal requirement across the sector and employers will be required to adhere to it.

Given that part of the objective of the new funding stream is to support an ERO, if an ERO is not agreed, a significant proportion of the funding allocation will not be made available. The new funding stream is therefore largely contingent on an ERO being agreed.

**What are the conditions on fees in the new core funding stream and why is it being introduced?**

The provisions being made for year one of the new funding stream will require providers to commit from September 2022, not to increase their fees from September 2021 levels and at the same time it is anticipated that an ERO will be agreed. Both of these developments will bring significantly greater certainty to the income and expenditure in the sector.

Ireland is following in the steps of many other jurisdictions with the move to increase certainty for parents and for the State in respect of fees, and a commitment not to increase fees in September 2022

is a part of this. Developing measures to increase public management of fees will ensure that parents feel the full affordability effects of the NCS (and ECCE), while increased State funding will ensure the sustainability and quality of services. It can also establish the basis for a closer partnership relationship between providers and the State in future to collaboratively develop high quality, affordable and sustainable services.

**What other conditions will be placed on ELC and SAC providers who sign up to the new core funding stream?**

As outlined above, a key basis for the funding will be a commitment by services to provide a stated level of capacity (i.e. number of places for children of specified ages, for a number of hours per week and weeks per year).

A commitment not to increase fees will also be central to the new contract, reflecting the substantial additional investment that is being made available through this new funding stream.

It is anticipated that the requirement to pay staff in line with agreed minimum rates will be determined by the Joint Labour Committee process which will result in an Employment Regulation Order. An ERO will be required by law to be adhered to.

Further detail on other conditions, including quality requirements, will be available following the publication of the report of the Expert Group to develop a new funding model.

There will be an extensive programme of communications with the sector in advance of the launch of the new funding stream.