

## **Expert Group to develop a new Funding Model for Early Learning and Care and School Age Childcare**

### **Terms of Reference**

The Expert Group's Terms of Reference are as follows:

- Agree a set of guiding principles to underpin the new Funding Model for Early Learning and Care and School Age
- Review the existing approach to funding Early Learning and Care and School Age Childcare services by the Department of Children and Youth Affairs in terms of its alignment with the guiding principles as well as effectiveness in delivering on the policy objectives of quality, affordability, accessibility and contributing to addressing disadvantage
- Drawing on international evidence, identify and consider options on how additional funding for Early Learning and Care and School Age Childcare could be structured to deliver on the guiding principles and above policy objectives
- Agree a final report including a proposed design for a new Funding Model, with accompanying costings, risk analysis and mitigation and phased implementation plan (with funding likely to become available on an incremental basis) to recommend to the Minister for Children and Youth Affairs and ultimately Government.

In delivering on these Terms, the Expert Group is not asked to propose changes to the current model of delivery (i.e. privately-operated provision) rather the Group should seek to further achieve policy objectives of quality, affordability, accessibility and contributing to addressing disadvantage in a privately-operated market through increased public funding and public management. The following issues are within scope:

1. *Total Funding Package:* The interaction between the existing major streams of current funding (ECCE and NCS), the new Funding Model and any other funding streams that continue to exist and how they can operate together as a whole in order to deliver an integrated funding package, with the new Funding Model building on other schemes to leverage improvements in quality, affordability, accessibility and social inclusion.
2. *Changes to Existing Funding Allocations:* Any changes which should be made to the existing mechanisms for allocation of funding (outside of the core NCS and ECCE funding schemes):
  - Funding for additional qualifications levels (higher capitation rates for the ECCE programme for Level 7/8 qualified staff and staff with a LINC qualification)
  - AIM Level 7 funding for additional staffing resource in the pre-school room
  - Funding for administrative tasks/non-contact time (Programme Support Payments)

In the main, the new Funding Model is not being asked to propose alterations to the ECCE and NCS schemes per se. However, the potential of these scheme to channel additional investment to meet policy objectives should be explored. Further, if there are innovative solutions to addressing important issues which, in order to be resolved, require changes to these schemes these can be considered.

3. *New Criteria for Allocating Funding:*

An essential and top priority for this Group will be to make recommendations for a mechanism to control fee rates for different types of provision for ELC/SAC.

  - Approaches to this could include no parental fees charged (for certain types of provision), flat rate maximum parental fee levels or parental fee levels as proportion of household income

Other key objectives of the new Funding Model will include maximising quality, contributing to tackling disadvantage and ensuring accountability for public funding. Criteria to demonstrate achievement of these objectives may include:

- Agreed terms and conditions of employment for staff, recognising that the State is not the employer, having regard to the proposals emerging from the Workforce Development Plan, any industrial relations agreements that may be put in place and the outcome of the review of terms and conditions committed to in *First 5*.
  - Other indicators of quality, above regulatory and contractual requirements, to be determined by the Expert Group which may include factors such as qualification for staff in a range of roles; a minimum service offer (opening hours); optimum size of setting (numbers of staff and children of different ages); provision of ex-ratio staff (e.g. manager, administrator); supportive working conditions for staff such as minimum number of hours per week paid time for team planning/reflection for each staff member; participation in national quality development activities; provision of parent support services; acting as a hub for support and training networks for local childminders.
  - Additional provisions for children and families in the context of poverty/disadvantage such as family liaison/home visiting staff, smaller staff: child ratios, additional parent supports, provision of food without charge, facilitation of integrated services delivered through ELC/SAC settings, having regard to experience and evidence from the operation of the Delivering Equality In Schools (DEIS) model.
  - Operation of services on a reasonable profit/surplus or not-for-profit/surplus basis, having regard to EU legal requirements about public funding of private undertakings.
  
- 4. *Support for Inclusion*: The extent to which the existing funding approach supports access and equal participation of children in ELC/SAC, including children with additional learning needs, children for whom English or Irish is not a first language and children who are at risk of poverty and disadvantage and how the new Funding Model can be designed to support ELC/SAC provision to contribute to reducing inequalities between children. Consideration should be given to whether a weighting-based and/or a targeted approach to access funding, both for additional learning needs, language support needs and poverty/disadvantage is appropriate.
  
- 5. *Implementation considerations*:
  - How such criteria should be applied in practice e.g. a menu of options with different funding rates applying to each or a whole-sale approach whereby all criteria must be met in order to attract additional funding.
  - Whether certain criteria should apply to providers, independently of additional funding being available, and the appropriate timing/ phasing.
  - Sustainability of the sector, ensuring that appropriate provision is adequately supported by a balance of public funding and parental fees and that those running services and working in the sector can make a fair income.
  - Accountability for public funding, assuring Government that additional investment in the sector can be demonstrated to contribute to policy objectives.
  - Technical and operational feasibility of the New Funding Model so that the proposal can viably be implemented with proportionate oversight mechanisms.
  - Scenario planning, anticipating any unintended consequences of the New Model (or elements thereof)
  
- 6. *Different Types of Service Provision*: while the immediate focus of the new Funding Model is primarily on centre-based ELC and SAC, given the significant policy developments afoot in respect of home-based ELC and SAC (with plans to regulate home-based provision over time), the Expert

Group is asked to consider the extent to which the new Funding Model (or elements thereof) could be applied in the public funding of home-based ELC and SAC.

7. *Broader Funding/Services Landscape*: consideration of the other public funding sources which may resource ELC/SAC services (DCYA funding of 'Specials', Tusla/HSE/DRCD/Pobal/other public funding which is allocated to ELC/SAC services) and how that can best be consolidated and streamlined to provide a fair, consistent and transparent resource base for all services aligned with objectives and principles.
8. *Capital Funding*: The role of capital funding, and whether there is scope to build this into the new Funding Model in recognition of the likely capital investment requirements associated with delivering additional features of quality and having regard to significant capital investment earmarked for ELC/SAC in Project 2040 (i.e. €250m).
9. *Governance and Management Information*: The adequacy of existing information and reporting infrastructure and processes for ELC/SAC settings in order for Government to ensure effective use of public money and appropriate governance, and any changes which need to be made to these systems to underpin the proposed future funding approach.