

# Minister O’Gorman launches major reform of funding for early learning and childcare following Report of Expert Group

From [Department of Children, Equality, Disability, Integration and Youth](#)

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Minister Roderic O’Gorman has today (07 December) announced major reforms to the funding model for early learning and childcare services. The changes will see services increasingly publicly funded and publicly managed, delivering a service for the public good, through a partnership between the State and providers.

The reforms are on foot of an Expert Group report, which was approved by Government and published earlier today.

The Expert Group, established in 2019, was comprised of national and international experts, and was independently chaired by Michael Scanlan. Its report, Partnership for the Public Good, proposes a new approach to State funding of the sector in future. It recommends:

- A new additional funding stream for the sector, Core Funding, to support quality of provision, improved pay and conditions for staff, management of parental fees and sustainability of services
- Universal and targeted Tackling Disadvantage funding and support, building on Core Funding. The universal strand will be informed by the universal elements of the Access and Inclusion Model, and the targeted strand informed by the DEIS model in schools
- Continued provision of the universal Early Childhood Care and Education (ECCE) programme and the National Childcare Scheme (NCS) with enhancements
- An expanded role for the State in managing and supporting supply, quality, accessibility, and affordability

The Expert Group’s vision is that the sector is increasingly publicly funded and publicly managed, delivering a service for the public good, through a partnership between the State and providers, to the benefit of children,

parents, practitioners and society overall. The new funding model is intended, over time, to deliver transformational change including quality improvements to services, better pay and conditions for staff, tackling disadvantage, improved affordability for parents, better management of supply to meet demand, and support for provider sustainability. The new funding model can be applied to small and large service providers of both early learning and care (ELC) and school-age childcare (SAC), to voluntary providers, sole traders, and for-profit chains, to existing and new providers. The recommendations are designed to contribute to achieving the overarching policy goals of public investment in ELC and SAC to support child well-being and development, parental labour market participation and social inclusion.

One of the particularly innovative and exciting elements of the new funding model is the introduction of Core Funding. Core Funding is key to unlocking some of the most challenging issues in the current funding system and offers a new basis on which to build partnership between the State and providers. Core Funding will support the establishment of an Employment Regulation Order to improve pay and conditions in the sector, ensure stability and sustainability for services, improve quality of provision, and enable parental fees to be controlled so that the full affordability benefits of the ECCE programme and NCS can be realised. In return for Core Funding providers will agree to working to achieve these policy outcomes.

Core Funding, and its associated conditionality, enables a shift away from the marketisation of service delivery and towards partnership model, with responsibilities and benefits for both the State and providers. The Expert Group recognised the huge potential for change can be achieved through greater public management of the existing model of delivery.

Welcoming the report, Minister O’Gorman said:

“Today’s announcement marks a new departure for the approach of the State in the funding of early learning and childcare, and significant step towards ensuring high-quality, affordable and accessible services.

“I am delighted that Government has today accepted the recommendations of this important report, and I look forward to overseeing their implementation.

“The overarching theme of the report is about Partnership for the Public Good. It clearly and unequivocally recognises the public good dimension of Early Learning and Care and School-Age Childcare – for children, for families and for society and the economy more widely. These are crucial

services and the State has a strong interest in ensuring they are high quality, affordable, inclusive and sustainable. And this has to be achieved through a relationship of partnership, with providers and the State working together for the public good.”

Michael Scanlan, the Chair of the Expert Group, said:

“The State has a responsibility to support and guide this sector so that it improves child wellbeing and development, supports parental (largely maternal) employment choices, and enhances social inclusion. The Expert Group’s recommendations, combined with the required increase in State investment, can transform the sector over time and help it to achieve these important goals.

“In particular, Core Funding (a new supply-side funding mechanism) is the best way within the current system to support improved employee pay and conditions and other quality improvement measures, to give greater financial stability to service providers, to deliver greater price certainty for parents through appropriate fee management arrangements, and to underpin an enhanced public management and support role for the State.”

Informed by emerging recommendations of the Expert Group, Budget 2022 announced a transformative and ground-breaking package of measures to begin to implement the vision set out in the report. €78 million is being made available to enable this in 2022, including €69 million for a Core Funding stream, equivalent to €207 million in a full year.

**First 5: A Whole-of-Government Strategy for Babies, Young Children and their Families 2019-2028**, committed to increasing State funding to the sector to approximately €1 billion by 2028. The introduction of Core Funding and other Budget 2022 measures are the start of a multi-annual programme of investment to substantially increase public funding for ELC and SAC and to develop a partnership with the sector for the public good.

The Minister thanked the members of the Expert Group for their extensive work over more than two years on this important project. He also noted his appreciation for all of those who participated in the stakeholder consultation, including parents, providers, and practitioners and acknowledged the extent to which these contributions had shaped the

report. He also thanked the Frontier Economics, who undertook research on national and international comparisons on behalf of the group, the ESRI, Pobal and officials across a number of Departments who contributed to the project.

An information webinar on this report, and Nurturing Skills, the Workforce Plan for the Early Learning and Care and School-Age Childcare Sector, 2022-2028, will be made available to the sector later today, providing a detailed overview of both reports.

**ENDS**

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## Notes to the Editor:

- The Expert Group on a new funding model for Early Learning and Care (ELC) and School-Age Childcare (SAC) was independently chaired and included national and international experts in ELC and SAC systems, funding and quality; economics; as well as relevant policy experts from the Government Departments who will be involved in implementing the new Funding Model.
  - The Expert Group was tasked with examining the current model of funding, its effectiveness in delivering quality, affordable, sustainable and inclusive services and how additional resourcing can be delivered for the sector to achieve these objectives drawing on international practice in this area.
  - The new funding model outlined in Partnership for the Public Good is comprised of four key elements, two new elements (Core Funding and Tackling Disadvantage funding) and two elements which are developments on the existing funding approaches of the ECCE programme and the NCS. These four elements, and their associated conditions, form an interlocking and integrated system of funding which is designed to ensure progress on each of the main goals of ELC and SAC policy, and move in the direction of enhanced public management.
1. Core Funding, a new supply-side payment for providers designed to support quality (including improved staff pay), sustainability, and enhanced public management, with associated conditions in relation to fee control and cost transparency, incorporating funding for administration and to support the employment of graduate staff;
  2. Funding for new universal and targeted measures to address socio-economic disadvantage;

3. The ECCE programme, but with funding to support the employment of graduate staff incorporated into Core Funding, and AIM extended beyond the ECCE programme. (This is in line with a First 5 commitment);

4. An amended NCS to provide enhanced universal support to all families, tailor additional supports to high volume users of services, and resolve certain issues arising from the NCS work/study test or wraparound policy.

- Partnership for the Public Good details 25 recommendations to progress the successful implementation of this new funding model, grouped under five headings: Core Funding, Tackling Disadvantage, Affordability Measures, Fee Management, and the Role of the State.

All material related to the Expert Group, including the report, other publications, and details of the Expert Group membership, is available on a dedicated website, <https://first5fundingmodel.gov.ie/>