

Supports available to early learning and childcare services

28/10/22

Minister Roderic O’Gorman would like to update providers about a number of supports that are available for early learning and childcare services to provide stability for the sector.

New funding model: Together for Better

On 15th September, the Minister launched Together for Better, the new funding model for early learning and childcare. This new funding model supports the delivery of early learning and childcare for the public good, for quality and affordability for children, parents and families as well as stability and sustainability for providers. Together for Better brings together three major programmes, the Early Childhood Care and Education (ECCE) programme, including the Access and Inclusion Model (AIM), the National Childcare Scheme (NCS) and the new Core Funding scheme.

Core Funding is designed specifically as a supply-side funding stream related to the costs of delivery. Core Funding is 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, as well as allocations for graduate leaders in services. Structuring Core Funding primarily based on capacity means that partner services have an allocation each year that does not fluctuate in line with children’s attendance. Core Funding allows for substantial increases in the total cost base for the sector, related both to pay and non-pay costs, without additional costs being passed on to parents.

Core Funding contributes to services’ sustainability and significantly increases income for the overwhelming majority of services and provides greater funding stability. Already 93% of services have signed up to Core Funding and the scheme remains open for applications.

A number of safeguards have been put in place to ensure there are no unintended outcomes of Core Funding, including a Funding Guarantee and a Sustainability Fund which are open to partner services.

Funding guarantee

The Funding Guarantee top up payment, as outlined in the Core Funding Partner Service Funding Agreement, ensures that no partner service will receive less funding under Core Funding than what they received in 2021/2022 under Programme Support Payments and Higher Capitation, provided they offer the same amount of graduate led provision as last year.

This affects less than 100 services and Pobal will be making contact with these services to inform them of the details of the top up payment that will issue shortly. Services do not need to take any action in relation to the funding guarantee, the payment for the first quarter of the year will issue automatically to the small number of identified services.

Sustainability Fund

The Department oversees a case management process, through which local City/County Childcare Committees (CCC) and Pobal work together to assess and provide support to early learning and

childcare services experiencing difficulties. This support can take the form of assisting services with interpreting analysis of staff ratios and cash flow, as well as more specialised advice and support appropriate to individual circumstances. In some instances, financial supports may be deemed appropriate in tandem with the case management process.

In addition to these pre-established supports, a further strand of sustainability funding is being made available to Core Funding partner services, both community and private, who are experiencing financial difficulty. Aligned to the Department's Sustainability Funding policy, it will focus on the provision of operational as well as short term financial supports where appropriate, and will assist services in managing their immediate financial difficulties, providing advice to support their long term sustainability, while transitioning to a more sustainable model of service delivery. This new strand of Sustainability Funding will become available in the coming weeks for the 2022/23 programme year and will be accessed through the pre-existing Case Management Process.

Services that are experiencing difficulty and who would like support are encouraged to contact their CCC to access case management supports as the first step in this process.

Energy Supports

Early learning and care services will be able to apply for the Temporary Business Energy Support Scheme (TBESS). TBESS will provide support for businesses that have experienced a significant increase in their electricity and natural gas costs. It will apply to tax compliant businesses carrying out a trade or profession (chargeable to tax under Case I and Case II). Charities that carry on activities that would be chargeable to tax as trading income, but for an available tax exemption, are included in the scope of the scheme. It will also apply to new businesses.

Businesses engaged in early learning and childcare services who have suffered an increase of at least 50% in the average unit price of electricity and/or natural gas for the relevant billing period in 2022, as compared with the average unit price for electricity and/or gas for the corresponding reference period in 2021, will be eligible under the scheme.

Payments will be made on the basis of 40% of the amount of the increase in eligible electricity or natural gas costs between the bill amount which is the subject of the claim and the bill amount in the corresponding reference period in the previous year.

Payments are generally subject to a monthly cap of €10,000 per trade or profession. Where a qualifying business operates across more than one location increased relief may be available subject to a monthly cap of €30,000. The scheme will run from 1 September 2022 to 31 December 2022, with the intention to extend it to 28 February 2023. The Revenue Commissioners, who will be administering the scheme, have made further details available on the [Revenue website](#) including a link to their detailed [guidance](#).

Please note that businesses will simply have to enter the relevant details in respect of the bills on Revenue's portal. The necessary calculations and apportionments will be carried out by the system. Revenue is in the process of developing the IT system to enable businesses to register for the TBESS and make a claim under the scheme. It is anticipated that the portal for registration and making a claim will be available on the Revenue Online Service from the end of November 2022. The guidelines will be updated in due course to provide guidance on using this system to register and claim.

Conclusion

Stability and sustainability of early learning and childcare services is a top priority for Government, as demonstrated by the significant additional investment in the new funding model plus the wider whole-of-government supports for providers throughout the pandemic and now offered through TBESS.

An appropriate funding model is now in place to support the sector in a sustainable way into the future, and which can be further developed in response to analysis of emerging evidence and supported by additional funding which was allocated to Core Funding in Budget 2023.

Significant additional investment is being made in the sector and supports and safety nets are available for the small number of providers who may experience financial difficulties due to a range of factors.