



7<sup>th</sup> March 2022

**Subject: Communication about Core Funding**

Dear Early Learning and Care and School Age Childcare providers,

We are pleased to share with you further information on the Core Funding stream which will be available from later this year.

As you will know, Core Funding is a new funding stream for Early Learning and Care (ELC) and School Age Childcare (SAC) services introduced in Budget 2022 and informed by the work of the Expert Group to develop a new funding model for ELC and SAC, outlined in *Partnership for the Public Good: A New Funding Model for Early Learning and Care and School-Age Childcare*.

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

- Improved quality through better pay and conditions for the workforce;
- Supporting the establishment of an Employment Regulation Order through the Joint Labour Committee;
- Supporting the employment of graduate staff;
- Improved affordability for parents by ensuring that fees do not increase; and
- Improved sustainability and stability for services.

Core Funding will address some of the existing disparities in funding levels across ECCE and non-ECCE provision, providing funding proportionate to the age ratio of children being cared for and supporting the employment of graduate Lead Educators across Early Learning and Care provision. While Core Funding will operate in addition to and alongside ECCE, AIM, CCSP and NCS, it replaces ECCE Higher Capitation and incorporates funding previously allocated to the discretionary Programme Support Payments (PSP) from September 2022.

Core Funding begins the transformative change envisaged for the sector under *First 5* and *Partnership for the Public Good* to the benefit of the children, parents, providers, the workforce, the State, and society overall. Core Funding aims to facilitate a new partnership between providers and the State that reflects the importance of ELC and SAC for the public good. This new approach will offer better financial sustainability to providers in the context of this shift to a partnership relationship between providers and the State.



Today we are sharing further details on Core Funding, including full details of the funding formula and announcing the launch of the Ready Reckoner, a key milestone on this journey.

**Important note:** In order for Core Funding to proceed as outlined in this notice, an Employment Regulation Order must be agreed by the Joint Labour Committee and in effect in advance of the first payments<sup>1</sup>.

### **Timeline for Core Funding this year**

The key dates in preparation for Core Funding becoming operational for the 2022/2023 programme year are:

- Today: The online tool (Ready Reckoner) becomes available to provide approximate estimates of potential Core Funding values for individual services
- Stage 1 of the application process opens in April:
  - Begins with the Sector Profile and Income & Costs Survey, which is a prerequisite for application for Core Funding
- Stage 2 of the application process opens in 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 of the application process opens in August:
  - Individual contracts will be made available to applicants for signature
  - End August: payments to providers commence. Payments will be made monthly in advance throughout the programme year.

### **Core Funding Allocation:**

The information used to calculate the value for an individual service is based on the following:

- The total service capacity per age range offered
- The total hours of operation of the service by week and weeks per year
- The number of graduate Lead Educators in ELC rooms in the service (not SAC rooms)
- If the ELC or combined ELC and SAC service has an ELC graduate as the service manager (this is not available for standalone SAC services)

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<sup>1</sup> <https://www.gov.ie/en/press-release/ba176-minister-english-establishes-joint-labour-committee-for-the-early-years-service-sector/>



**Important note:** For capacity to be funded through Core Funding it is not necessary for child places to be filled but it is required that the necessary levels of staff are in place to offer the stated capacity.

The Core Funding allocation formula is based on three calculations:

- Main Base Rate
- Graduate Lead Educator Premium (ELC only)
- Graduate Manager Premium (ELC or combined ELC and SAC only)

The exact formula is as follows:

- **Main Base Rate**
  - Number of child places in an age group *multiplied by* Value that applies to age group (see table below) *multiplied by* Hours of operation per week *multiplied by* Weeks open per year

Plus

- **Graduate Lead Educator Premium (if applicable) (for ELC only)**
  - Number of rooms/sessions led by a graduate *multiplied by* Hours per week *multiplied by* Weeks open per year *multiplied by* Graduate Lead Educator premium rate
  - Maximum one Graduate Lead Educator premium per ELC room

Plus

- **Graduate Manager Premium (if applicable) (for ELC or Combined ELC and SAC only)**
  - Hours of operation per week *multiplied by* Weeks per year the service operates *multiplied by* Graduate Manager premium rate
  - Maximum one Graduate Manager premium per service

= Core Funding amount

### Core Funding Rates

The values for each of the age groups of children to feed into the Main Base Rate are as follows:

<u>Age of child</u>	<u>Value of Core Funding per place per hour</u>
Full-time (5+ hours per day) and Part-time (3.5 hours – 5 hours per day)	
0-1 year of age	€1.66
1-2 years of age	€1.07
2-3 years of age	€0.92
3-6 years of age	€0.68
Sessional (up to 3.5 hours per day)	
0-1 year of age	€1.66



1-2.5 years of age	€1.07
2.5-6 years of age	€0.65
School-age	
4-15 years of age	€0.55

<u>Graduate premium rates per hour</u>	
Graduate Lead Educators in ELC	€4.44
Graduate Managers in ELC or combined ELC and SAC	€4.44

### **Ready Reckoner**

Today the Core Funding Ready Reckoner is being launched. The Ready Reckoner is a lightweight calculator to support services to estimate their potential indicative value of Core Funding. The Ready Reckoner can be accessed and used on the Hive by anyone. Users will enter high level information relating to an ELC and/or SAC service to estimate the potential indicative value of Core Funding. This is not an exact calculation, it is designed to give an idea of what services can expect based on their characteristics and to allow any interested party to test different scenarios.

Because the Ready Reckoner is not an exact calculation, it should not be relied upon for detailed financial planning. It is designed to give an idea of what to expect only and to allow providers to test different scenarios.

The Ready Reckoner also does not assess eligibility for Core Funding. It is available to be used by any interested party. Use of the Ready Reckoner does not imply that a service will definitely be eligible for Core Funding.

The final value of Core Funding for each service can only be determined further to the detailed application stages, as outlined in the timeline above.

The Ready Reckoner is available at [this link](#).

### **Impact of Core Funding**

€73.5 million has been allocated for Core Funding in 2022, equivalent to €221 million full year costs, €172 million of which is brand new investment.

Given the large variation in service model in operation across the sector, it is not possible to give a generic answer for what Core Funding will mean for individual services. For this reason we have provided the online tool (Ready Reckoner).

The following sample scenarios may provide a broad indication of the value of Core Funding in examples of different types of services.



Sample service 1: Large ELC service

- Open 9 hours/day, 50 weeks/year
- Offering places for 63 children
  - Nine 0-1 places in a room with a Graduate Lead Educator
  - Ten 1-2 places in a room with a Graduate Lead Educator
  - Twelve 2-3 places in a room with a Graduate Lead Educator
  - 32 full-time 3-6 ELC places in 2 rooms with Graduate Lead Educators
  - Manager is also an ELC graduate
  - (11 staff plus out-of-ratio manager)

**€191,430 in Core Funding**

Sample service 2: Medium ELC service

- Open 8 hours/day, 50 weeks/year
- Offering places for 33 children, some graduate led
  - Five 1-2 places
  - Six 2-3 places in a room with a Graduate Lead Educator
  - 22 full-time 3-6 ELC places in a room with a Graduate Lead Educator
  - (4 staff, 2 are graduates)

**€69,420 in Core Funding**

Sample service 3: Small ECCE-only service

- Operating 3 hours/day, 38 weeks/year
- Offering sessional places for 22 ECCE-age children
- No graduate Lead Educators or ELC graduate manager
- (2 staff)

**€8,151 in Core Funding**

Sample service 4: SAC-only service

- Open 3 hours/day during term (38 weeks) and 6 hours/day outside of term (12 weeks)
- Offering places for 36 children
- (3 staff)

**€18,414 in Core Funding**



**Important note:** In all the examples above, the other funding streams such as ECCE (standard capitation), NCS, AIM, CCSP and TEC as well as parents fees all continue to be available to services in addition to the Core Funding allocation. However, Programme Support Payments and ECCE Higher Capitation are no longer available as they are incorporated into Core Funding.

### **Funding guarantee**

The change in our approach to funding may mean that a very small number of providers (estimated to be approximately 50 in total or 1% of providers) may receive somewhat less in Core Funding to what they had previously received in Higher Capitation payments and Programme Support Payments (PSP) combined. This affects a small number of services who have particularly benefited from the previous approach to Higher Capitation by having large ECCE groups with high occupancy.

For this small number of providers, we are issuing a funding guarantee whereby, under Core Funding providers will receive the same level of funding as they received from Higher Capitation and PSP, assuming the numbers of children, graduate staff and type of service offered remains the same in the 2022/23 programme year as in 2021/22.

**For further information/support/guidance, please find below links to the following:**

- [Ready Reckoner](#)
- [FAQ document](#)
- [Technical Guidelines](#)

City and County Childcare Committees (CCC) have received training on the Ready Reckoner tool and are available to provide additional assistance. Training Webinars for providers will also be delivered by Pobal, and advertised on the “Announcements” page on the Early Years Hive, with a link to register.

With kind regards,

Roderic O'Gorman, TD  
Minister for Children, Equality, Disability, Integration & Youth