



12 October 2021

Dear providers,

I am to you writing today, on Budget Day, to give you an overview of the measures for the early learning and childcare sector which will be introduced under Budget 2022.

I have negotiated a significant set of measures for the sector, which will deliver quality services for children, affordability for parents, stability for providers and, will support the introduction of an Employment Regulation Order for staff in the sector.

The early learning and childcare budget will increase from €638million in 2021 to €716million in 2022.

The increase in funding comprises three main parts. Firstly, changes to the NCS which will extend the NCS universal subsidy to all children under 15 benefitting up to 40,000 children and 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.

Secondly, the introduction of a new core funding stream in September 2022 to support providers cover increased operating costs linked to quality improvement measures. This core funding stream will be worth €69 million to providers in 2022 and €206.5 million in a full year from 2023 on.

Thirdly, 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.

In addition this 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. The cost of this extension to the EWSS for the sector is estimated to be €116m over the period November 2021-April 2022.

Details of the Budget measures are in the attached document, along with a set of FAQs. If you have any outstanding queries after you have read these, please contact my Department by email to EYQueries@equality.gov.ie and we will answer any questions you have.

This package marks the beginning of a transformative multi-annual investment programme for the early learning and childcare sector, and achieves significant progress on the First 5 commitment to increase spending to €1 billion by 2028.

Roderic O’Gorman, TD