



Association of Childhood Professionals
The Professional Body Representing Practitioners in
Early Years and School Age Care & Education

Note 1: Core Funding Fee Freeze

When considering the fee freeze implemented in 2022 in conjunction with drawing down core funding, we need to look closely at services with fee structures set before the target fee freeze year of 2021. These services are now suffering with viability issues and also are struggling to meet the high-quality standards desired by all

Looking at the landscape, pre the setting of the fee freeze, we need to recognise that many services were already in a voluntary fee freeze (as rightly requested by the DCEDIY) during the payment of the EWSS, which was put in place to support ALL businesses in Ireland, as a response to the pandemic.

Looking at the CPI for the years 2017 to 2021, it had a cumulative effect of a rise in costs of 12.2%. And if one added in the following two years 2022 and 2023 that figure doubles to 24.2%.

THE REALITY FOR PROVIDERS

In 2022 a fee freeze came alongside our new funding stream -an excellent well intentioned, well balanced and fair scheme BUT for two aspects- the rates were set before the oppressive rates of inflation which struck our country and there was an unequal financial footing between services who honoured the voluntary fee freeze, for the entirety of the EWSS, and those who did not.

Providers now had a funding stream which had not accounted for inflation, leaving with them with no avenue to respond to the unprecedented inflationary costs. The perfect storm for a viability crisis.

Case Study

A service charges €170 in 2017 and would have risen their fees in 2020 but honoured the request of the DCEDIY to maintain a fee freeze. Still in receipt of EWSS right through to summer of 2022 the service continued to honour the voluntary fee freeze.

In that time frame the CPI had risen by 20.2%

Service fee 2017 €170

Service fee 2022 €170

22 children full time for 51 weeks of the year would net an income of €190,740 at full capacity. This service is currently running at a deficit of circa €10,000.

If the service had been allowed, when it requested in summer 2022, to raise its fees to at least 2021 levels, before the fee freeze was imposed, the service would have been able to raise its fees by 12.2% in line with the CPI, which would have meant their fee would rise to €190.74 per week or an annual income of €214,010.28

That's a difference of €23,279.28. And more importantly the difference of operating in the black as opposed to the red !!!

That same service is now facing a second ERO which will further put her in to debt by an additional €12,600.00.

The service provider notes with interest that other Departments secured cost of living grants by way of supports such as the €60m the Department of Education received in budget 2024, on top of a sizeable grant received in 2023 to enable the schools to try to offset the major rise in costs they were facing, while ECEC received no such help .

The introduction of sick leave and increases in minimum wage impacts further on the level of debt for this service.

Unfairly, those who did not honour the request for a voluntary fee freeze, while being paid under EWSS, have a financial advantage and are not experiencing viability issues.

Note 2: Operational Decisions for Providers

Case Study:

My service takes children of all ages. Fees for all are €250 pw

If I take in five 1 year old children (adult child ratio 1:5) my income is €1250 pw.

If I instead take 2 year olds - stop taking the younger children - the ratio is 1:6 so my income is €1500 pw for the same 1 staff member.

If I take 3 year olds (1:8) my income is €2000 pw.

My fees are frozen.

Staff wages are due to increase by 65c per hour this year. Technically this will only apply to staff on minimum wage, and none of my team are on minimum wage, but if minimum wage increases, I always increase wages proportionally thereby reducing the risk of discontent amongst my staff team and to demonstrate valuing experience.

However, the increase in Core Funding, the only variable in my income, is way below 65c per hour.

I don't want to lose any of my team, and that will happen if I don't increase wages.

So, the only way I can increase income is by changing the age of the children that we take in our service.

I hate the idea of not taking younger children but financially, with fees frozen by DCEDIY, and with wages and other costs rising, any other option means reducing income which is not long term viable.

Core Funding, as it stands, is destroying the availability of childcare for parents.

Note 3: Sept 2023 funding increase insufficient funding for wage increases or to cover rising costs.

Case Study.

Creche of 32 children. Open 50 hours per week.

32 children at 0.03 cent per hour at 45 (max possible) hours per week - €43.20 additional funding per week.

To meet the ratios and facilitate the opening hours (shifts) for this number of children, 7 full time staff are employed. Total hours per week: 275.

If the entire funding increase of €43.2 is offset against staff wage increases, this allows an increase of €0.15 per hour per staff member.

The proposed ERO for the childcare sector is increasing wages by €0.65 per hour. This means, that to cater for staff increases in line with the ERO, Core Funding should increase by in excess of €0.14 per child per hour.

It should be noted - if the service passes on the entire Core Funding to staff in increases of €0.15 per hour, there is no funding available for the increase in PRSI, holiday pay that this would entail. There is no facility to pay sick leave, or the proposed pension contribution.

For any increases in utilities, insurance, food etc there is zero provision.

This means that to be sustainable, creches may be unable to raise wages to existing staff i.e. those already paid more than the new ERO rate of €13.60 which will result in discontent amongst experienced educators and even more tightening of the pool of educators in the profession.

Even if services fully pass on the Core Funding increase, the increase of €0.15 per hour (equating to €312 per annum) is not likely to encourage practitioners to stay in the profession.

At the same time the very substantial increases in funding to parents is dramatically increasing the demand for childcare places

Note 4:

In this case, a mother is a full-time carer for the grandmother of the child, aged 2 years.

Due to the nature of the caring, mother and child are housebound for most of the day.

Mother is concerned that the child is not socialising.

For children this age, there is no part time (i.e. a couple of hours per day) care available anywhere in the range of 15 km.

She has been offered a place two days a week in the local creche.

NCS offers her €4.35 per hour, up to 9 hours per day.

If she takes this place, her funding will be €78.30 per week (two days). The cost of two days childcare is €113.20 pw. The post-NCS cost will be €34.90 per week, for two days. Extremely reasonable, but this is a mother who is a full time carer so has no other income.

Taking this childcare allows for medical appointments etc for the grandparent to be met, while the child will be able to socialise with other children, be fed, play extensively outdoors.

The parent ideally would like shorter days, and has suggested that her child might attend 9-4.30 each day. This is acceptable to the creche, but as a full day place, full day fees would apply. However, this would be 7.5 hours per day, which in NCS terms equates to 8 hours per day (hours are rounded up). This would mean a consistent shortfall of 2 hours per week, and under NCS rules, NCS funding would have to reduce to 16 hours, from the proposed hours. This would reduce NCS funding from €78.30 per week to €69.60 per week, increasing fees from €34.90 per week to €43.60 per week, an increase of €8.70 per week. Just because the mother does not want to leave her 2-year-old unnecessarily in the creche.

This is a single parent and a full-time carer.

This demonstrates the contrariness of the rules within the NCS.