

Review of Early Learning and Care ('ELC') and School Age Childcare ('SAC') Operating Model in Ireland

Report

Submitted to

**Department of Children, Equality,
Disability, Integration and Youth**

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GLOSSARY OF TERMS AND ABBREVIATIONS

AIM	Access and Inclusion Model
Aistear	National Early Years Curriculum Framework
ASCC	After-school Childcare Scheme
CAPA	Correction and Preventative Action
CAR	Compliance, Audit and Risk
CCC	City and County Childcare Committees
CCI	Childcare Committees Ireland
CCS	Community Childcare Subvention
CCSP	Community Childcare Subvention Plus
CCSR	Community Childcare Subvention Resettlement
CCSRT	Community Childcare Subvention Resettlement Transitional
CCSU	Community Childcare Subvention Universal
CEC	Community Employment Childcare
CETS	Childcare Education and Training Support
CLG	Company Limited by Guarantee
CNNG	Comhar Naíonraí na Gaeltachta
CPD	Continuing Professional Development
DCEDIY	Department of Children, Equality, Disability, Integration and Youth
DE	Department of Education
DPER	Department of Public Expenditure and Reform
DRCD	Department of Rural and Community Development
ECCE	Early Childhood Care and Education
ECEC	Early Childhood Education and Care
ECI	Early Childhood Ireland
ELC	Early Learning and Care
ETB	Education and Training Board
EWSS	Employment Wage Subsidy Scheme
FAR	First-aid response
FTE	Full-time equivalent
IBEC	Irish Business and Employers Confederation
LINC	Leadership for Inclusion in the Early Years programme
LIP	Local Implementation Plan
NCN	National Childhood Network
NCS	National Childcare Scheme
NCSE	National Council for Special Education
NFQ	National Framework for Qualifications
NPC	National Parents Council
NRG	National Representative Group (of the CCI)
NSAI	National Síolta Aistear Initiative
NVCC	National Voluntary Childcare Collaborative

NVCO/VCO	(National) Voluntary Childcare Organisations
OECD	Organisation for Economic Co-operation and Development
OSAG	Operations and Systems Alignment Group
PfG	Programme for Government
PIP	Programmes Implementation Platform
SAC	School-Age Childcare
Síolta	National Quality Framework for Early Childhood Education
SIPTU	Services, Industrial, Professional and Technical Union
SLA	Service-level agreement
SMSI	St. Nicholas Montessori Society of Ireland
SONRA	The CCI's bespoke internal national data collection system
SoW	Statements of Work
SPEL	Sensory Processing in Early Learning
TEC	Training and Employment Childcare
TWSS	Temporary Wage Subsidy Scheme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations International Children's Emergency Fund
VCOs	Voluntary Childcare Organisations
VTOS	Vocational Training Opportunities Scheme

EXECUTIVE SUMMARY OF OVERALL FINDINGS

Introduction and Context

This report was prepared for the Department of Children, Equality, Disability, Integration and Youth ('DCEDIY') by Indecon International Consultants ('Indecon'). Indecon was appointed by the Department following a competitive tender process to undertake this review of the Early Learning and Care ('ELC') and School-Age Childcare ('SAC') Operating Model ('Review').

The background to this review is that the Irish ELC and SAC model operates across multi-level structures, including the DCEDIY, the Department of Education ('DE'), Pobal, 30 County and City Childcare Committees ('CCC'), seven National Voluntary Childcare Organisations ('NVCO'), and Tusla. The model has developed incrementally over time as various policies and schemes have been introduced. The need for a review of the overall operating model was identified in *First 5: A Whole of Government Strategy for Babies, Young Children and their Families* ('First 5'). The objectives of the Review are to:

- analyse the current operating model;
- consider alternative models in light of the emerging needs; and
- identify and undertake an analysis of options for reform to the operating model.

The Review is designed to ensure that any revised model is effective and efficient, and that there is clarity in relation to roles and responsibilities, as well as strong performance management. Indecon also believes that the overall objective of any potential reforms to the operating model should be considered in terms of how any changes might support the optimal delivery of ELC and SAC in line with wider Government policy objectives. Ensuring that the operating model meets the evolving needs of children and parents should be a priority. Organisations within the operating model must meet governance requirements set for bodies in receipt of exchequer resources.

Strategic Priorities

Over the last two decades, State support for ELC and SAC has widened the provision of subsidies for parents and access to ELC and SAC for children (through for example, the introduction of the ECCE Programme, the introduction of the Access and Inclusion Model ('AIM'), and the introduction of the National Childcare Scheme ('NCS')). There has also been an increasing focus on programmes to support quality, with a particular focus on workforce development and regulatory reform. The operating model for ELC and SAC has evolved on an ad hoc basis to respond to these changes.

First 5 commits to further major reform of ELC and SAC, including a new funding model¹; a recently published new workforce plan²; an expansion of AIM; introduction of a new DEIS-type model for ELC and SAC; and the regulation of all paid non-relative childminders. There are also far-reaching commitments in the Programme for Government and the National Development Plan and significant EU and international developments underway, including the EU Child Guarantee.

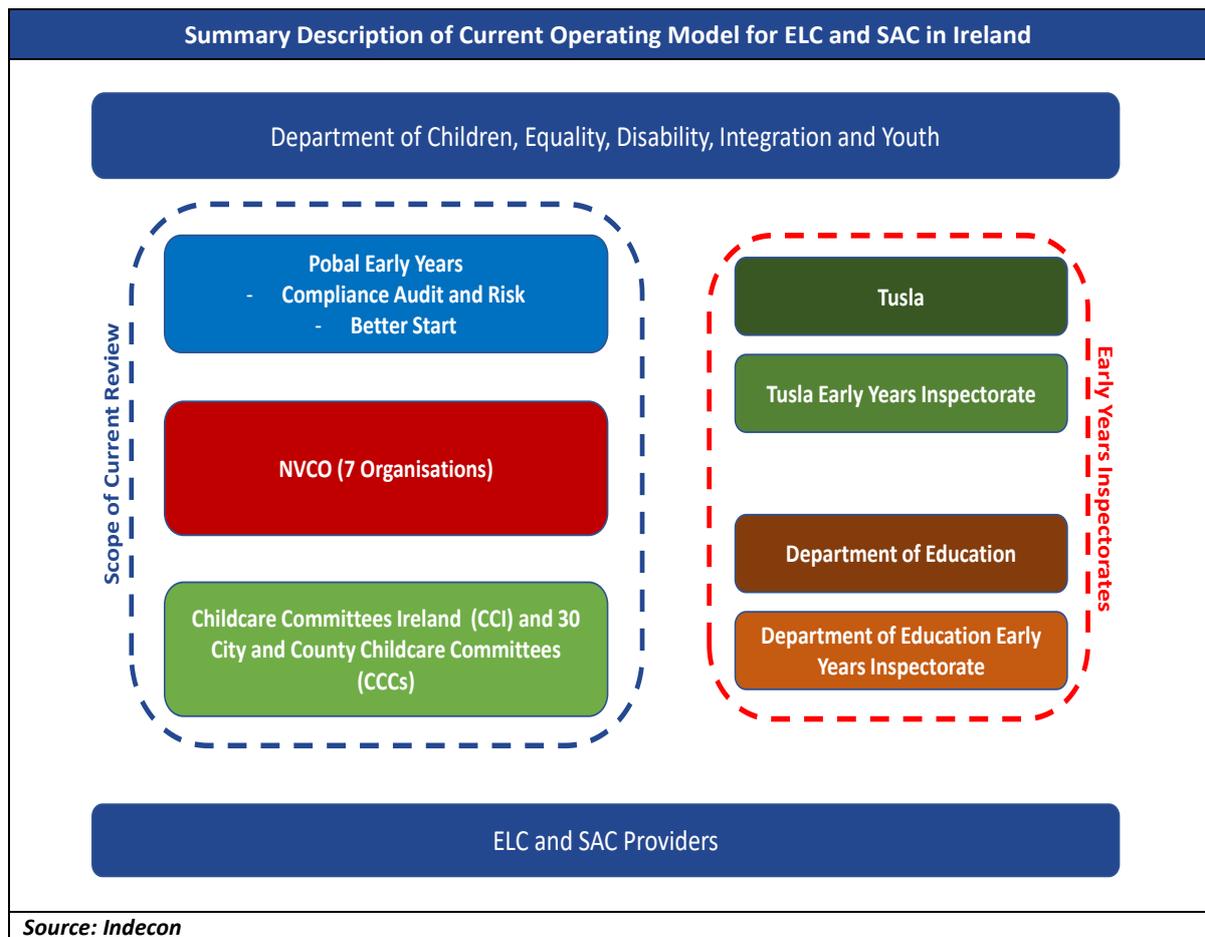
These developments will lead to, inter alia, a significant increase in the numbers of children, families, workers and providers interacting with the operating model. Moreover, a doubling of State investment in ELC and SAC by 2028 is set to place substantial demands on this operating model. A review and redesign of the operating model is committed to in *First 5* to ensure it is equipped to deal with the significant reform agenda envisaged.

¹ Partnership for the Public Good: A New Funding Model for Early Learning and Care and School-Age Childcare' <https://first5fundingmodel.gov.ie/>

² Nurturing Skills: The Workforce Plan for Early Learning and Care and School-Age Childcare (2022-2028)' <http://www.gov.ie/nurturingskills>

Overview of Current Operating Model

The organisations that make up the multi-level structures within the ELC and SAC operating model are shown in the figure overleaf. This highlights the multiplicity of organisations involved and the complexity of the system. The Indecon Review is focused on the national, regional and local operating models and associated organisational structures, but not on the providers of ELC and SAC services. However, it is important to take account of the fact that provision in Ireland is mainly dependent on private providers and that many are very small, or sole traders. In addition, the existing roles of the DE (including some bodies under its aegis such as the NCCA) and of Tusla, do not fall within the scope of this Review, although we do consider whether these bodies could potentially support functions that are currently undertaken by other organisations within the operating model. The dual inspection systems was considered separately, as part of a Country Policy Review led by the OECD³, which was published in December 2021.



A summary of the activities undertaken by each organisation is shown in the next table. This highlights the fact that a number of organisations are involved in the activities that underpin an effective operating model.

³ Strengthening Early Childhood Education and Care in Ireland' https://www.oecd-ilibrary.org/education/strengthening-early-childhood-education-and-care-in-ireland_72fab7d1-en

Summary of Functions Undertaken by Different Organisations in Operating System							
	Policy	Communications	Training	Information	Inspection/ Compliance	Advice	Data Collection
DCEDIY	✓	✓		✓			✓
Dept of Education	✓	✓	✓	✓	✓	✓	✓
Pobal		✓	✓	✓	✓	✓	✓
Better Start		✓	✓	✓		✓	✓
TUSLA		✓	✓	✓	✓		✓
CCC		✓	✓	✓		✓	✓
NVCO		✓	✓	✓		✓	✓

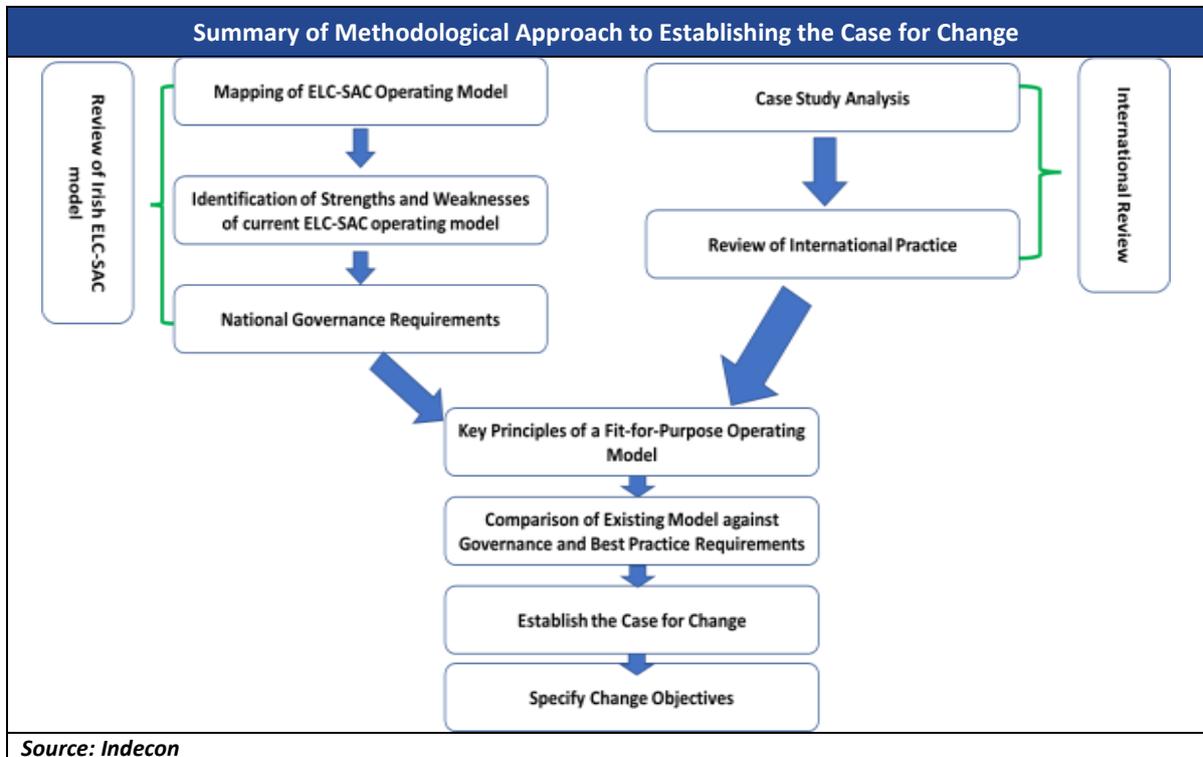
Source: Indecon

Establishing the Case for Change

A key step in the Review before considering a case for change is to establish whether there is a “case for change” in relation to the current ELC and SAC operating model. The various elements considered in relation to a case for change (presented in the figure below) included:

- Review of international experience in relation to operating systems for ELC and SAC provision;
- Assessment of strengths and weaknesses of the current operating model for ELC and SAC in Ireland;
- Review of national governance requirements to ensure efficient and effective use of public resources;
- Description of key principles of a fit-for-purpose operating model; and
- Characteristics of a fit-for-purpose operating model, and how the current model compares.

These elements are then brought together to identify the key findings in relation to the case for change of the current operating model. This in turn permits us to establish specific change objectives.



Review of International Experience

The review of international experience is based on two methodological approaches. The first approach is a detailed case study approach of four comparable jurisdictions which highlights the features of these operating models and how they compare to the Irish model. This analysis is supported by a wider review of international practice which considers published research by international organisations such as the OECD on operating models in a larger number of countries. These analyses inform our findings of international approaches to ELC/SAC operating models.

As noted above, Indecon undertook a number of case studies of operating models in other countries. These studies focused on the Netherlands, Norway, Scotland and Australia. The research provides an indication of the range of approaches applied internationally. The key findings from these case studies are summarised below, while further details are set out in Section 5 of the main report.

Netherlands

Early childhood education and care ('ECEC') in the Netherlands combines two systems, namely: (a) childcare, which aims to facilitate the combination between work and care; and (b) early childhood education, which consists of specially targeted programmes for children aged 2-3 years with a language deficiency or educational disadvantage. The Minister of Social Affairs and Employment is responsible for the overall quality of childcare, as well as the development of national policy, quality standards and financing of supportive measures to enhance quality. The Regional Health Inspectorate supervises the quality of childcare, while the National Association of Regional Health Authorities ensures these inspections are conducted in a uniform way across all regions. Local Government (Alderman of Education/Childcare) distributes subsidies for targeted preschool programmes and determines local priorities.

Norway

In Norway, the Directorate for Education and Training, which is an executive agency of the Ministry of Education and Research, is responsible for the development of preschool education. It has overall responsibility for the supervision of preschools, as well as governance and the implementation of legislation and regulations. The State is represented in each county by a County Governor, who has responsibility for disseminating national policies at the regional level and providing guidance to municipalities, providers and the general public. Municipalities are responsible for providing sufficient early years places; funding; approving preschools; and inspecting the quality of provision. They are also responsible for ensuring national regulations and standards are complied with in both public and private *barnehager* (ELC provider).

Scotland

In Scotland, the Early Learning and Childcare Programme Directorate is responsible for developing a flexible and high quality ELC system that is "accessible, affordable and integrated with school and out-of-school care." The Directorate provides funding to local authorities, which are responsible for the implementation and delivery of funded ELC to their communities. One notable feature of the Scottish model is ParentClub, a Scottish Government website for parents which provides advice and guidance.

Australia

Australia has established an independent statutory agency ('ACECQA') under the Education and Care Services National Law 2010 which is funded by the Australian Government. ACECQA is tasked with, among others, assisting government in improving quality outcomes for children from birth to 13 years of age and their families; and ensuring consistency in the operation of national law and regulations within the National Quality Framework ('NQF') for children's education and care.

OECD Countries Generally

Indecon's examination of international practice regarding the existing framework and organisational structures for ELC and SAC indicated that ten of 36 countries with available OECD data have what is called a 'split system'. Under such a model, policies for care and early education are developed separately and fall under the responsibility of different authorities. In countries with such split systems, different quality standards often apply for different ELC settings or different age cohorts. In contrast, in countries with an integrated system, similar quality standards are more frequently applied to any ELC setting.

In other countries Indecon has examined, early years education and care may be provided by the central or local government, privately provided, or provided by community organisations. Private provision may be for-profit or not-for-profit, as in the case of community or charity provision. However, most countries have mixed provision systems, incorporating different forms of governance, provision directly by public bodies as well as private entities. In Ireland, nearly all publicly funded provision occurs in private settings and there is very little direct public provision.⁴ This raises challenges for policymakers and for the operating model in terms of the required degree of public management of the sector.

Among the main findings from the review of international practice were the following:

- A systems approach rather than a programmes approach is aligned with international practice and can ensure the effective operation and governance of the ELC and SAC systems. A systems-based approach tends to support greater coherence and communication and will provide localised operational function and strategic policy development and implementation in a coherent and collaborative systemic framework. A structured and integrated system also reduces duplication and fragmentation.
- International practices reinforce the importance of governance at all levels of the operating model, i.e., central, regional and local. They show the importance of linear integrated and defined governance and accountability requirements derived from a centrally accountable body through regional/local implementation mechanisms (where such are required).
- International practice demonstrates the importance of a collaborative operating model where priorities for ELC/SAC and other related sectors can be achieved. This requires a shared vision and policy direction (as with the vision and direction articulated in *First 5*). It also requires appropriate structures, clear roles and responsibilities with mechanisms for engagement. It shows that the model should account for collaboration in informing policy and system development; and that collaborative mechanisms must exist towards informing planning access and availability at the local level.
- International practice reinforces the importance of an overall national quality framework with clearly defined quality standards for all ELC and SAC services, irrespective of service type.
- Allied to earlier principles, consistency of policy approach and expertise is also a feature of international practice and is particularly important where there is a disparity of pedagogical approaches, educator qualifications and conditions.
- International practice shows that there is a need to ensure key stakeholders, including children and families, workers, and providers, are involved in the design and delivery of ELC and SAC. International practice also demonstrates the important role played by community and voluntary organisations. The operating model should be designed to meet the needs of all stakeholders with appropriate mechanisms in place for involvement and engagement. International practice shows that this engagement should be structured through the system at the central/national level and local levels according to the particular parameters of engagement.
- Assessment and reporting functions need to ensure that the expertise that educators and families bring to the provision of quality ELC and SAC is facilitated. The operating model should meet the needs of all stakeholders with appropriate mechanisms for stakeholder engagement.
- International practice emphasises the importance of effective systems and structures for ELC and SAC communications, including the need for supports to be easily accessible, for example, via an online

⁴ The Early Start programme is a notable exception to this.

platform or public-facing portal to allow users or potential users (families, community groups) to access data to inform their decision-making about services.

- International practice reinforces the importance of research and evaluation. This is essential for monitoring and improving quality; for forecasting supply and demand; and for accountability purposes. Research and evaluation are also critical to ensuring outcomes are achieved and that public expenditure represents value for money.

Strengths and Weaknesses of Current Operating Model in Ireland

Indecon completed a detailed assessment of the current operating model in Ireland, identifying the strengths and weaknesses of the current model. This assessment was informed by consultation with stakeholders (both those who comprise the current operating model, and a wider range of stakeholders) to establish their views on the existing model, as well as by international evidence and Indecon's own independent evaluation of the existing operating model. Sections 5 and 6 of the main report details the international evidence gathered, while Section 9 documents stakeholders' views of the existing model. A brief summary of stakeholder views is set out below.

Stakeholder Views

There was some recognition by stakeholders of the challenges faced by the operating model in handling the scale of the proposed planned reforms for ELC and SAC, alongside an emphasis on the need to carefully consider how any changes would be managed and communicated.

Engagement with stakeholders also highlighted concerns regarding governance and accountability due to the multiplicity of agencies within the operating model, with one stakeholder organisation commenting that *"Accountability is largely limited to reporting by funded organisations against a limited set of indicators or outputs, which themselves provide a selective profile of what the work involves and its impact on children and quality service development."*⁵

Fragmentation and duplication within the current operating model, and the perceived complexity, confusion and administrative burden this causes for ELC and SAC providers and for families, was identified as problematic by stakeholders. One organisation suggested that *"A consequence of the current system is that there are multiple overlapping layers that often have different aims and objectives and are confusing and challenge collaborative working. The significant and positive developments in recent years need to be aligned with an operating model that can bring these functions together in a way that ensures quality outcomes for children"*⁶, whilst another stakeholder group deemed there to be *"a lack of joined up thinking between all bodies. DCEDIY, POBAL, TUSLA, DES, CCCs and the NVCOs all seem to be at cross purposes. Communications from each body on the same topic is often conflicting and providers and staff are caught in a vacuum."*⁷

Stakeholder consultation further identified that the current model was lacking in sufficient levels of engagement with parents, with one organisation commenting *"Currently the infrastructure to communicate with parents of children in ELC settings is not established to the same level as that for parents of primary school-going children; the opportunity to address this challenge would be a welcome outcome of the Review."*⁸

Stakeholders also recognised the importance of new measures to ensure adequate supply of ELC/SAC. One stakeholder group deemed that *"The challenge in a privately owned and operated sector is to leverage or sufficiently influence provision and continuity of supply within a well-managed resource framework."*⁹

Alongside the challenges associated with the existing model, stakeholders also pointed to several key strengths, including the knowledge, expertise, adaptability and commitment evident in the current model, the

⁵ Early Childhood Ireland

⁶ Children's Rights Alliance

⁷ Federation of Early Childhood Providers

⁸ Department of Education

⁹ Pobal

local provision of supports to disadvantaged communities and vulnerable families, and ability to gather data at national and local level.

The analysis of stakeholders' views has identified a number of key characteristics of the operating model. Many of the views outlined are aligned with Indecon's independent evaluation of the operating model, which are summarised below.

Summary of Main <u>Strengths</u> of Current Operating Model for ELC and SAC
<ul style="list-style-type: none"> • Responsibility with one Department for the integration of ELC and SAC policies • Existence of a national strategic policy (<i>First 5</i>) • All of the main components to support service provision are in place • Flexibility inherent in multiplicity of agencies and providers • Experience and expertise • Agility of support structures in adjusting to changing requirements • Local knowledge • Commitment to continuous improvement • Investment in research and evaluation
Source: Indecon

In addition, the assessment identified a number of weaknesses of the current operating model which are summarised in the next table.

Summary of Main <u>Weaknesses</u> of Current Operating Model for ELC and SAC
<ul style="list-style-type: none"> • Concerns over the ability of the existing system to handle the scale of proposed reforms • Fragmentation and duplication with resultant complexities for providers and parents • Gaps in compliance with best practice governance • Accountability concerns due to multiplicity of agencies and providers • Insufficient public management of private provision/ Inconsistency in level of supply • Concern over ownership and management of assets funded by Exchequer • Impact of Department undertaking significant operational activities • Low levels of interaction with parents • Absence of shared services to support sole suppliers
Source: Indecon

A central objective of any reform must be to build on the evident strengths of the current operating model and to also address its weaknesses to ensure that the model is fit for purpose and can meet the needs of families and other stakeholders.

National Governance Requirements

One important aspect of a fit-for-purpose operating model for ELC and SAC provision concerns the need to ensure that the model meets national governance requirements. These requirements have been established in order to ensure the efficient and effective use of exchequer funding. As indicated by the Department of Public Expenditure and Reform:

“Good governance in the public sector encourages better informed and longer-term decision-making as well as the efficient use of resources. It strengthens accountability for the stewardship of resources and is characterised by robust scrutiny which places ongoing emphasis on improving public sector performance.”¹⁰

In identifying appropriate governance arrangements, Indecon’s review has examined government guidance from a number of frameworks and other documents. These set out requirements for bodies in receipt of public funding or who are registered as charities and relate to both the management and boards of these organisations. Some of the key requirements of relevance to the current model, as well as any future ELC and SAC operating model, are highlighted below. Further detail on the various governance requirements is provided in Section 7 of the main report.

Code of Practice for the Governance of State Bodies

Of particular, overarching importance is the Code of Practice for the Governance of State Bodies, which was updated by the Department of Public Expenditure and Reform in August 2016. Government Departments must ensure compliance with the Code, which provides a framework for the application of best practice in corporate governance, and concerns both internal practices of State Bodies and their external relations with Government, the relevant Minister under whose aegis they fall, and with the Minister for Public Expenditure and Reform.

The Code notes that the starting point for effective governance and for clarity of accountabilities is the oversight agreement between the relevant Minister/Department and the reporting agency/body. This should constitute a written statement between the relevant Minister/Department and the agency/body, which clearly defines the parent Department’s relationship with that body.

Specifically, the Code allocates the governance arrangements to parent Departments. The Minister of the parent Department has formal powers to issue directions and to approve certain aspects of the operation of the relevant bodies. These formal powers only apply to the parent Department. This is relevant to Pobal, as DCEDIY is not the parent or lead Department, although most of its funding is provided by DCEDIY.

Another important aspect concerns the role and characteristics of boards of directors. Given that the operating model for ELC and SAC is largely composed of separate companies (Pobal, CCC, NVCO), this is a cornerstone of effective governance. The Code of Practice for the Governance of State Bodies sets out a number of requirements in this regard.

Public Financial Procedures

The Public Financial Procedures recognise that Government Departments may have responsibility for a number of bodies that come under their aegis. Departments are obliged to hold such bodies to account on behalf of their Minister. This requires evaluating their budgets and plans against those set by their Minister; monitoring their performance in meeting objectives and targets (including financial targets); and the evaluation of the return on the State’s investments.

¹⁰ DPER guidelines on governance of State Boards

Also important are the responsibilities of Accounting Officers in relation to the distribution of voted public expenditure. This includes the responsibilities in relation to grants to external agencies of a Government Department. The operating model for ELC and SAC involves the awarding of significant levels of annual funding to a range of intermediary bodies. The main funding administration is via Pobal, which acts as the funding intermediary. It is therefore important that there is compliance with the requirements set by DPER on the management and accountability of grants from exchequer funds.

In this context, Circular 13/2014 makes specific reference to grants which involve the onward movement to the grantee via one or more intermediary bodies. Under such circumstances, the Circular states that “the number of intermediaries should be kept to a minimum.” Indecon assumes that the rationale for this is in part to facilitate greater accountability for the use of the funding. This may also be related to the issue noted in the Circular concerning cases where grantees receive funding from multiple sources. In such cases, the Department “should be satisfied that there are appropriate monitoring and control arrangements in place.” This is particularly relevant to the ELC and SAC operating model, due to the large number of intermediary bodies.

A characteristic of the current operating model which raises additional governance requirements is that most of the bodies involved are registered charities and have a registered charity number (‘RCN’). These bodies must therefore comply with the governance requirements set out in the Charities Governance Code.

Key Principles of a Fit-for-Purpose Operating Model

Based on our review and analysis of international experience and national guidance, Indecon identified the key principles that characterise a fit-for-purpose operating model for ELC and SAC. These principles are summarised in the next table.

Principles of a Fit-for-Purpose Operating Model
Principles of a Fit-for-Purpose Operating Model
<input type="checkbox"/> A systems approach rather than a programmes approach
<input type="checkbox"/> Effective governance
<input type="checkbox"/> Coherent collaborative model
<input type="checkbox"/> An overall national quality framework
<input type="checkbox"/> Consistency of approach and expertise
<input type="checkbox"/> Stakeholder involvement and engagement
<input type="checkbox"/> Easily accessible resources and information
<input type="checkbox"/> Commitment to investment in research and evaluation
<i>Source: Indecon analysis</i>

Comparison of Existing Model to Governance and Fit-for-Purpose Requirements

In evaluating the current Irish operating model and in identifying what a fit-for-purpose model would look like, it is instructive to consider whether the current model is aligned or not with international practice and key national governance requirements. The key findings from Indecon’s assessment are set out overleaf.

A systems approach rather than a programmes approach

The main components to support the delivery of high quality ELC and SAC are in place. However, there are some gaps in functions and some weaknesses. There is fragmentation with resultant complexities for providers and parents. This impacts on the ability of parents to make informed decisions. The fragmentation can also represent challenges for providers and increase the administrative burden. Indecon also has concerns over the ability of the existing system to handle the scale of proposed reforms. There are uncertainties regarding supply and demand balance for ELC and SAC provision outside of the ECCE Programme and effective management of this balance is needed to ensure an effective overall systems approach.

Effective governance

One Government Department, namely the Department of Children, Equality, Disability, Integration and Youth, has overall responsibility for ELC and SAC. This is a key strength which Indecon believes should remain regardless of the operating model. However, the Department undertakes significant operational activities. While this can enable the Department to understand the system, there is a significant risk that this diverts resources from key policy, strategic and governance issues. There are concerns over the Department's formal powers relating to the operating model.

Indecon has also identified accountability concerns due to the multiplicity of agencies and providers and dependence on external non-profit organisations. There are gaps in compliance with best practice governance due to the multiplicity, size and nature of organisations, many of whom have part-time voluntary boards. These gaps and issues will be of increasing concern given the scale of the proposed increase in exchequer funding. Ensuring compliance with all legal obligations and with best practice in respect of the funding of external bodies is required, which may give rise to the need for procurement or commissioning of some services; in particular certain functions provided by the national voluntary childcare organisations.

Coherent collaborative model

The fact that one Government Department has overall responsibility for ELC, SAC and childminding is a key strength. Indecon believes that this should remain regardless of the operating model. Agility of support structures in adjusting in a collaborative way to changing requirements is another strength of the Irish model which is aligned with best practice. This flexibility was also evident in other sectors. With multiple bodies providing a wide range of services, ensuring coherence is challenging.

An overall national quality framework

Existence of a national strategic policy (*First 5*) in which the quality framework fits is a strength. Indecon notes that the operating model is part of a wider system that has national practice frameworks, *Síolta* and *Aistear* for ELC and National Quality Guidelines for SAC as well as a regulatory and inspection system. Also relevant to this review is the EU Quality Framework for ECEC which informed the development of *First 5*. Indecon has not identified any major gaps in relation to quality framework for formal provision, but we note that there are no developed mechanisms within the current operating model to ensure quality in childminding. The ability of the model to handle future developments in quality assurance mechanisms and in workforce development remains an issue. The national practice frameworks have not been fully implemented by all providers even though they have been in place since 2006 and 2009.

Consistency of approach and expertise

Experience and expertise of staff in the model is essential to ensuring a consistency of approach. This is reinforced by local knowledge. Inconsistency in approach and varying levels of access to expertise is inherent due to the multiplicity and lack of scale of entities in the operating model and providers. This impacts on risk management and potentially on value for money. Indecon notes that a number of entities in the operating model perform tasks outside of service provision. The infrastructure for CPD is also fragmented. The dual inspection (though out of scope) is also relevant.

Stakeholder involvement and engagement

There are significant weaknesses in terms of parental engagement and in providing access to data to help inform decisions on the use of services or to support parental involvement in services. There is no professional register for educators and no register of engagement in CPD.

Easily accessible resources and information

Indecon notes the commitments in *First 5* and work underway to develop a new hub on <https://www.gov.ie>. However, it is not straightforward for parents, providers and other stakeholders to access key information to inform decisions. This is despite the existing access to local supports, particularly for providers and access to supports for parents. The absence of shared services to support sole suppliers is a weakness given the micro size of many operators.

Commitment to investment in research and evaluation

There is a commitment to continuous improvement, and some investment in research and evaluation has been undertaken. Lack of state provision impacts on ability to evaluate and test new ideas. (The lack of state provisions also impacts on the ability to provide services for disadvantaged groups. However, this is more related to the principle of a systems approach). There is however a need for investment in research and data availability to ensure the effectiveness and value for money of services.

Characteristics of a fit-for-purpose operating model in the Irish context

Based on the detailed assessment of the current model, Indecon has identified 13 key characteristics that a fit-for-purpose operating model for ELC and SAC in Ireland should demonstrate. These are summarised in the next table, while further detailed discussion of these characteristics is included in Section 10 of the main report.

Translation of Principles – Characteristics of a Fit-for-Purpose ELC and SAC Operational Model	
international Practice Principles	Translation of Principles into Model Characteristics
<input type="checkbox"/> A systems approach	<ul style="list-style-type: none"> ➤ DCEDIY focused on strategic issues ➤ Clear organisational support strategy which avoids unnecessary fragmentation
<input type="checkbox"/> Effective governance at all levels	<ul style="list-style-type: none"> ➤ Allocation of roles and powers to fulfil organisational mandates ➤ Adherence to National Governance requirements
<input type="checkbox"/> Coherent collaborative model	<ul style="list-style-type: none"> ➤ Clear organisational support strategy which avoids duplication and unnecessary fragmentation ➤ Appropriate balance between national/regional and local structures
<input type="checkbox"/> An overall national quality framework	<ul style="list-style-type: none"> ➤ Implementation of national quality frameworks
<input type="checkbox"/> Consistency of policy approach and expertise	<ul style="list-style-type: none"> ➤ Necessary support infrastructure for providers ➤ Organisations with necessary skills and resources
<input type="checkbox"/> Stakeholder involvement and engagement	<ul style="list-style-type: none"> ➤ Meaningful engagement of parents, workers and other stakeholders
<input type="checkbox"/> Easily accessible resources and information	<ul style="list-style-type: none"> ➤ Ease of access to information and resources for stakeholders
<input type="checkbox"/> Commitment to investment in research and evaluation	<ul style="list-style-type: none"> ➤ Mechanisms to ensure alignment of supply and demand ➤ Mechanisms to facilitate monitoring of outcomes
Source: Indecon analysis	

Case for Change – Summary of Key Findings

The analysis and evidence presented in this report have highlighted the areas where change needs to happen if the operating model for delivery of ELC and SAC is to meet the principles of a fit-for-purpose model. In particular, this model should build on the evident strengths and address the main weaknesses of the current model, which are summarised in the next table.

Case for Change – Summary Key Weaknesses and Gaps of Existing Operating Model
<input type="checkbox"/> Concern over the ability of the existing model to handle the scale of reforms
<input type="checkbox"/> Governance and accountability concerns, due to multiplicity of agencies and providers
<input type="checkbox"/> Fragmentation and duplication
<input type="checkbox"/> Low level of involvement with parents
<input type="checkbox"/> Insufficient public oversight of private provision
<input type="checkbox"/> Absence of shared services to support micro-suppliers

The key findings which highlight the case for change can be summarised as follows:

Concern over the ability of the existing model to handle the scale of reforms

- Continuing with the current operational model would hinder the achievement of the strategic targets set in *First 5* and would not be adequate to have assurance over the management of the scale of Exchequer resources envisaged. Planned future developments include, amongst others, a commitment to at least double investment in ELC and SAC between 2019 and 2028; the implementation of a recently launched new funding model, implementation of a recently published workforce plan, and implementation of the National Action Plan for Childminders. While different options merit consideration on how to achieve these changes, it is important that the model delivers on the outcomes required.
- The existing operating model is not focused on childminders. The operating model will need to change so that an organisation structure is developed to work proactively and supportively in engaging with childminders who have previously had no engagement with State systems. The model will need to change to provide training and advisory supports for this large group of individuals, particularly in light of the objectives as set out in the National Action Plan for Childminding 2021-2028.
- An organisation will need to have overall responsibility for infrastructure to support the implementation of the workforce plan and to extend quality improvements.

Fragmentation and duplication

- The current operating model has many strengths but is characterised by a fragmented system with multiple intermediary bodies, many of which are very small in scale and have voluntary part-time boards. This does not appear to be aligned with the principles for the effective management and accountability of Exchequer funds.¹¹ Fragmentation can result in administrative burdens on providers and result in confusion for parents, providers and other stakeholders. This requires increased attention in a context where a doubling of already significant levels of public expenditure between 2019 and 2028 is proposed.

¹¹ See DPE 022/05/2013, Circular 13/2014.

Governance and Accountability Concerns

- ❑ There are a wide range of detailed requirements for the management and governance of organisations funded by the Exchequer. Many of these are also aligned with wider best practice corporate governance requirements for any organisation. There is evidence that the existing model is not fully aligned with the requirements of the Code of Practice for the Governance of State Bodies. These requirements may be challenging for some of the organisations within the operating model given the small size of the organisations. This highlights the need to consider the fragmented nature of the operating model from a governance perspective. It is noteworthy that DCEDIY is not the parent Department for Pobal, despite being its largest single funder. Piecemeal investment to meet these requirements in each of the companies involved would likely be an ineffective use of resources.
- ❑ The existing model with intermediaries in every county is unlikely to be able to realise the benefits of economies of scope and scale.
- ❑ Meeting governance and accountability requirements will also require clarification of what services are needed from the NVCO and the use of public procurement or commissioning to secure these services where appropriate.

Insufficient public oversight of private provision

- ❑ It is significant that the existing operating model is not actively involved in the alignment of supply and demand and there is a need for mechanisms to ensure alignment in this regard. Indecon notes that the State already plays a significant role in public management, but a greater role may be required. This needs to be carefully planned and should address areas where there is market failure, which includes costs to parents and insufficient provisions of specific types of services. Without this role, the ambitious targets set in *First 5* and the reform of funding for early learning and childcare may be compromised.

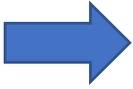
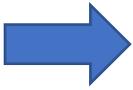
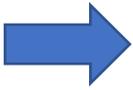
Low level of involvement with parents

- ❑ The low levels of interaction with parents are a notable feature of the current operating model. This results in a deficiency in parental engagement in inputting to decisions that impact their children. There is a requirement for the operating model to be modified to involve greater interactions and engagement with parents, families and other stakeholders. With the proposed regulation of childminders, the challenge for the model of addressing low levels of engagement with parents and families will increase.

Absence of shared services to support micro-suppliers

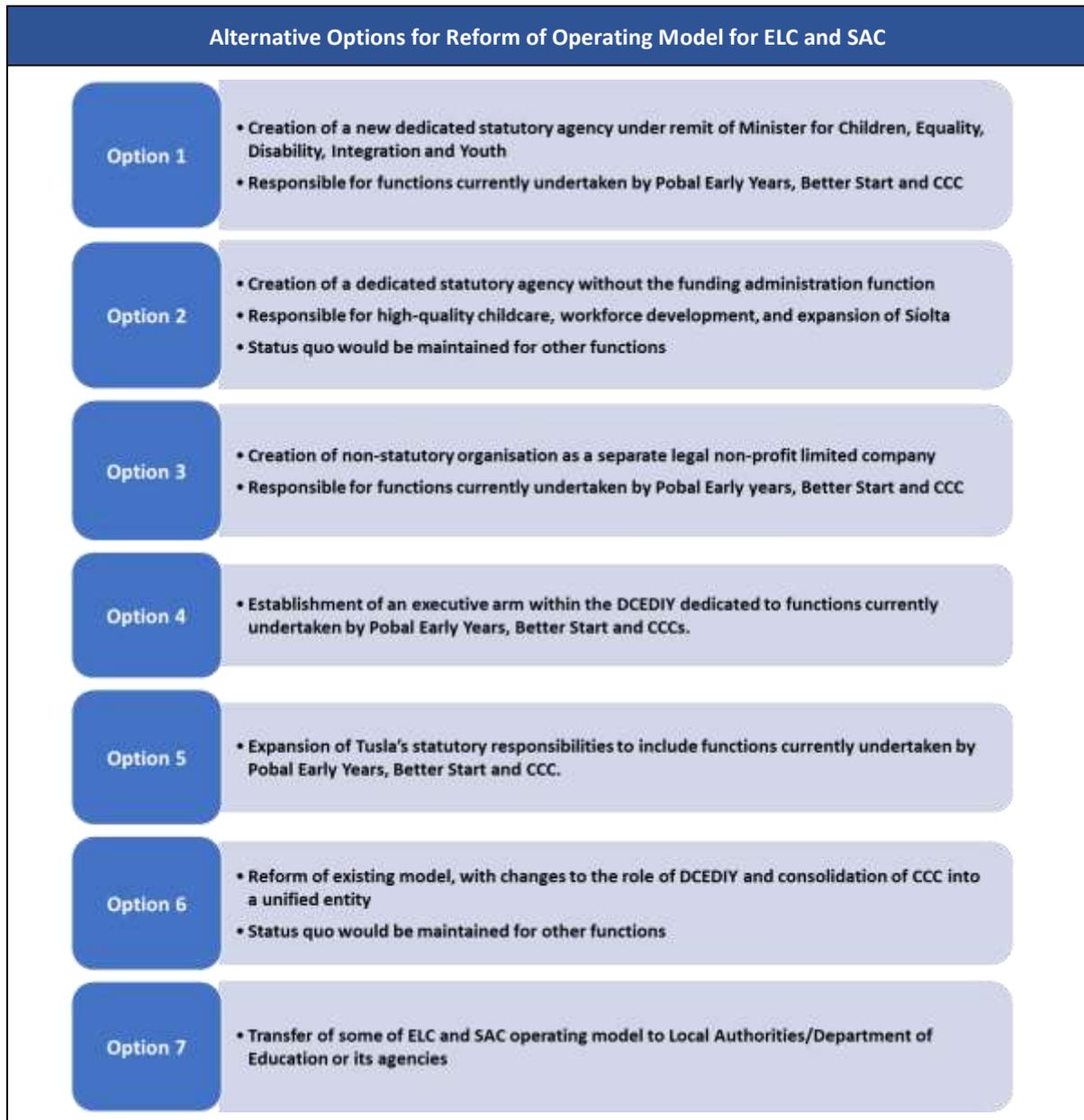
- ❑ A system whereby an organisation can provide shared services to providers would also enhance overall effectiveness and would support smaller providers in the delivery of their services. The absence of shared services to support sole suppliers is a weakness given the micro size of many operators.

Taking into account the above findings, it is instructive to identify the key characteristics of a reformed operating model for ELC and SAC, which would address the above findings. These characteristics are summarised in the next table.

Impacts of Changes on Characteristics of Existing Operational Models		
Aspects of Existing Operational Model	Change	Characteristics of Model which Addresses Weaknesses
Concern over the Ability to Handle the Scale of Reforms		<ul style="list-style-type: none"> • Model with Sufficient Scale of Organisations with Experience, Governance and Resources to Accommodate <ul style="list-style-type: none"> – Doubling Investment – Implementation of National Childminding Action Plan – Implementation of the Workforce Plan – Implementation of the New Funding Model – Rollout of Síolta and Aistear
Governance and Accountability concerns due to Multiplicity of Agencies and Providers		<ul style="list-style-type: none"> • Department to have formal power to ensure accountability of the use of State funds • Structure with High Level of Expertise at Board Level • Scale of Organisations to Justify Investment in Governance • Less Involvement of Department in Operational Areas • Clarity on Functions Provided by all organisations in Operating Model
Fragmentation and Duplication		<ul style="list-style-type: none"> • Rationalised Model • Smaller number of Organisations • Reduced Number of Intermediary Bodies
Low Level of Involvement with Parents		<ul style="list-style-type: none"> • Parental Engagement in Planning of Services • Parental Access to Detailed Information
Insufficient Public Oversight of Private Provision		<ul style="list-style-type: none"> • Active Engagement with Planning of Local Provision • Intervention to Address Gaps in Supply • Selected Targeted State Provision to Provide for Disadvantaged Groups and to Test Best New Ideas. This should also take place where there is market failure. However, this is outside the scope of this review.
Absence of Shared Services to Support Micro-Suppliers		<ul style="list-style-type: none"> • Supports for Providers • Shared Services in a Range of Areas
<i>Source: Indecon</i>		

Appraisal of Options for Reform of Operating Model

In order to address the need for change, Indecon has identified and assessed seven potential alternatives to the current operating model for ELC and SAC. Each option incorporates various degrees of change, to accommodate different trade-offs in terms of functions, responsibilities, costs and staffing. A summary of the seven options and their key characteristics is presented in the next figure. A more detailed description of each option is included in Section 14.



Indecon would note the following key features of each option:

- **Option 1** proposes to establish a statutory agency with overall responsibility for the implementation of the main ELC and SAC programmes, including funding administration. This streamlined approach would significantly reduce duplication of activities and simplify the operating model via the integration of Pobal Early Years and Better Start and the functions of the CCC into the new agency.

- **Option 2** proposes the establishment of the statutory agency as discussed above, but excluding the responsibility for funding administration, which would remain with Pobal. This approach may help to limit fragmentation and simplify the system through the integration of Better Start and the functions of the CCC into the statutory agency. However, this option would also involve removing Better Start from Pobal and removing funding administration functions away from the CCC which may increase fragmentation and complexity.
- **Option 3** proposes the establishment of a non-statutory organisation as a standalone, non-profit limited company. It would take on responsibility for funding administration and would incorporate the functions of Pobal Early Years, Better Start and the CCC.
- **Option 4** proposes the establishment of an executive arm of the DCEDIY, with responsibility for the funding administration of programmes. Similar to Options 1 and 3, it would absorb the staff and functions of Pobal Early Years, Better Start and the CCC.
- **Option 5** proposes assigning statutory responsibility for funding administration, as well as the functions of Better Start and the CCC, to Tusla.
- **Option 6** proposes consolidating the staff of the CCC into a unified entity and establishing formal links with Better Start.
- **Option 7** proposes incorporating the CCC into the Local Authority structure and establishing formal links with Better Start along with moving certain functions to established education agencies.

This Review, whilst recognising the importance of the role and functions of the NVCO, has highlighted that there is a requirement for that role to be redefined in any reformed operating model. In particular, consideration should be given to ensuring that any administrative services being performed externally which are not unique to any external body within the operating structure should be obtained on a needs basis, in line with public service procurement guidelines. Functions that are uniquely suited to a certain type of external service should continue to be commissioned. It is therefore envisaged that, under each of the above options, funding arrangements for the NVCO would change and specific functions like Garda vetting would be transferred to other organisations.

Approach to appraisal of options

Each of the model characteristics directly aligns with the broad assessment principles. The table below outlines how these principles can be aligned with the model characteristics that were used to evaluate the current operating model. The required model characteristics are elaborated upon in Section 15 of the main report.

Translation of Required Operating Model Characteristics into Appraisal Criteria	
Required Operating Model Characteristics	Translation into Design Principles/Appraisal Criteria
<ul style="list-style-type: none"> • Department of Children focused on strategic issues, including issues of supply and demand within the system • Clear organisational support strategy which avoids unnecessary fragmentation • Allocation of roles and powers to fulfil organisational mandates • Adherence to national governance requirements • Mechanisms to facilitate monitoring of outcomes 	<ul style="list-style-type: none"> ➤ Effectively governed, with clear roles and responsibilities
<ul style="list-style-type: none"> • Appropriate balance between national/regional and local structures • Agile, flexible model, capable of adapting to changing requirements • Reduced complexity of the system/model 	<ul style="list-style-type: none"> ➤ Effective and efficient; integrated at local/regional and national level
<ul style="list-style-type: none"> • Necessary support infrastructure for providers, including workforce development • Organisations with necessary skills, resources and shared services supports • Ease of access to information and resources for providers 	<ul style="list-style-type: none"> ➤ Supports providers in service delivery
<ul style="list-style-type: none"> • Meaningful engagement of parents, workers and other stakeholders characterised by a culture of partnership between all parties • Capable of developing centralised IT systems accessible for parents and providers at local level • Capable of facilitating local knowledge in strategic policy and capacity analysis 	<ul style="list-style-type: none"> ➤ Involving all stakeholders, including children, families and practitioners

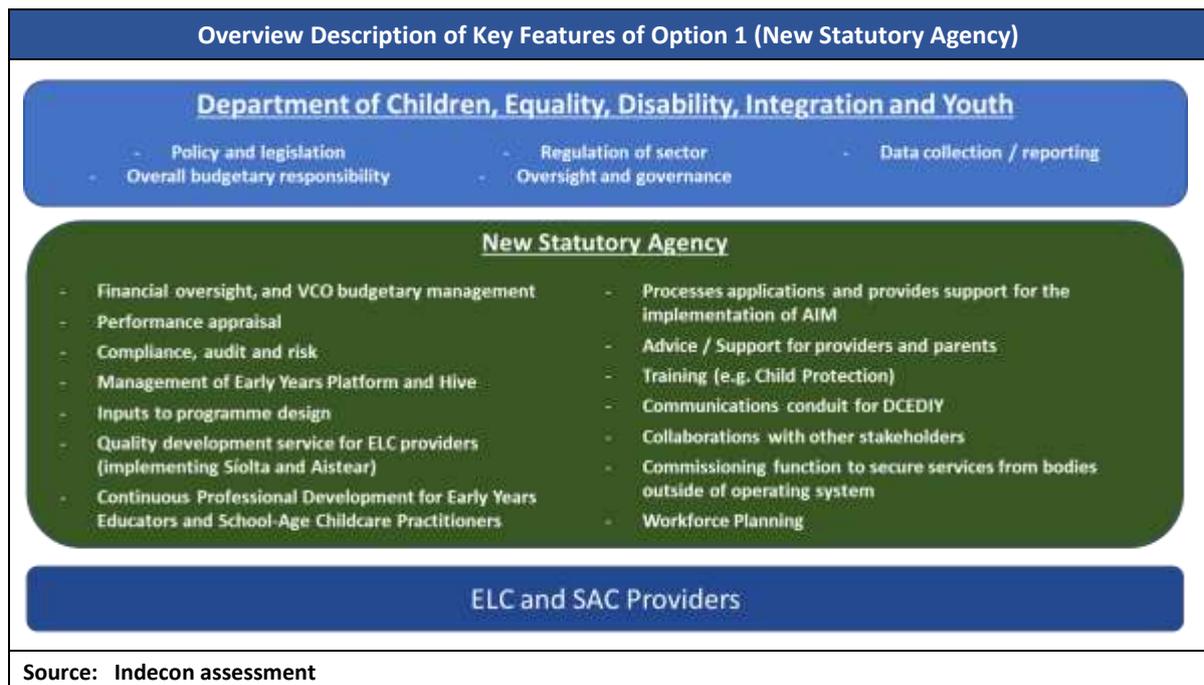
Appraisal outcomes

A summary of the outcomes from Indecon’s appraisal, showing the overall scores for each of the options, is presented in the following table. This includes a comparison of the seven options against the performance of the current operating model based on our detailed assessment of the latter.

Summary of Indecon Assessment of Options for Future ELC and SAC Operating Model					
Design Principles/Appraisal Criteria	Effectively Governed, with Clear Roles and Responsibilities	Effective and Efficient; Integrated at Local/Regional and National Level	Supports Providers in Service Delivery	Involves all Stakeholders, incl. Children, Families and Practitioners	Overall Weighted Score (out of 10)
Criterion Weighting	30%	30%	20%	20%	
Operating Model Option					
Current Model	5	6	6	5	5.50
Option 1 – New Statutory Agency	10	10	8	8	9.20
Option 2 - New Statutory Agency (without funding administration function)	6	7	6	6	6.30
Option 3 – New Non-Statutory Agency	8	9	8	8	8.30
Option 4 – Establishment of Executive Arm with DCEDIY	8	9	7	8	8.10
Option 5 – Expansion of Tusla’s responsibilities	7	8	8	8	7.70
Option 6 – Reform of Existing Model	6	6	6	6	6.00
Option 7 – Transfer of Functions to Education agencies and use Local Authority Structure	6	6	6	6	6.00
Source: Indecon analysis					

Based on the application of the appraisal criteria, the options appraisal indicates that Option 1 (establishment of a new statutory agency) achieves the highest score among the seven alternative options examined. Moreover, this conclusion remains robust under testing of different criteria weighting assumptions. Importantly, Option 1 would address all of the issues that were identified in the case for change assessment, in relation to the required reform of the current operating model. Among the other options examined, the appraisal finds that while some options perform well under the appraisal criteria, they do not score as strongly as Option 1.

An overview description of the key features of Option 1 (New Statutory Agency) is presented in the next figure, highlighting the role and remit of the new agency, and its interactions with the DCEDIY and ELC/SAC providers.



Implementation Challenges

There are a number of significant implementation challenges including legal, change management, and others which must be noted. These re-enforce the merits of a phased approach to implementation. As part of the assessment undertaken by Indecon, we have given detailed consideration to the implementation challenges of the alternative options for reform of the operating model. The challenge of implementation of the options was appraised against four criteria namely:

- Stakeholder openness/resistance to change
- Issues in relation to change (including HR issues)
- Relative cost
- Transfer challenges (including knowledge and systems)

A detailed discussion of the implementation challenges for each option is provided in Section 17 of the main report. We outline some of these implementation challenges for Option 1 below. It must be noted that most of the implementation challenges that are likely to exist for Option 1 will also exist for the other reform options, albeit differing in degree in some instances. A detailed description of each of these implementation challenges for these options is included in the main report.

Summary of Implementation Challenges of Option 1 (New Statutory Agency)

Stakeholder response to changes

Potential resistance from the different stakeholders has resulted in Indecon's judgment that there would be a high degree of challenge in this area. Under Option 1, the establishment of a new statutory agency would involve significant staff movement across Pobal, Better Start and the CCC. Such a process is likely to take a significant amount of time and will involve detailed consultation. It is likely that there would also be some opposition from Pobal over the removal of some of its functions. It is also likely that the NVCO may oppose the proposed changes given that current funding arrangements will change on foot of this change. There may also be some opposition among some CCC.

Issues in relation to changes (including HR issues)

There will be a need for new legislation to underpin a new statutory agency. This may take considerable time and would depend on a number of external factors. Additionally, the restructuring of staff and organisations would need to be compliant with various legal requirements (including TUPE regulations). Whilst there are similarities in the grades and pay scales between the different organisations, it would be important that contracts and staff are moved to the new agency appropriately. The significant number of staff that may be affected by this change is likely to lead to significant complexity both in terms of winding down the existing organisations and the setting up of the new agency.

Relative cost/value for money

Indecon's assessment has scored Option 1 as 'High' in relation to relative costs and value for money, as the associated changes would give rise to slightly higher operating system costs. Moving staff into a statutory agency is likely to slightly increase staffing costs given the changes in grades between organisations and may lead to higher pension costs depending on the transfer of contracts. This option may also require investment in new office space and basic IT systems, with significant expenditure expected in order to transfer existing systems to the new agency. However, once established, the model under this option should provide for administrative and managerial human resource efficiencies of scale.

A detailed analysis of the costs of each option are included in Section 15 of the main report. This analysis shows that Option 1 is the most expensive option with a likely upfront cost of around €15 million. The incremental annual costs are likely to be around €4.5 million. It must be noted that these costs are the same as Options 4 and 5, and very similar to Option 3.

Transfer/transition issues (including knowledge and systems)

The consolidation of the operating model under Option 1 would likely give rise to significant disruption during the transition phase. The option requires the transfer of staff, functions and IT systems, all of which would likely incur transitional challenges. The option would likely need considerable lead-in time, given the transfer of multiple functions to the new statutory agency and the potential length of the legislative process. The transfer of the IT system would take substantial work, but it is feasible. This IT transition is likely to take a significant amount of time to implement and would need to detail the key dependencies within Pobal, both in terms of key personnel and other systems. The transition may also be incremental in nature to mitigate risk of failure of key services in transition; this could lengthen the transition timeframe for some services.

A benefit under Option 1 is that specialist knowledge would likely be maintained as staff are moved to the statutory agency. However, there is potential for some loss of knowledge if staff choose not to move to the statutory agency or those who work across multiple Pobal functions remained part of Pobal's staff.

INTRODUCTION AND CONTEXT

1 Introduction

This report is presented by Indecon to the Department of Children, Equality, Disability, Integration and Youth ('DCEDIY') and the Oversight Group convened by the DCEDIY to oversee a review of the Early Learning and Care ('ELC') and School-Age Childcare ('SAC') Operating Model. Indecon was appointed by the DCEDIY to undertake this review. The Irish ELC and SAC model operates across multi-level structures, including the DCEDIY, the Department of Education, Pobal, 30 CCC, seven NVCO and Tusla. The model has developed incrementally over time as various policies and schemes have been introduced. The need for a review of the overall operating model was identified in *First 5: A Whole of Government Strategy for Babies, Young Children and their Families*. The objectives of the review are to analyse the current operating model;¹² to consider alternative models¹³ in light of the emerging needs; and to undertake an options analysis for different types of reform to the structure and functions of the operating model. The review is designed to ensure that any revised model is effective and efficient and that there is clarity of roles and strong performance management. Indecon believes that the overall objective of any potential reforms to the operating model should be considered in terms of how any changes might support the optimal delivery of ELC and SAC in line with wider Government policy objectives. Ensuring that the operating model meets the evolving needs of children and parents should be a priority. Organisations within the operating model must meet governance requirements set for bodies in receipt of exchequer funding.

This report presents Indecon's analysis of the current operating model and demonstrates the case for change. Specifically, it includes a short review of the external environment. Documenting this is important as context to ensure the outcome in future stages aligns with the strategic direction of Irish policy. This report also presents a mapping of the existing operating model and organisational configuration which is part of the landscape analysis. We also consider the level of resources in the sector along with a review of the costs and performance management. International analysis including four case studies is also outlined. This analysis feeds into the design of a number of best practice principles. The existing governance requirements for organisations in receipt of public funding are also examined. This report includes Indecon's analysis of the characteristics of a best practice operating model. The report also examines the strengths, weaknesses and limitations in the current operating model. These weaknesses and gaps are compared against the various best practice characteristics to demonstrate the case for change.

1.1 Methodology

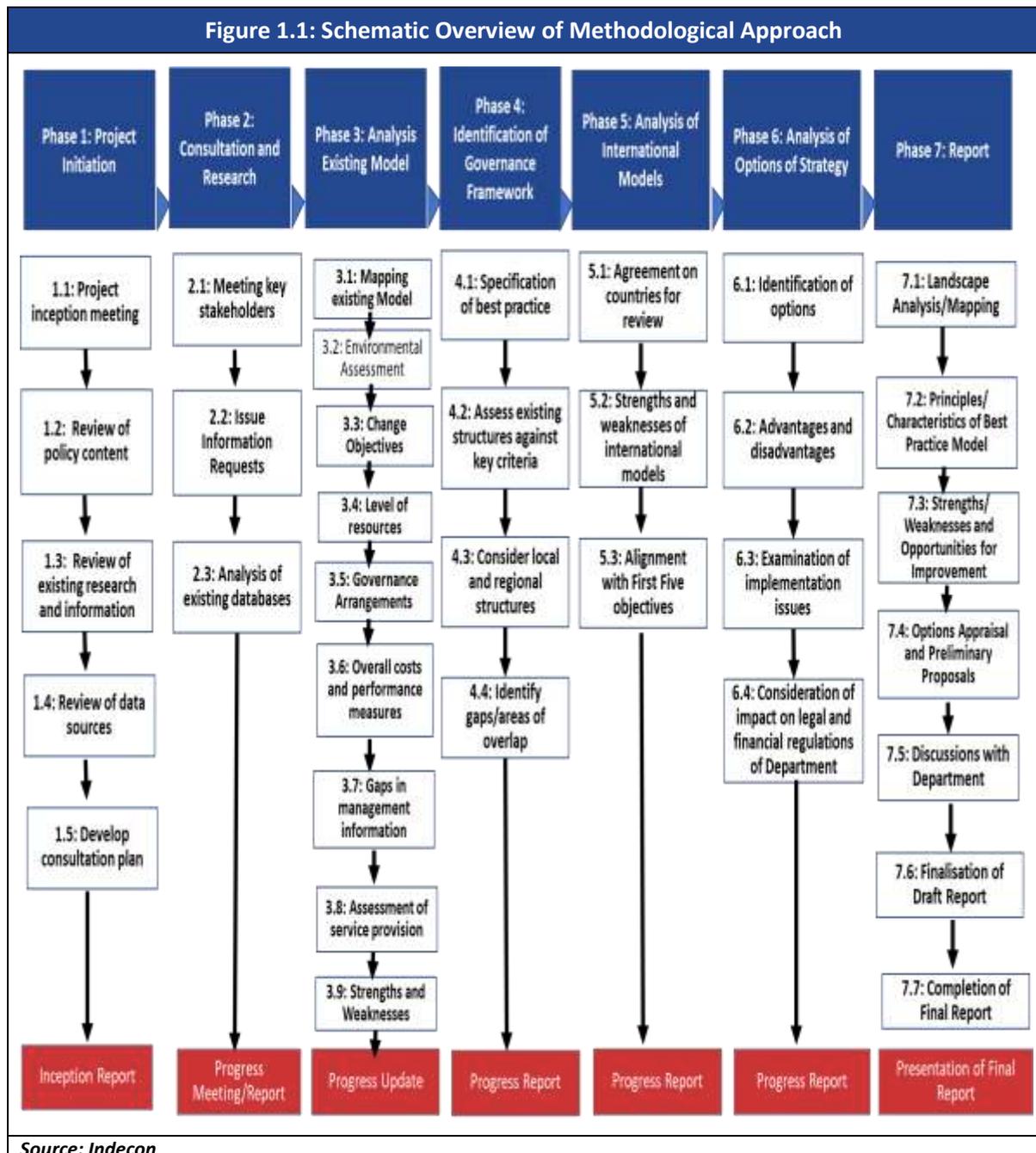
Figure 1.1 overleaf presents a schematic summary of the methodology and work programme applied in completing this review. The methodology is consistent with international best practice. The overall approach is designed to rigorously meet each of the required outputs of the review, namely:

- Description and Critique of the Existing Model

¹² In line with the specifications set for this study, the terms operating model refers to the multi-level structures implemented for the ELC and SAC system. This includes the relevant divisions in the Department of Children, Equality, Disability, Integration and Youth as lead Department, Pobal as system administrator and funding intermediary, 30 City and County Childcare Committees (CCCs) who act as intermediaries in the supply of services, The Department of Education with responsibility for the production of the workforce and curriculum and inspecting the educational element of provision, 7 National Voluntary Childcare Organisations (NVCO), who also act as intermediaries in provision of support services, and Tusla, The Child and Family Agency as the statutory regulator of the sector. The operating model is part of the wider ELC and SAC system which refers to all aspects of policy designed to deliver and monitor high quality and affordable early learning and care and school age childcare for children and families.

¹³ It is within the remit of the review to propose additions to the function of Department of Education in relation to ELC/SAC proposals, it is not within scope to propose to reallocate their existing functions. This is also the case for the functions of Tusla.

- Appropriate Governance Framework
- Analysis of International Models
- Identification and Assessment of Options
- Landscape Analysis/Mapping Exercise
- Principles and Characteristics of a Best Practice Model
- Strengths and Weaknesses in Current Model and Opportunities for Improvement
- Demonstrate the case for change



A range of different qualitative and quantitative tools was used in this report including:

- Implementation of a detailed stakeholder engagement plan;
- Information Requests to all relevant bodies;
- Document review of existing roles of organisations within the operating model;
- Review of all Governance documentation; and
- Analysis of datasets.

Indecon's stakeholder engagement plan included a review of all submissions sent to the DCEDIY. In addition, a targeted invitation for submissions to Indecon was issued and consultation with key stakeholders in the sector was undertaken. A list of organisations consulted includes:

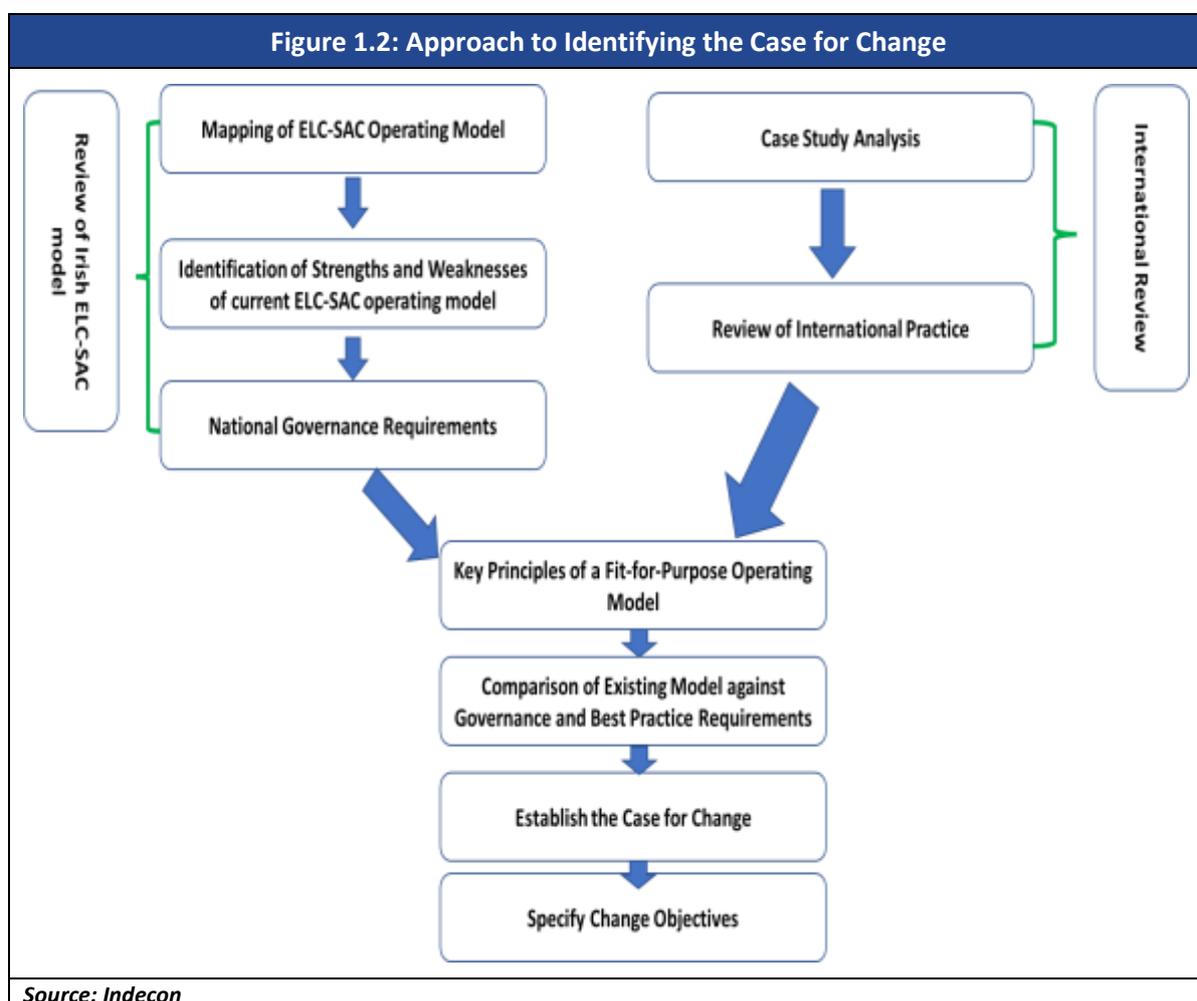
- Department of Children, Equality, Disability, Integration and Youth (including Department Senior Management, Early Years Principal Officers, Early Years and other staff);
- Oversight Group;
- Department of Rural and Community Development;
- Department of Education, Early Years Education Policy Unit and EY Inspectorate;
- Tusla;
- Pobal;
- Better Start;
- County Childcare Committees (CCC);
- Childcare Committees Ireland (CCI); and
- National Voluntary Childcare Organisations (NVCO).

Additionally, the views of providers and parents were considered via their inputs to other consultations related to this review, despite there being no direct consultation with providers and parents as part of this review. As part of this review, an analysis of the responses to the public consultation on the funding model that were relevant to the operating model was also undertaken.

Indecon also issued detailed information requests to the CCC and NVCO involved in the operating model. These were agreed in advance with the DCEDIY. The information requirements covered evidence needed to describe and critique the existing model and to evaluate existing governance arrangements. Indecon has analysed a range of databases including:

- Performance Statements submitted to DCEDIY;
- Annual reports of key stakeholders;
- Management information submitted to DCEDIY by Pobal;
- Pobal Annual Early Years Sector Profile reports;
- Other internal Pobal databases;
- DPER Databank;
- Implementation plans;
- Programmes of Work, SLAs, etc; and
- Reports and analysis available to DCEDIY.

A key aspect of this study is to identify the case for change. The various inputs to this process are shown in Figure 1.2. These various steps are outlined in the rest of the report.



1.2 Background to the Review

The landscape for early learning and care (ELC) and school-age childcare (SAC), including childminders in Ireland has changed dramatically since the current operating model for ELC and SAC was first put in place in early 2000 – with the pace of change escalating since 2015 – though there have been incremental expansion and enhancements to the operating system in the intervening period to respond to these changes.

An increase in supply and demand for ELC and SAC

Since 2014 alone, the number of regulated ELC and SAC places has increased by more than 60%. While the sector itself responded to an increased demand for places, the State also continued to invest in the capacity of the sector, funding more than 26,000 new places through the Annual ELC and SAC Capital Programme (following on from significant State capital investment under the Equal Opportunities Childcare Programme (EOCP) (2000-2006) and the National Childcare Investment Programme (NCIP) (2006-2013).

The numbers of children and families accessing regulated ELC and SAC has also increased significantly with a corresponding and substantial increase in the numbers of children in receipt of State ELC and SAC subsidies – rising from 97,000 in 2014 to 180,000 in 2020.

A range of affordability measures to remove barriers to participation in ELC and SAC

A range of affordability measures have been introduced to remove barriers to participation in regulated ELC and SAC. The ECCE Programme was introduced in 2010. At that time, the ECCE Programme was delivered over 38 weeks in a given ECCE Programme Year and children were required to be between the ages of three years and two months, and four years and seven months in September in the year they enrolled. Children were entitled to just one year or 38 weeks of funded pre-school under the Programme. Since September 2018, children qualify for two years of funded pre-school under this Programme and can enrol when they are two years and eight months of age in September in the year they enrol and may continue until they transfer to primary school. Data from Growing Up in Ireland revealed that more than one in five parents would not have been in a position to send their child to pre-school without the ECCE Programme. In the first full year of the ECCE Programme (2010/2011), just under 64,000 children benefited from the Programme. In the 2020/2021 programme year, there were more than 102,000 children enrolled. A range of schemes to reduce the cost of ELC and SAC to families was introduced and enhanced incrementally since 2010 (see Table overleaf). These schemes are now being replaced by the National Childcare Scheme, which was introduced in 2019, representing the first ever statutory entitlement to financial support for ELC and SAC. The National Childcare Scheme marks a shift away from previous schemes, which were based on medical card and social protection entitlements to a progressive system of universal and income-based subsidies, with significantly more families eligible for support.

Table 1.1: List of Childcare Schemes			
Scheme	Date Launched	Description	Status
Community Childcare Subvention (CCS)	September 2010	This programme delivers reduced cost of community-provided childcare to low-income families. Rates are based on a variety of bands relating to the families' social welfare entitlements. The programme year runs over Sept-Aug.	Closed to New Applicants
Community Childcare Subvention Plus (CCSP)	August 2016	Delivers reduced cost community or privately provided childcare to low-income families.	
Community Childcare Subvention Universal (CCSU)	August 2017	A universal childcare subvention payment of up to €20 per week for families using eligible childcare providers for children aged from 6 months to the first eligible point of entry to the ECCE scheme.	Closed to New Applicants
Community Childcare Subvention Resettlement (CCSR)		Facilitates the integration of refugees into Irish society. Parents receive a subvention to assist their access to childcare while attending a language and orientation course within their reception centre for eight weeks and then for a full year following their move into the community (60 weeks in total).	Closed to New Applicants
Community Childcare Subvention Resettlement Transitional (CCSRT)		Provides access to free childcare for children of families experiencing homelessness. Subvention provided for all children under 6-years-old and 6 to 12-year-olds during the school holidays only. Includes a daily meal.	
After-school Childcare Scheme (ASCC)	September 2013	Provides afterschool care for primary school children for certain categories of working parents/guardians and those on employment programmes (not including Community Employment) based on eligibility criteria. ASCC is available for a once-off maximum of 52 weeks.	Closed to New Applicants
Childcare Education and Training Support (CETS)	September 2010	Provides childcare to participants on certain training courses provided by the Education and Training Boards, specifically, courses run in training centres, ETB VTOS courses, and Secondary Schools students. The duration of CETS corresponds with the start and end dates stated on the eligibility letter up to a maximum of 50 weeks per year.	
Community Employment Childcare (CEC)	January 2014	Provides childcare for children of parents/guardians who are participating in Community Employment schemes. The duration of CEC corresponds with the start and end dates stated on the eligibility letter up to a maximum of 50 weeks per year.	
National Childcare Scheme (NCS)	November 2019	The NCS is replacing pre-existing targeted childcare programmes with a single, streamlined and more user-friendly scheme that includes 'wraparound' care for pre-school and school-age children. It offers both universal and income-assessed subsidies.	Active

A range of new access and inclusion supports to remove barriers to participation in ELC and SAC

In 2016, the Access and Inclusion Model (AIM) was introduced to support the meaningful participation of children with a disability in the ECCE Programme. It is based on seven levels of progressive enhanced provision support, ranging from targeted to universal. More than 5,000 children with disabilities are receiving targeted AIM supports every year to enable them to participate in mainstream pre-school, and many other children are benefitting from universal AIM supports. Since the introduction of AIM, there have been record numbers of children with a disability, Traveller children and children from the Roma community enrolling in ELC and SAC services.

An increasing focus on school-age childcare and childminding

The last decade has seen an increasing focus on school-age childcare and on childminding to support high quality, regulated provision of ELC and SAC, allowing for increased access, affordability and choice.

The National Action Plan for School-Age Childcare was published in 2017. Moreover, for first time ever, regulations for school-age childcare were introduced in 2019 allowing school-age childcare services to register with Tusla and thereafter take part in the National Childcare Scheme. These regulations were followed by National Quality Guidelines for the School-Age Childcare Services Quality Standards, published in 2020.

The National Action Plan for Childminding was published in April 2021. This eight-year plan sets out steps towards regulation, support and subsidies, for all paid, non-relative childminders and will involve change and significant benefits for childminders, children and the families using their service. The Plan was based on recommendations from Childminding Working Group Report – Pathway to a Quality Support and Assurance System for childminding, published in 2018.

Incremental expansion and enhancements in ELC and SAC structures and systems

Policy responsibility for ELC and SAC has been held by the Department of Children and Youth Affairs since its establishment in 2011 (now Department of Children, Equality, Disability, Integration and Youth). Prior to this, policy responsibility was held by Department of Health from 2005 to 2011 and the Department of Justice, Equality and Law Reform before that. A range of long-standing arrangements are in place to align and coordinate the ELC policy and practice with the Department of Education (for example, through the collocation of the Early Years Education Policy Unit in the Department and a joint Memorandum of Understanding (MOU) between both Departments).

Pobal administered ELC and SAC funding under the under the Equal Opportunities Childcare Programme (EOCP) (2000-2006) and the National Childcare Investment Programme (NCIP) (2006-2013) and, since the introduction of ELC and SAC funding schemes from 2010, Pobal has been the schemes administrator.

The City/County Childcare Committee and a number of Voluntary Childcare Organisations have also been funded since early 2000 to support the implementation of national policies relating to ELC and SAC. The establishment of Better Start is a more recent development. Since Better Start was first established in 2014, the role of Better Start has also expanded from the initial focus on quality development to all focus on supports for AIM and Learning and Development.

There have been changes to, and expanded roles for, regulatory and inspection functions. Tusla the Early Years Inspectorate was established in 2011 as an independent statutory regulator of ELC services in Ireland. The role of Tusla was expanded in 2019 to include SAC. Since 2016, the Department of Education Inspectorate has conducted inspections of settings offering the ECCE programme, complementing the Tusla inspection regime. The work of this inspectorate is also expanding beyond the ECCE Programme to focus on full day ELC and provision for children under age three in particular.

An expanded and strengthened regime of regulations, inspect and standards

Significant developments in recent years have led to new standards, strengthened regulation and enhanced inspection across the ELC and SAC sector.

Two national frameworks, Aistear (the curriculum framework) and Síolta (the quality framework) inform and support the provision of high quality ELC. The roll-out of these practice frameworks are supported by the Aistear/Síolta Practice Guide published in 2015 and the National Síolta Aistear Initiative (NSAI) established in 2016. Universal Design Guidelines for ELC settings were published in 2019 (under AIM) and National Quality Guidelines for School-Age Childcare Services Quality Standards have been in place since 2020.

Regulations for ELC and SAC are provided for by legislation, specifically the Child Care Act 1991 (Early Years Services) Regulations 2016, and the Child Care Act 1991 (Registration of School Age Services) Regulations 2018. Tusla is the statutory regulator of ELC and SAC services and ensures compliance with these Regulations. As referenced earlier, there are currently two inspectorates in operation for ELC.

An increase in, and an increasingly professionalised and skilled, workforce

The number of staff working in regulated ELC and SAC services has risen from 20,330 in 2014 to 30,883 in 2020. The qualification profile of this workforce has been transformed over the same period.

Prior to the introduction of the ECCE Programme in 2010, there was no minimum qualification for staff working in the ELC sector. Qualification targets were first introduced under the ECCE Programme. Under the ECCE programme, all ECCE room leaders were required to hold a Level 5 qualification. In addition, services could qualify for a higher capitation rate where all the room leaders, in the ECCE room, held a Level 7 qualification, and all the assistants held a Level 5 qualification.

When the Early Years Quality Agenda was introduced in 2013, in order to further improve quality in ELC services, one of the items to be progressed was the introduction of a requirement that all staff working with children in these services should hold a qualification in early childhood care and education at a minimum of Level 5 on the National Qualifications Framework (NQF) or equivalent and that ECCE room leaders would be required to hold a minimum Level 6 qualification or equivalent. These requirements were introduced in 2016 alongside the higher capitation payment to incentivise the employment of graduates.

These initiatives have resulted in significant changes in the qualification profile of the workforce. For example:

- The proportion of the ELC and SAC workforce with a qualification of Level 5 or higher on the NQF rose from 87% in 2014 to 94% in 2020.

- The proportion of the ELC and SAC workforce with a qualification of Level 7 or higher on the NFQ rose from 15% in 2014 to 34% in 2021.
- The proportion of services under contract to deliver the ECCE Programme who now meet higher capitation criteria increased from 11% in the 2010/2011 programme year to 61% in the programme year (2020/2021).

An increase in supports for initial and ongoing training

A range of supports has been put in place to support the workforce to reach the minimum qualification requirements (both regulatory and contractual), to achieve a degree and/or to upskill more broadly.

A Learner Fund, first introduced in 2014, provides financial support those working in the sector to upskill, with funding provided for achievement of Levels 5, 6, 7 and 8 qualifications. With the aim of improving the quality and consistency of this initial training, professional award criteria and guidelines for initial professional education (at NFQ Levels 5 to 8) for the ELC sector were published in 2019.

A range of CPD supports has also been developed and rolled out. Among these are supports to meet regulatory requirements (e.g., Children First training programme, First Aid training programme, Corrective Action Preventative Action training programme); the implementation of Aistear and Síolta (e.g., Síolta and Aistear Introductory Workshops, Aistear and Play programme); and the implementation of AIM (e.g., Equality, Diversity and Inclusion training programme, Leadership for Inclusion.)

An unprecedented increase in State funding

All of these and other changes to the ELC and SAC landscape in recent years were made possible by an unprecedented 141% increase in State investment in ELC and SAC, which rose from €260 million annually in 2015 to €638 million in 2020.

Table 1.2: ELC and SAC from 2014 to now at a glance		
	2014	2020
No. of regulated providers	c. 4,300	c. 4,700
No. of staff	20,330K	30,883K
Staff qualified at Level 5 or above	87%	94%
Staff qualified at Level 7 or above	15%	27%
Children in receipt of State subsidies	97K	180K
% services with a child with an additional need	47%	74%
Funding	€260m	€638m
Source: DCEDIY		

Towards ELC and SAC 2028 and Beyond

Notwithstanding recent progress, tackling issues around affordability, accessibility and quality provision remains a priority for the State and challenges remain.

Despite record levels of investment, public spending on ELC and SAC in Ireland is behind EU norms. Consequently, the cost of ELC and SAC to parents and families is higher in Ireland than many other EU countries. Despite significant capital investment by the sector and the State, there is remaining evidence of market failure, with capacity issues for certain age groups of children and in certain geographic areas.

Despite significant efforts and progress made to raise quality, inspection reports show the quality of regulated provision remains variable and implementation of the national quality and curriculum frameworks for ELC is inconsistent across services. Moreover, many children are currently cared for by unregulated childminders.

In addition, while very significant progress has been made to raise the qualification levels of the ELC workforce through regulatory and contractual requirements and incentivising graduates (now 34% of the workforce), qualification levels for regulated ELC provision remain generally low and there are currently no entry qualification requirements for the SAC workforce or for unregulated childminders. There is also a high turnover rate among the workforce and wages in the sector are low (€12.45 on average).

Further, initial and ongoing training supports have been developed, there are currently barriers to achieving high rates of participation. These include limitations in available funding and non-contact time. In-service training is provided through a range of organisations (Better Start, CCC, NVCO), which creates both benefits and challenges. The NVCO and CCC may be equipped to provide training that is tailored to a setting's specific context, but there are also risks that different organisations will deliver training that varies in content and quality.

First 5 published in November 2018, sets out an ambitious programme of work across Government Departments to improve the experiences and outcomes of children in Ireland from birth to age five across all aspects of their lives in the coming ten years. The *First 5* Implementation Plan, published in May 2019, describes the steps that will be taken in the initial implementation phase – from 2019 to 2021 and a *First 5* Implementation Office has been established to monitor and report on implementation.

First 5 was fully endorsed in the new Programme for Government and commitments in *First 5* are reflected in key national policies, including the National Recovery and Resilience Plan (2021), Making Remote Work: National Remote Work Strategy (2021); Pathways to Work 2021 – 2025 and the Roadmap for Social Inclusion 2020-2025.

'Positive Play-Based Early Learning' is one of four National Goals in *First 5*. To achieve this Goal, *First 5* includes the following Objectives, Strategic Actions and Initial Actions – all of which have implications for the ELC and SAC operating system. These are summarised in Table 1.3 overleaf.

Table 1.3: Goal C: Positive Play-Based Early Learning

Objective	Strategic Actions	Initial Actions
<p>Parents, families and communities are supported to provide a nurturing and stimulating environment for children’s early learning, starting from birth.</p>	<ul style="list-style-type: none"> ▪ Support parents and families to provide a stimulating home learning environment for babies and young children with a particular focus on promoting play. ▪ Facilitate and encourage greater parental involvement and engagement in early learning in ELC settings and primary schools. ▪ Take steps to ensure positive enrolment and participation patterns in ELC settings and primary schools are established at the earliest opportunity. 	<p><i>First 5</i> sets out commitments to support greater parental involvement and engagement in children’s early learning in ELC and SAC settings and children’s early learning more broadly. Initial actions include national information campaigns, parental resources such as baby boxes and book bags, the introduction parental supports for early learning such as the Parent and Toddler Group Initiative and guidance and information for parents on ELC and SAC, including a real time ELC and SAC finder. Information and guidance for practitioners to engage effectively with parents, families and communities will also be developed.</p> <p><i>First 5</i> also commits to a detailed assessment of the ECCE programme to identify groups of children with lower-than average enrolment and participation rates and to take steps to raise enrolment and participation among these groups.</p>
<p>Babies and young children have access to safe, high quality, developmentally appropriate, integrated ELC and SAC, which reflects diversity of need</p>	<ul style="list-style-type: none"> ▪ Make high quality ELC and SAC for babies and young children more affordable ▪ Maintain and extend the supply of high quality publicly subsidised ELC and SAC to best serve the developmental needs of babies and young children, ensuring that it also reflects the needs and preferences of parents and families ▪ Ensure that ELC and SAC provision promotes participation, strengthens social inclusion and embraces diversity through the integration of additional supports and services for children and families with additional needs 	<p><i>First 5</i> commits to further addressing affordability, improving availability and ensure access for all children, in particular children with additional needs. Among initial actions is the continued funding to support two full years of the ECCE programme and, subject to findings of an evaluation of the ECCE Programme, possible changes to the Programme, including the introduction of a universal legal entitlement to the Programme.</p> <p>In line with a commitment in <i>First 5</i>, the National Childcare Scheme was introduced in 2019 to subsidise the costs of high quality ELC and SAC to families and, as resources allow the number of families eligible for targeted NCS subsidies will be increased (including over time families who use non-relative childminders will become eligible for this Scheme).</p> <p>There is also a commitment to develop appropriate mechanisms to control fees charged to parents and to develop and implement a strategic capital investment plan to deliver large-scale capital investment under Project 2040 with</p>

		<p>the aim of ensuring that the demand for high quality ELC and SAC places meets supply, with a strengthened approach to forecasting supply and demand to be introduced.</p> <p><i>First 5</i> also commits to continued roll out of AIM to ensure the full inclusion of children with a disability in settings delivering the ECCE programme and possible extensions of AIM to meet the needs of other children. In this context, consideration will be given to the scope for consolidating and streamlining wider supports for children with disabilities in ELC, including specialist provision currently funded through other Departments/agencies.</p> <p>Additionally, there is a commitment to develop a programme for the delivery of ELC and SAC in the context of concentrated disadvantage, informed by the DEIS model in primary and secondary school and a commitment to support the needs of children learning through the medium of Irish.</p>
<p>Children will be supported in their transitions to (and through) ELC settings and onwards to primary schooling</p>	<ul style="list-style-type: none"> ▪ Introduce measures to exchange information, involve children and parents, and develop strong partnerships between ELC settings and primary schools to support transitions. ▪ Increase continuity in curriculum and pedagogy across ELC settings and the early years of primary school. ▪ Ensure the necessary supports are in place to sustain learning for all children as they transition from ELC settings to primary school. 	<p><i>First 5</i> sets out commitments to support children’s transitions into and through ELC and onward to primary school. Initial actions include guidance and information for parents on the role they can play to support transitions, transitions activities, including the rollout of the NCCA transition templates and the introduction of joint CPD for ELC practitioners and primary school teachers.</p> <p>A new transitions policy will be developed to support the achievement of these commitments.</p>

Source: *First Five*

Allied to Goal C is Goal D ‘*An Effective Early Childhood System of Services and Supports*’. This identifies a number of key building blocks (shown below) which will also have implications for the ELC and SAC operating system.

Table 1.4: Goal D An Effective Early Childhood System of Services and Supports		
Objective	Strategic Actions	Initial Actions of Relevance to the System Model
Committed leadership, strong governance and positive collaboration and engagement aligned around a shared vision for babies, young children and their families.	<ul style="list-style-type: none"> ▪ Put in place effective implementation and governance structures and public engagement mechanisms for <i>First 5</i>. ▪ Strengthen leadership and governance across the early childhood system at a national and local level. ▪ Progress collaborative initiatives and integrated service development and delivery to support babies, young children and their families. 	<p><i>First 5</i> commits to strengthening arrangements in place to align and coordinate the ELC policy and practice with the Department of Education (through for example a joint MOU between both Departments and DCEDIY participation on NCCA governance structures.</p> <p><i>First 5</i> also commits to review the operating system for ELC and SAC ‘to develop more consolidated and streamlined planning, funding, administration and quality support’.</p> <p>There is also commitments to develop ELC services as a delivery mechanism to provide supports for parents (resourced through a new funding model), to explore the potential for joined-up and integrated service development and delivery for babies, young children and their families, through ELC settings as a natural hub for collaborative work with families (for example, piloting the delivery of parenting programmes through ELC settings) and to pilot the development of models of local collaboratives to better address governance and sustainability in ELC and SAC.</p>
A robust regulation, inspection and quality assurance regime to enforce and raise standards.	<ul style="list-style-type: none"> ▪ Develop, enhance and implement national standards for early childhood supports and services ▪ Progressively reform the ELC (and school-age childcare) regulatory and inspection systems and strengthen quality assurance, with a renewed emphasis on self-evaluation 	<p><i>First 5</i> commits to a national plan for the phased, supported and simultaneous implementation of Síolta, the National Quality Framework, and Aistear, the Early Childhood Curriculum Framework, in all ELC settings for babies and young children, including making the application of these frameworks a contractual requirement of DCEDIY funding schemes and give consideration to, over time, making adherence to the frameworks a statutory requirement.” A redeveloped learner fund will be introduced to support CPD.</p> <p><i>First 5</i> also commits to extending regulation to all paid, non-relative childminders on a phased basis. To this end, the National Action Plan for Childminding 2021-2028 was published in 2021. Over the course of the plan, up to 15,000 childminders will be brought within the scope of</p>

		<p>regulation and will be required to engage with the operating system.</p> <p>Additionally, in line with a commitment in <i>First 5</i>, regulations on the mandatory registration of SAC services was introduced in 2019, National Quality Guidelines for School-Age Childcare Services Quality Standards were published in 2020 and further work on developing more comprehensive regulations is underway. With SAC services now required to register with Tusla, there has been an increase of approximately 800 centre-based services engaging with the operating system.</p>
<p>An appropriately skilled and sustainable professional workforce that is supported and valued and reflects the diversity of babies, young children and their families</p>	<ul style="list-style-type: none"> ▪ Identify and put in place the staff requirements to deliver early childhood supports and services. ▪ Improve access to high quality initial training and CPD opportunities to ensure the staff involved in delivering early childhood supports and services are fully prepared for the demands of their professional roles. ▪ Develop mechanisms to raise the professional status of the ELC (and school-age childcare) workforce and support employers to offer more favourable working conditions to attract and retain staff. 	<p><i>First 5</i> commits to introduce a range of measures so that by 2028:</p> <ul style="list-style-type: none"> ▪ all regulated childminders will hold a minimum qualification; ▪ all regulated SAC staff will hold a minimum qualification; and ▪ a graduate-led ELC workforce, with at least 50% of staff working directly with children in centre-based settings and coordinators supporting the work of childminders, hold an appropriate degree-level qualification (with an initial target of 30% reached by 2021). <p>Nurturing Skills: A Workforce Plan for Early Learning and Care and School-Age Childcare (2022-2028) will support the achievement of these targets. Successful implementation of the Workforce Plan will rely on major reform of the quality support infrastructure, particularly to support actions to strengthen the provision of CPD (Pillar 3), promote the profession (Pillar 4), and continue incremental movement towards regulation of the profession (Pillar 5).</p>
<p>A strong national infrastructure for research and data that is used to inform policy and practice alongside an ongoing programme of monitoring and evaluation.</p>	<ul style="list-style-type: none"> ▪ Continue to fund and support the use of research on the lives of babies, young children and their families. ▪ Develop and enhance administrative data systems on babies, young children and their families to assess the quality and support the 	<p><i>First 5</i> commits to undertaking a range of major evaluations, including an evaluation of AIM, Better Start, the National Childcare Scheme and the ECCE Programme. There is also a range of data commitments, including actions to strengthen capacity to forecast supply and demand, the development of a monitoring and evaluation framework for ELC and SAC and the development of an ELC Online Database (similar</p>

	<p>delivery of integrated supports and services.</p> <ul style="list-style-type: none"> ▪ Put in place robust systems of monitoring and evaluation across Government 	to the Pupil Online Database in primary and secondary schools).
Additional public funding that is strategically invested to achieve the best outcomes for babies, young children and their families.	<ul style="list-style-type: none"> ▪ Increase public funding in services and supports for babies, young children and their families. ▪ Develop more strategic approaches to funding supports and services for babies, young children and their families. ▪ Develop appropriate mechanisms to accurately track progress in public investment in early childhood 	<p><i>First 5</i> commits to doubling investment in ELC and SAC from current levels in order to make further progress towards average OECD levels of investment. The commitment to at least double the level of investment in ELC and SAC would result in annual investment in 2028 of a minimum of €1bn. There is also further funding envisaged under the NDP and under the ESF+.</p> <p>This additional investment will demand significantly higher levels of sophistication and oversight in administration. The new funding model will be the key vehicle to ensure that such significant additional investment delivers for children, families and the State.</p>
Source: <i>First Five</i>		

In addition to endorsing implementation of *First 5*, the Programme for Government includes a range of ELC and SAC commitments. Relevant to the current review is a commitment to establish an agency Childcare Ireland. Other significant commitments include:

- Establish an agency, Childcare Ireland, to assist in the expansion of high-quality childcare, spearheading leadership, best practice and innovation, and professional development in community and private settings.
- Continue to invest in the National Childcare Scheme, reducing costs for parents, and introducing greater parental choice and flexibility.
- Reform the system to create one that brings together the best of community and private provision; is focused on children’s rights and quality outcomes; reduces inequalities; supports staff retention; and substantially reduces costs to parents, in consultation with providers, staff, and parents.
- Ensure sustainability within the Early Learning and Care and School Age Care sector, by fast-tracking the work of the Expert Group in considering a new funding model.
- Examine the approach of other European countries to set a cap on parental fees, irrespective of income.
- Examine options to increase flexibility within centre-based care, as well as options to accelerate access to subsidies for non-relative childminders
- Continue to support the Early Childhood Care and Education scheme for three- to five-year-olds, and if resources allow, to increase the scope of the scheme.

- Increase the range of after-school services in schools or community hubs, to offer a range of education and family-focused measures.
- Support the establishment of a Joint Labour Committee in the childcare sector and the drawing up of an Employment Regulation Order, which would determine minimum rates of pay for workers, as well as terms and conditions of employment.
- Pilot a new apprenticeship model for early-years professionals.
- Streamline regulatory requirements, while continuing to improve quality.
- Ensure a transparent inspection reporting structure for parents and guardians.

Significant European and international developments including the EU Quality Framework and the EU Child Guarantee, described in Annex 1, have important implications for the delivery of ELC and SAC in Ireland.

ELC and SAC from now to 2028 and beyond at a glance

Major shifts

- From 200,000 to more than 300,000 children and families with varying levels of need in receipt of State subsidies and accessing ELC and SAC services
- From 4,500 to as many as 20,000 providers nationally who meet contractual and regulatory requirements
- From a workforce of 30,000 to a workforce of up to 50,000 workforce who meet qualification and training requirements
- From €638m to at least €1bn in State investment to address affordability, accessibility, availability and quality

Conclusion

Over the last two decades, State support for ELC and SAC has widened the provision of subsidies for parents (through the introduction of the ECCE Programme, the extension of targeted subsidies to private services, and the introduction of the National Childcare Scheme in 2019). There has also been an increasing focus on programmes to support quality, with a particular focus on workforce development and regulatory reform. The operating model for ELC and SAC has evolved on an ad hoc basis to respond to these changes.

First 5 commits to further major reform of ELC and SAC. There are also far-reaching commitments in the Programme for Government and significant EU and international development underway.

These developments will lead to, inter alia, a significant increase in the numbers of children, families, workers, and providers interacting with the operating model. Moreover, a doubling of State investment in ELC and SAC by 2028 is set to place substantial demands on this operating model. A review and redesign of the operating model is committed to in *First 5* to ensure it is equipped to deal with the significant reform agenda envisaged.

1.3 Acknowledgements

We would like to take this opportunity to express our gratitude to the wide range of organisations and individuals who played an important role in, or contributed to, the completion of this review. We would like to thank the members of the Oversight Group including Nuala Doherty, Seamus Woods and Kevin Daly (DETE), Fionnuala Bourke (DPER), Dearbháil Nic Giolla Mhicíl (DSP) and Anne-Marie Brooks, Mark Considine, Hazel O’Byrne, Orla Corrigan, Toby Wolfe and Sinead Reilly (DCEDIY) for their time. Particular thanks go to Orla Cooper, Alan Townsend and Maria Hodson (DCEDIY) for their work as secretariat to the Group. Indecon is also appreciative of inputs from the Department of Education for their inputs, in particular Martina Mannion, Philip Crosby, Maresa Duignan and Yvonne Keating. We would like to thank Paul Geraghty of DRCD for his inputs to the process. We also acknowledge, with thanks, the inputs of Michael Scanlan, Chair of the Expert Group on Funding. This is important as the operating model must be developed in a way which is consistent with any future funding reforms and other policy changes. We would also like to thank Roz McCracken (Education Scotland) and Tove Mogstad Slinde (Norwegian Ministry of Education and Research) for inputs to our case study reviews of Scotland and Norway.

As part of the review, we undertook a detailed consultation process which included inputs from representatives from Pobal, Tusla, Department of Education’s Early Years Inspectorate, City and County Childcare Committees, Childcare Committees Ireland and the seven NVCO. We also examined inputs from a number of representative bodies active in the sector. These stakeholder consultations provided valuable inputs to the review which we acknowledge with thanks.

Indecon undertook meetings with members of the Pobal team including Deiric O’Broin, Anna Shakespeare, Jerry Murphy, David Burke, Margaret Rogers, Ruth Shortall and other members of the Pobal operations team in order to gain an understanding of Pobal’s role within the model. Indecon would like to acknowledge their time and inputs, as well as the important data they have provided. Indecon would like to thank the team at Tusla, in particular, Fiona McDonnell, Caroline Cullen and Jessica Mary Barry, for meeting with Indecon and providing helpful insights. We would also like to thank Fiona Healy and Tommy Lavelle of CCI for their inputs to date.

In addition, we would particularly like to thank the Chairs and Boards of the City and County Childcare Committees and their Chief Executive Officers for responding very quickly to a detailed information request and providing other useful material during the review. We would also like to thank Suzanne Connolly (Barnardos), Bernadette Orbinski Burke (Childminding Ireland), Denise McCormilla (National Childhood Network), Teresa Heeney (Early Childhood Ireland) and Áine Lynch (National Parents’ Council) for providing inputs to the review.

DCEDIY also provided submissions from a range of stakeholders into the review of the operating model. These stakeholders included the Children’s Rights Alliance, Childhood Services Ireland – IBEC, Federation of Early Childhood Providers, County and City Childcare Committee staff, Association of Childhood Professionals, Comhar Naíonraí na Gaeltachta (CNNG), the Services, Industrial, Professional and Technical Union (SIPTU) and Gaeloideachas.

Particular thanks are due to Indecon’s international academic advisors on this project including, Professor Edward Melhuish, Dr. Pauline Slot and Dr. Ann Farrell.

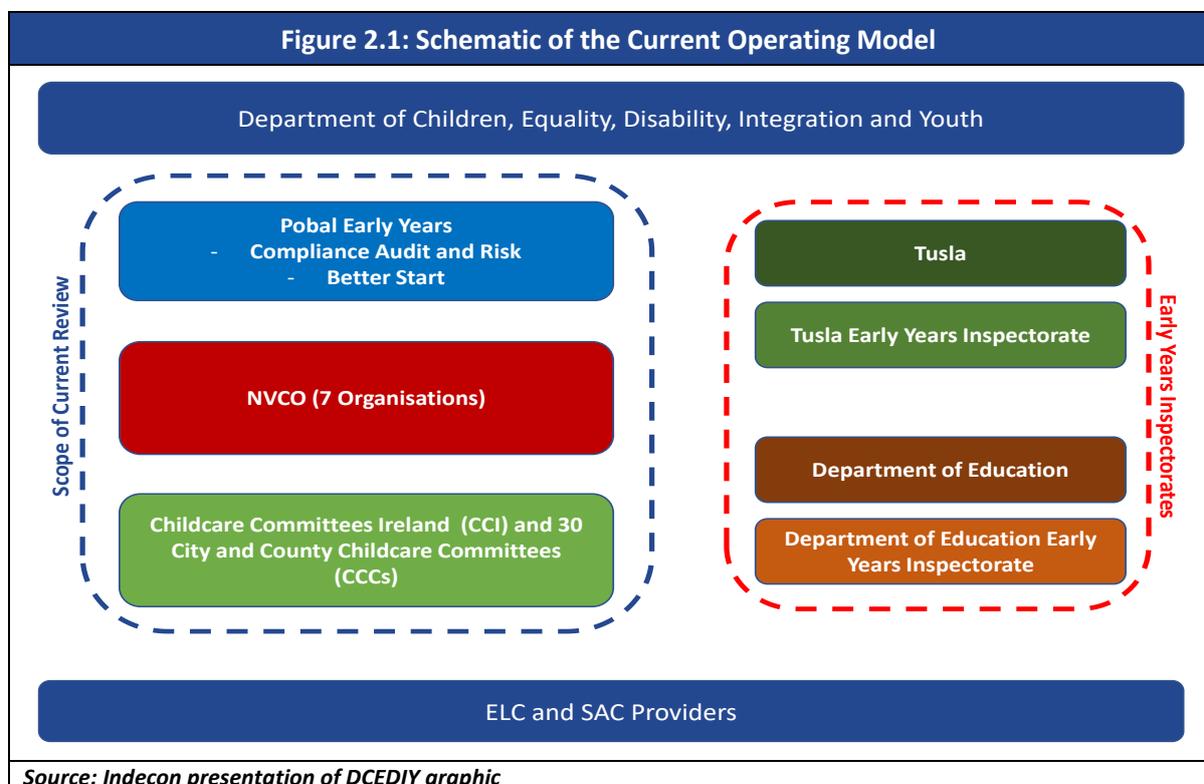
The usual disclaimer applies, and the views and analyses contained in this report are the sole responsibility of Indecon.

THE CURRENT OPERATING MODEL

2 Mapping of Existing Operating Model

2.1 Overview of Operating Model

The organisations that make up the multi-level structures within the operating model are shown in the figure below.¹⁴ This highlights the multiplicity of organisations involved and the complexity of the system. The Indecon review is focused on the national, regional and local operating models and organisational structures, and not on the providers of ELC and SAC services. However, it is important to take account of the fact that provision in Ireland is mainly dependent on private providers and that many are very small, or sole traders. This has implications for the appropriate operating model. While the chart on the operating model includes some of the existing roles of the Department of Education and of Tusla, it is not within the remit of the review to propose reallocation of the inspection functions of the Department of Education or Tusla in relation to ELC and SAC.



¹⁴ It is important to note these organisation also interact with other bodies such as Local Authorities, HSE, CYPSCs in supporting the ELC/SAC operating model.

2.2 Responsibilities of Different Organisations

Department of Children, Equality, Disability, Integration and Youth ('DCEDIY')

The DCEDIY is the lead Government Department with overall responsibility for the provision of ELC and SAC. The Department also has budgetary responsibility for all the publicly funded ELC and SAC programmes, as well as overall responsibility for the development of policy for service provision. Figure 2.2 presents a high-level overview of the organisational structure of DCEDIY.

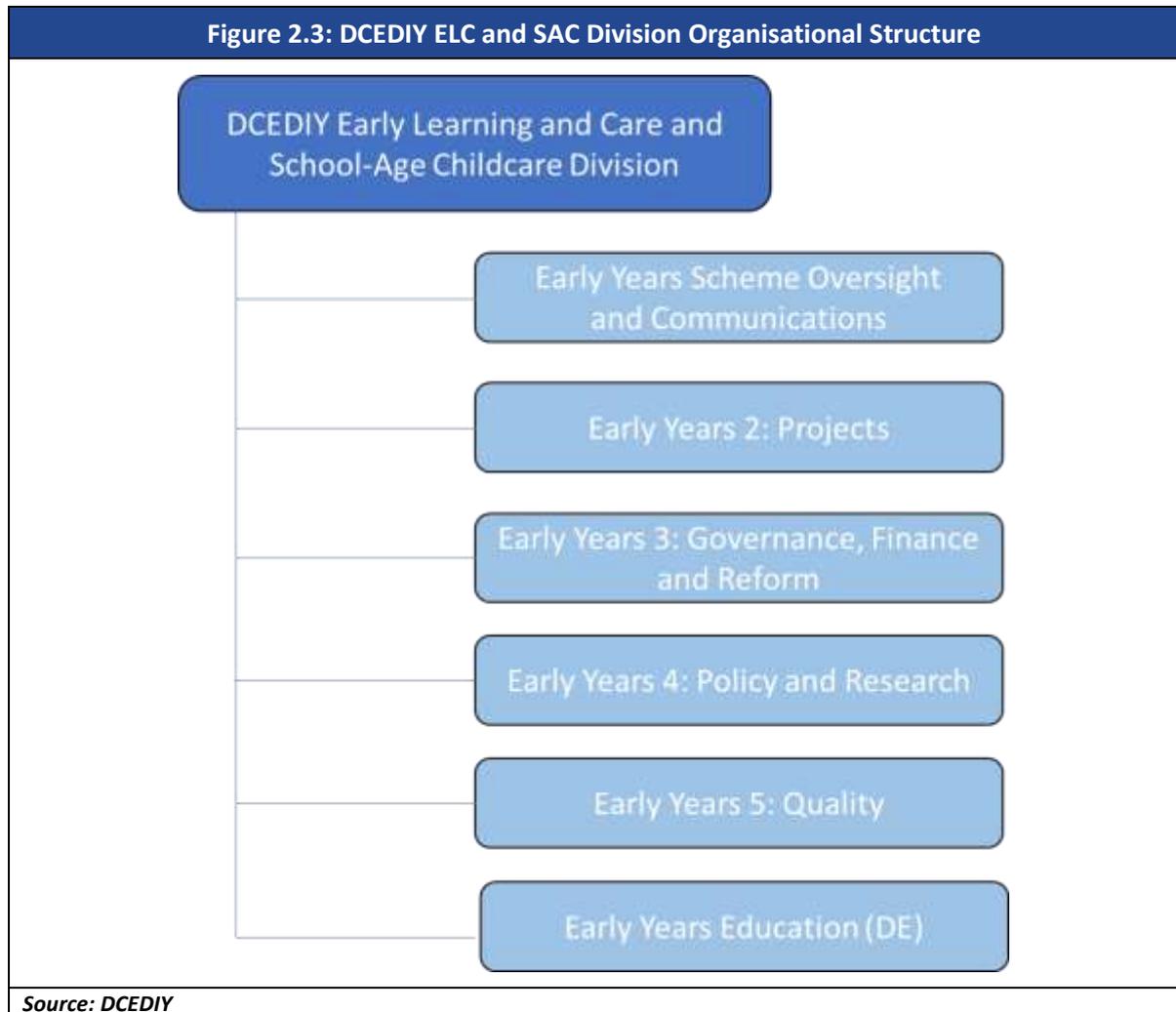


Indecon notes that currently, the DCEDIY has a divisional structure in common with many other Government Departments where staff are subject matter experts rather than specialists in different functions. Indecon understands that it is proposed that the DCEDIY may move to a functional model. This may have implications for the structuring of the Division. The key functions of the DCEDIY relating to ELC and SAC are outlined below. Indecon, however, understands that the DCEDIY is also involved in some operational issues including significant interaction with providers and is involved in the administration of the overage exemption process, whereby applications are made to the DCEDIY seeking an exemption to the upper age limit of the ECCE programme. A summary of the key functions the DCEDIY fulfils in relation to ELC and SAC is described in the following table.

Table 2.1: DCEDIY: Summary of ELC and SAC Functions
<ul style="list-style-type: none"> • Overall budgetary responsibility for the sector including annual budget negotiations with the Department of Public Expenditure and Reform • Development of policy and legislation • Regulation of the sector • Oversight and administration of a range of programmes • Governance and compliance of those programmes • Workforce Planning • Cross-departmental collaboration to advance policy and services for young children • Oversight of the Case Management process through which CCC and Pobal work together to assess and provide support to ELC services in difficulty • Oversight of and reporting on the implementation of <i>First 5: A Whole of Government Strategy for Babies, Young Children and their Families (2019-2028)</i> • Contributing to and supporting research, evaluation and data projects commissioned by or associated with the ELC and SAC Division

Source: DCEDIY

The work of the ELC and SAC Division in DCEDIY is allocated across several different areas as illustrated at a high level in Figure 2.3. These cover important aspects of policy as well as the planning and management of ELC and SAC services. The Early Years Education Policy Unit is part of the Department of Education, but it is co-located in the DCEDIY.



Within the ELC and SAC Division, there are six Principal Officers or equivalent (PO) heading up a variety of units as expanded upon in Figure 2.4.

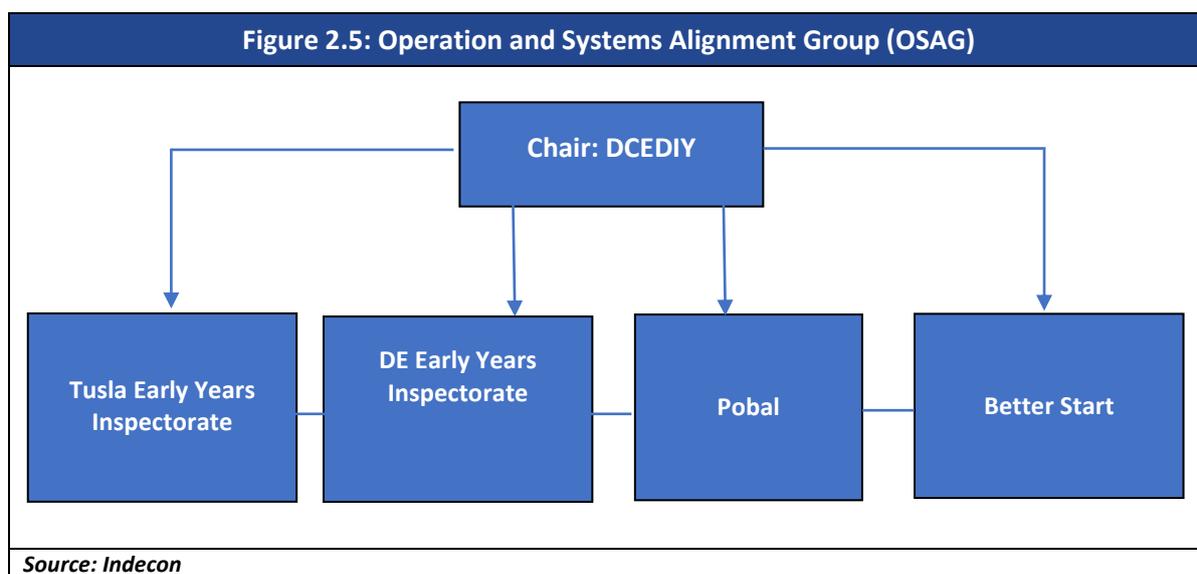
Figure 2.4: Organisational Structure of ELC and SAC Division



One important aspect of the mapping of the existing model is the Operations and Systems Alignment Group (OSAG). Indecon understands that this Group is chaired by the DCEDIY and is comprised of the Tusla Early Years Inspectorate, DE Early Years Inspectorate, Pobal and Better Start. The purpose of the OSAG is to:

- Support alignment and collaboration in the work of agencies across the sector.
- Minimise disruption to service providers by ensuring two agencies do not call to a service at the same time.
- Work on joint protocols.

The OSAG is represented by senior officials of each organisation and sets out the strategic objectives of the inspection regimes. It does not deal with the day-to-day operational issues of the inspectorate bodies.



Department of Education

The Department of Education has responsibility for the production of the curriculum and for inspecting the educational element of ECCE provision, as well as to provide inputs to the workforce plan on matters relevant to the Department's areas of responsibilities. The Department of Education's Early Years Inspectorate has formally conducted education focused inspections of the ECCE preschool programme since April 2016. The inspections are designed to evaluate key aspects of education provision in the ECCE setting and to promote improvement in that setting. The Inspectorate is also responsible for the provision of advice to the education system, the Minister and policymakers. It also fulfils an accountability function in relation to the quality of education provision in ECCE settings, which involves reporting on individual settings through the publication of inspection reports. An expansion of the Inspectorate's role is planned from 2021, which would lead to the inclusion of inspections of ELC (0-3) services. In addition to the Early Years Inspectorate, the Department of Education has some responsibilities for Aistear and Síolta, as well as the initial Level 5 to Level 8 education programmes for those working in the sector, with these some of these responsibilities shared with the Department of Further and Higher Education, Research, Innovation and Science (DFHERIS). Table 2.2 provides a summary of the functions of the Department of Education's Early Years Inspectorate. As noted earlier, while it is within the remit of the review to

propose additions to the function of Department of Education in relation to ELC and SAC, it is not within scope to propose to reallocate their existing inspection functions.

Table 2.2: Summary of Functions of the Department of Education’s Early Years Inspectorate

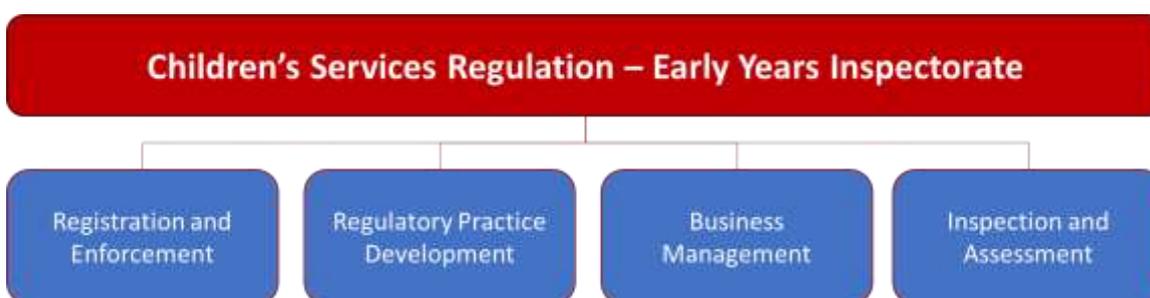
- The emphasis of inspections is improvement, rather than compliance. As such, the Inspectorate advises settings on how children’s learning experiences and achievements can be developed or improved
- Operates two models of inspection: the Early Years Education Inspection and the Follow-Through Inspection. The latter evaluates how settings have implemented any actions advised in previous inspection reports
- Collaborates with Tusla on the timing of inspections to avoid overburdening providers. There is an agreement between the two inspectorates to prioritise Tusla’s regulatory inspections
- Supports self-evaluation and review processes in ECCE settings
- Provides information to the public, including parents of preschool children, on the quality of education in ECCE settings through the publication of written inspection reports
- Fulfils an accountability function through reporting back on its inspection findings
- Provides assurance of the quality of the early education experienced by children participating in the ECCE Programme

Source: Department of Education

Tusla Early Years’ Inspectorate

Tusla was established in January 2014 and its Early Years Inspectorate is the independent statutory regulator for the registration and inspection of ELC and SAC services per the regulations. This covers preschools, playgroups, nurseries, crèches, day-care and similar services that cater for children aged 0–14 years. The Early Years Inspectorate has four main pillars as outlined in Figure 2.6 below. Similar to the position concerning the Department of Education, it is within the remit of the review to propose adding to the functions of Tusla but not to reallocate any existing inspection functions.

Figure 2.6: Tusla Early Years Inspectorate Organisational Structure



Source: Tusla

Table 2.3 below provides an overview of the main functions of Tusla’s Early Years Inspectorate. This highlights the important role of Tusla in the registration of ELC and SAC providers, the carrying out of inspections, the maintaining of databases of providers and the publication of inspection reports. Tusla also provides information and support and collates data of relevance to ELC and SAC providers.

Table 2.3: Summary of Functions of the Tusla Early Years Inspectorate
<ul style="list-style-type: none"> • Responsible for the registration of early years providers • Carries out regulatory inspections of early years providers and issues report • Carries out enforcement actions and/or prosecutions • Makes inspection reports publicly available by publishing them online • Serves as an information source for parents/guardians looking to use ELC and SAC services • Provides support and guidance for early years services in developing their Child Safeguarding Statement and accompanying Child Safeguarding Policies and Procedures • Gathers data as part of the registration system including in built-in questions on behalf of the Department of Education (e.g., curricular approaches, profile of staff/children)
<i>Source: Tusla</i>

Pobal

Pobal is a critical component of the current operational model. Pobal is a non-profit company limited by guarantee and operates under the aegis of the Department of Rural and Community Development. Pobal also provides management and support in respect of a number of other Government Departments and bodies. Acting under a multi-level general framework, Pobal is the funding administrator for the various programmes. It also provides financial administration functions to DCEDIY in respect of the CCC and the National Voluntary Childcare’s Organisations (NVCO).¹⁵ A summary of the functions undertaken by Pobal is presented in Table 2.4. These reflect Pobal’s role as scheme administrator and funding intermediary. We also understand that the DCEDIY is planning to apply for ESF+ funding in 2021 and may engage with Pobal on this.

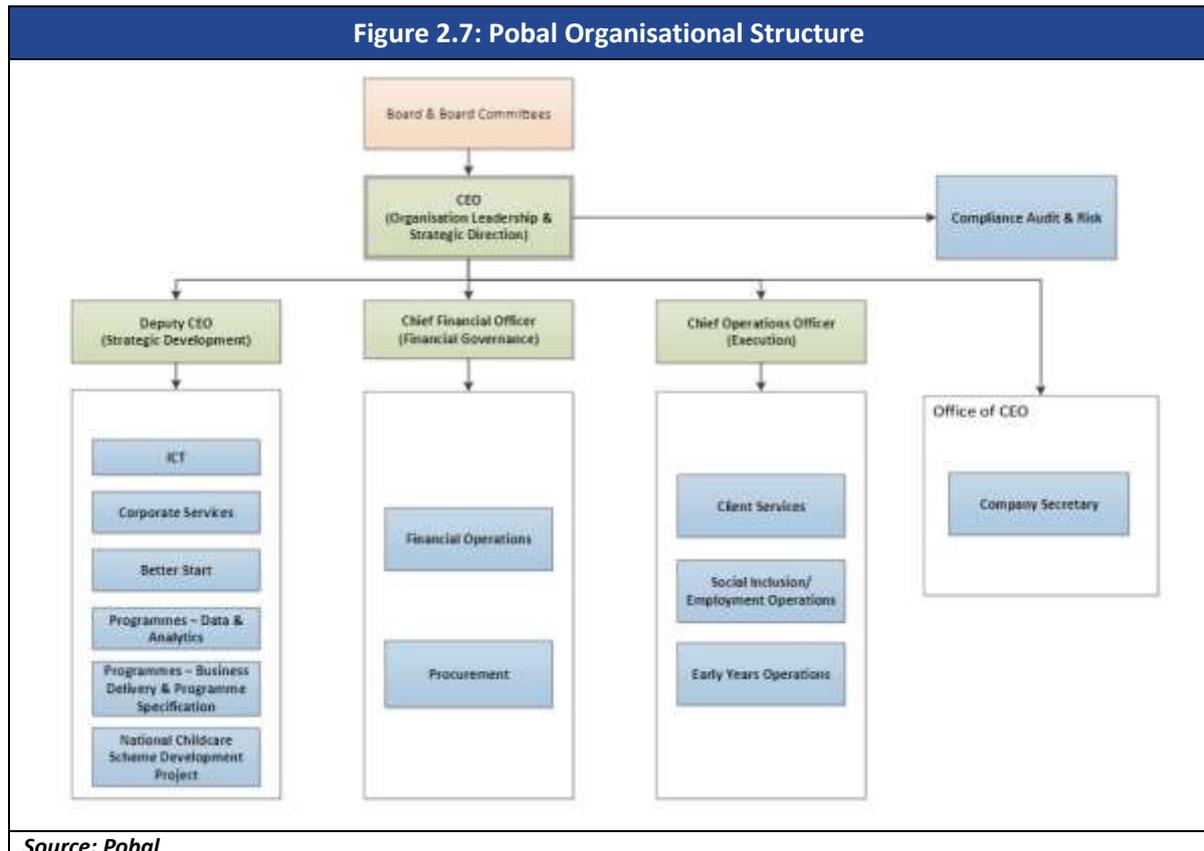
¹⁵https://data.oireachtas.ie/ie/oireachtas/committee/dail/32/joint_committee_on_rural_and_community_development/submissions/2018/2018-01-31_briefing-pobal_en.pdf

Table 2.4: Pobal: Summary of Key Functions

- Financial oversight of ELC and SAC funding programmes
- Compliance, audit and risk oversight of ELC and SAC funding programmes
- CCC & NVCO budgetary management
- Verification visits of CCC to assess programme expenditure
- Highlights to DCEDIY any concerns raised by CCC in relation to the Statement of Work
- Assesses the performance of CCC by appraising and monitoring the local planning and implementation of activities and outcomes
- Works in collaboration with the DCEDIY and CCC on the Case Management process to assess and support ELC services in difficulty
- Development and agreement of the annual Performance Delivery Agreement for the NCS and Programme of Work for other early years programmes
- Management and enhancement of the Early Years Platform and the HIVE

Sources: DCEDIY, Pobal

The following figure outlines Pobal’s organisational structure, including its divisions and operations. These report to a board of directors.

Figure 2.7: Pobal Organisational Structure

Source: Pobal

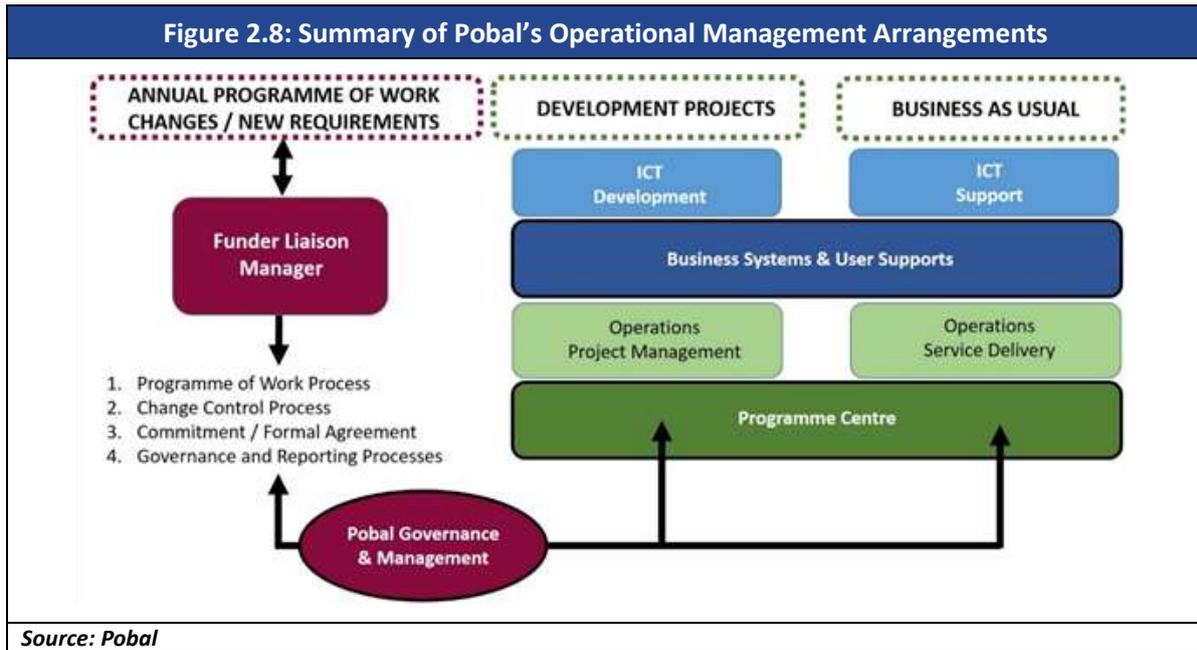
It is useful to consider Pobal's role in terms of services provided directly to the DCEDIY itself and those carried out on behalf of the DCEDIY. Table 2.5 below summarises the services Pobal provides to the DCEDIY directly. These relate to input to programme design, business system design and input to issues concerning governance and accountability.

Table 2.5: Summary of Pobal's Services to the DCEDIY
<ul style="list-style-type: none"> • Input into programme design and development (Provide data and analytics to inform policy; review, query and refine statements of requirement from DCEDIY; propose solutions; prepare and deliver the required solution) • Business system design and development (provide a business system and process solutions to requirements; deliver, deploy and maintain the solution; provide ICT infrastructure; support DCEDIY in sector business system strategy) • Governance and Accountability (addressing DCEDIY's contractual, business planning, reporting, review frameworks with Pobal; addressing queries and providing data/analysis; Funding profiling, management and accounting)
<i>Source: Pobal</i>

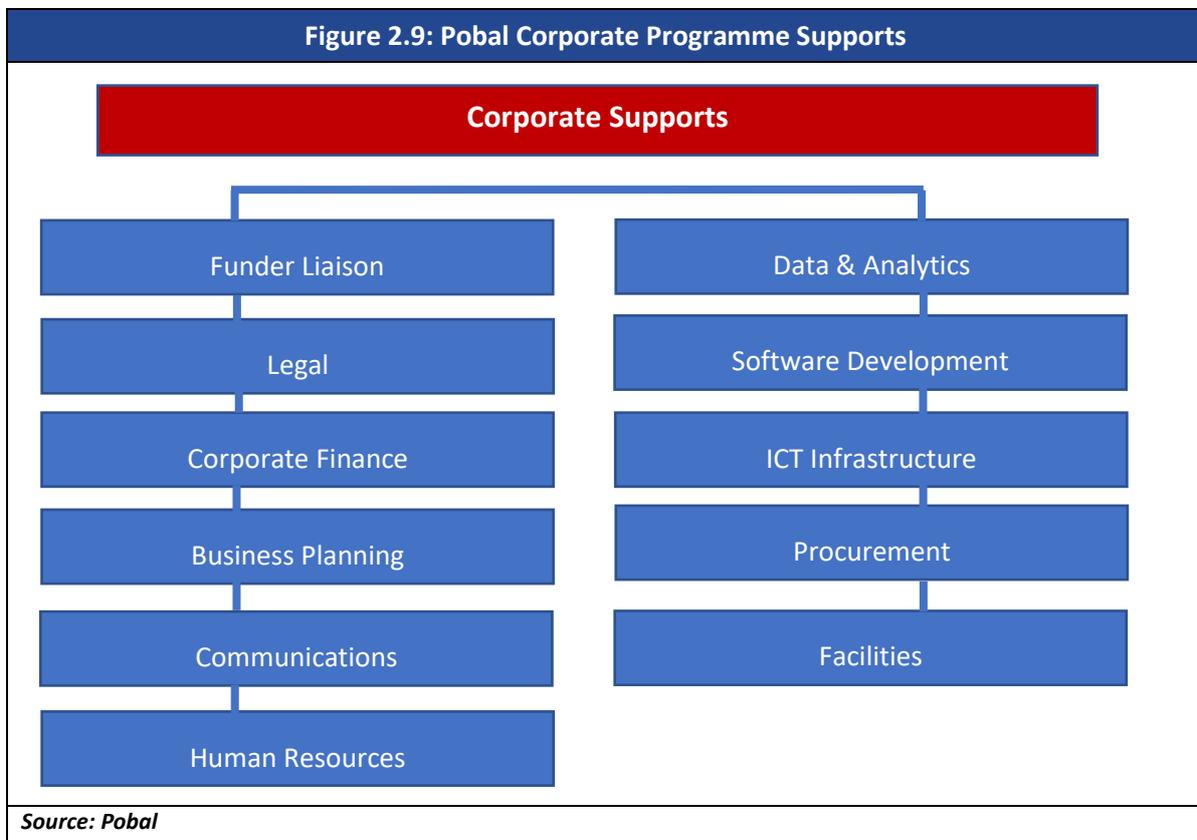
Table 2.6 below outlines the services Pobal provides on behalf of the DCEDIY. These primarily relate to scheme administration and its role as a funding intermediary.

Table 2.6: Summary of Pobal's Services on behalf of the DCEDIY
<ul style="list-style-type: none"> • Programme Readiness (project management; translating programme requirements into operating procedures for internal and external users; content; communications; training; system/ process/ service deployment) • Scheme Administration (service delivery – customer contact and care, account management, processing applications/payments etc.; post-go-live supports and resolution; quality control; compliance and validations) • Sector, service provider and practitioner supports (development and delivery of a range of quality, governance and sustainability supports at various levels e.g., Better Start Quality Development Service; Integrated Case Management)
<i>Source: Pobal</i>

On an annual basis, Pobal agrees with the DCEDIY to a programme of work that details the outputs it will deliver across the ELC and SAC programmes (a separate Performance Delivery Agreement is agreed for the NCS). The process of agreement, and any significant changes to requirements, is managed at the corporate level through the funder liaison function. Once agreed, the Early Years Operations take responsibility for the development, operationalisation and delivery cycles of the programme. This is managed through the Early Years Operations Service Development Management Hub, which is comprised of three business units: The Programme Centre; Business Systems and User Supports; and the Integrated Support Service. Figure 2.8 below outlines Pobal's operational and management arrangements.



Pobal has a customer-facing service delivery organisation addressing requirements, incorporating three business units managed as a collective hub. The role of the Service Delivery Operations Management Hub is to deliver programmes to parents and service providers. The three business units are: the Early Years Provider Centre; Parent Services; and the Service Delivery Centre. At corporate level, Pobal is involved in supporting the overall programme delivery system. These corporate functions are shown in Figure 2.9 below.



Better Start

Better Start, the National Early Years Development Service is a national initiative established by the DCEDIY to promote and enhance the quality of ELC in Ireland. The Better Start National Early Years Quality Development Service (hereafter 'Better Start') was established in 2014 by the DCEDIY and is currently hosted by Pobal on behalf of the DCEDIY. It pursues a strategy of continuous quality improvement, professional development and inclusion, and operates across eight regional offices. Table 2.7 provides a summary of the key functions of Better Start. The proposed reforms in the newly published workforce plan are likely to have important consequences for this element of the operating model.

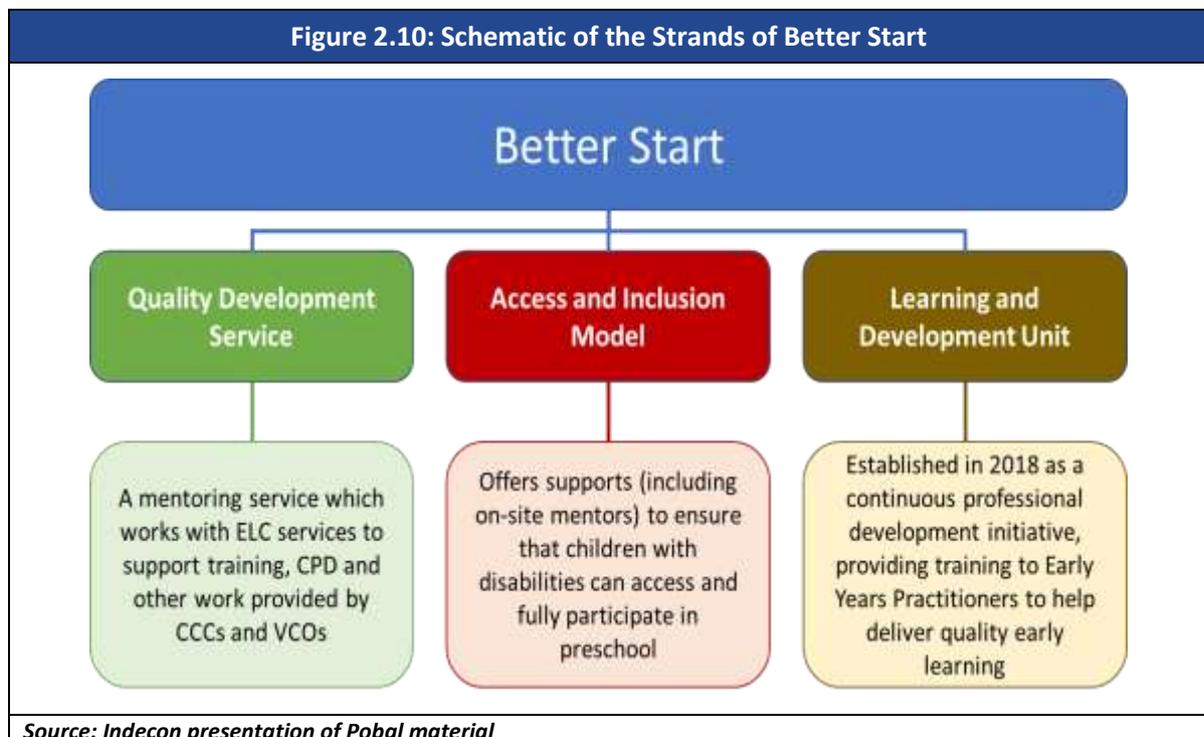
Table 2.7: Better Start: Summary of Key Functions

- Provides a Quality Development Service to ELC providers in implementing Síolta (the National Quality Framework for Early Childhood Education) and Aistear (the National Early Years Curriculum Framework)
- Rolls out Continuous Professional Development (CPD) supports and has a CPD coordination role
- Processes applications and provides support for the implementation of AIM, including expert advice, mentoring and support to providers/practitioners from specialists in early years care and education for children with disabilities

Source: DCEDIY, Better Start

There are three strands of Better Start outlined in Figure 2.10 below which describe the approach Better Start takes to fulfilling its obligations to promote and improve the quality of ELC in Ireland.

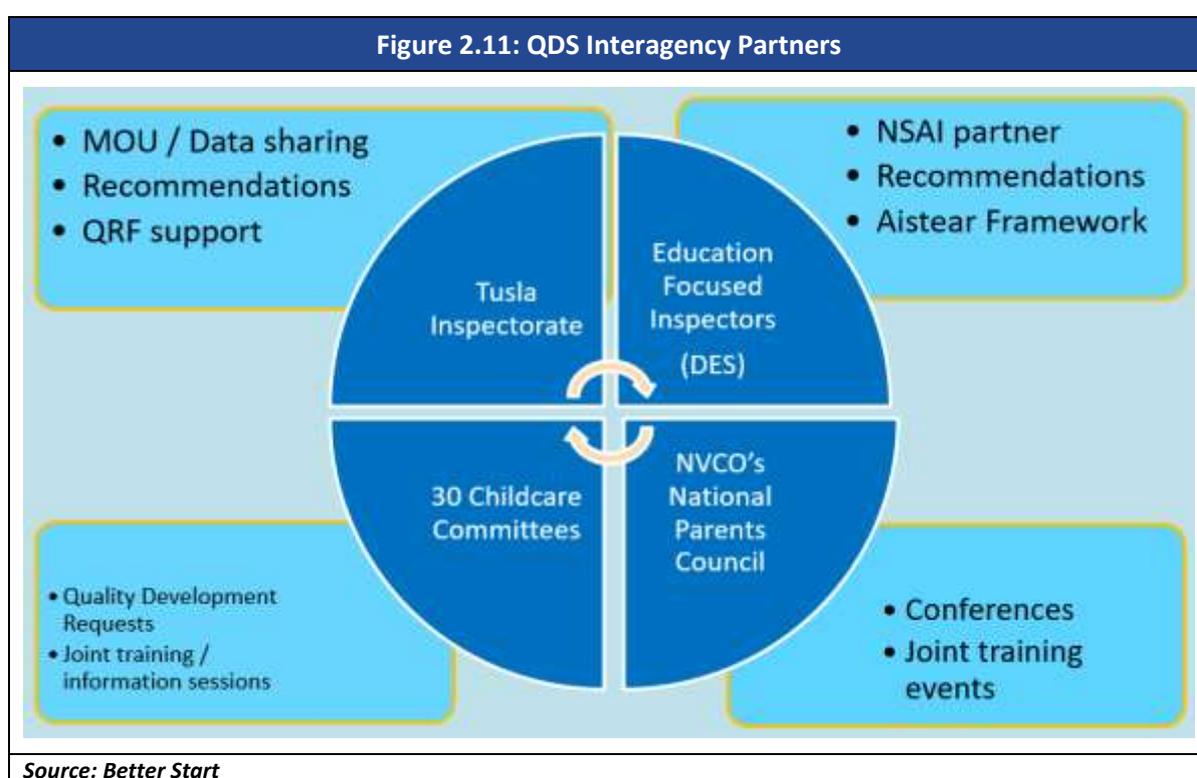
Figure 2.10: Schematic of the Strands of Better Start



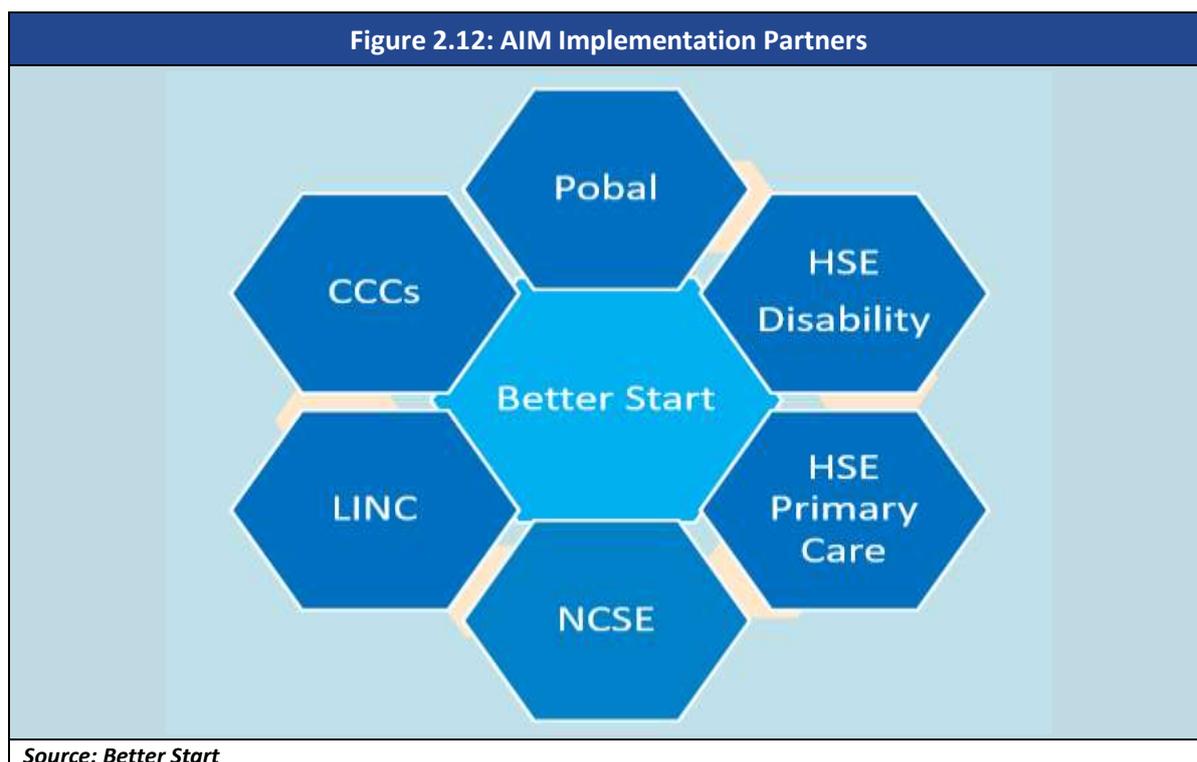
In terms of the Quality Development Service (QDS), the main elements include:

- Supports based on the Aistear Síolta Practice Guide
- Coaching and mentoring
- On-site visits and online supports
- Administration/documentation
- National Síolta Aistear Initiative (NSAI) CPD Workshops

The graphic in Figure 2.11 further describes how Better Start interacts with its agency partners in relation to the QDS.



Under Level 4 of AIM, Early Years Specialists support ECCE providers and parents/guardians/carers in accessing timely advice and supports. This assists practitioners in creating an inclusive learning environment, ensuring that children with disabilities can engage meaningfully in the ECCE Programme. Figure 2.12 describes the agencies Better Start partners with to deliver AIM.



In terms of the Learning and Development Unit, three AIM-related CPD options are offered:

- Lámh, which is a manual sign system used by children and adults with intellectual disability and communication needs in Ireland.
- Hanen Teacher Talk, which provides core strategies for Early Childhood Educators to create rich and stimulating language-learning environments for young children.
- Sensory Processing in Early Learning (SPEL), which is an e-learning course offering four modules: What is sensory processing; Development of sensory processing in an early learning environment; Practical strategies and, Supporting a child's needs.

The Learning and Development Unit also has a role in coordinating and delivering training in the NSAI.

City and County Childcare Committees (CCC)

The CCC act as co-ordinating bodies between local providers and other agencies in the sector and are often the first point of contact when providers have any queries. They offer a service to providers and parents in terms of support and advisory services. Each CCC is governed by a voluntary board of directors.

The figure below lists the 30 CCC by geographical area. Each is a Company by Limited Guarantee (CLG) with the exception of Mayo CCC, which is under the remit of Mayo County Council.

Figure 2.13: List of Childcare Committees by Geographical Area

Area 1	Area 2	Area 3
Cavan County Childcare Committee CLG	Carlow County Childcare Committee CLG	Clare County Childcare Committee CLG
Donegal County Childcare Committee CLG	Dublin City Childcare Committee CLG	Cork County Childcare Committee CLG
Laois County Childcare Committee CLG	Dun Laoghaire Rathdown County Childcare Committee CLG	Cork City Childcare CLG
Leitrim County Childcare Committee CLG	Fingal County Childcare Committee CLG	Coiste Curam Leanaí Phort Láirge
Longford County Childcare Committee CLG	Kildare County Childcare Committee CLG	Galway County Childcare Committee CLG
Louth County Childcare Committee CLG	Meath County Childcare Committee CLG	Kerry County Childcare Committee CLG
Mayo County Childcare Committee	South Dublin County Childcare Committee CLG	Kilkenny County Childcare Committee CLG
Monaghan County Childcare Committee CLG	Westmeath County Childcare Committee CLG	Limerick County Childcare Committee CLG
Offaly County Childcare Committee CLG	Wexford County Childcare Committee CLG	Tipperary Childcare Committee CLG
Roscommon County Childcare Committee CLG	Wicklow County Childcare Committee CLG	
Sligo County Childcare Committee CLG		

Source: Indecon

The typical functions of the CCC can be broken down into four main areas: advice, information, training, and support. The responsibilities under these functions are summarised in the table below.

Table 2.8: Overview of Functions undertaken by CCC	
Advice Functions	
<ul style="list-style-type: none"> • Setting up an ELC and/or SAC business (approx. 90 new services per annum) in terms of: Local Authority requirement; Tusla registration and compliance; curriculum development; equipment; HR; interviews; government funding and, programme supports • Parental advice on choosing an ELC and SAC service • Crisis support 	
Information Functions	
<ul style="list-style-type: none"> • Communication conduit for DCEDIY • Support in curriculum development and implementation including in relation to child development, language development, challenging behaviour, outdoor play and COVID-19 • Parents' programme supports & AIM • Parent & toddler groups (support, advise and administering grants locally) • Childminders New Setup and Grants 	
Training Functions	
<ul style="list-style-type: none"> • Child Protection Always Children First • Child safeguarding Statements • Equality, diversity & inclusion (part of the AIM model) • Part of the NSAI – delivering Síolta and Aistear • Corrective Actions & Preventive Actions (CAPA) • Compliance – Programme Support • National Childcare Scheme (NCS) • First-Aid Response (FAR) 	
Support Functions	
<ul style="list-style-type: none"> • All services with their contractual obligations under the programmes (ECCE, NCS, TEC) • Co-ordination with their Better Start workers • DE Inspections • Tusla Inspections • Crisis Management – Sickness, HR, Death, Sustainability, Fire • COVID-19 – provider and parental support, HSE reopening information, COVID-19 CPD Staff, COVID-19 policy support, Media updates, Frontline queries, EWSS/ TWSS, HR & Governance and reopening supports 	
<i>Source: Indecon analysis</i>	

In addition to the functions outlined above, CCC also undertake a number of local collaborations as outlined in the table overleaf.

Table 2.9: CCC: Local Collaborations

- Tusla – Regulatory Compliance collaboration on supports and information for services
- Data Collection – DCEDIY requirements /DE data
- Collaboration - CCI National Policy Working Groups
- Collaboration with Pobal Case Management & Better Start
- Collaboration with DE on the NSAI
- Collaboration with Local Authorities on the development of community-not-for-profit ELC and SAC services. Continued work to sustain these services within disadvantaged communities
- Local Authorities – county development plan, forward planning, planning queries, resettlement, green preschools, fire services and homeless ELC and SAC requirements
- Collaboration with local Children and Young People Services Committee Actions in relation to the ELC and SAC Sector
- Hosting the Childminding Regional Post with the DCEDIY

Source: DCEDIY, Better Start

DCEDIY provides the CCC with a Statement of Work ('SoW') which sets out the core actions the CCC will undertake annually, and each of the 30 CCC submits a Local Implementation Plan to Pobal on the basis of this SoW. An analysis of the responses from the CCC to a detailed information request issued by Indecon, indicates that there is significant variance in the percentage of resources allocated to different areas. The evidence also shows that only a small percentage of CCC resources is allocated to providing information to parents.

Table 2.10: Summary of Main Activities of CCC

	2019 (% Resources)	2020 (% Resources)
Advice re Establishing ELC and SAC Services	3.1%	1.6%
Support on Pobal Compliance	8.8%	5.8%
Support on Tusla Requirements	10.4%	7.0%
Support on DE Inspections	2.3%	0.4%
Other Registration and Compliance Supports	6.4%	5.1%
Administration of Grants	5.6%	4.9%
Information to Providers	24.4%	23.9%
Information to Parents	7.3%	7.5%
Training on Child Protection, Equality, NSAI/Síolta/Aistear or National Childcare Scheme	17.7%	4.8%
Other Services (including COVID-19 supports)	14.1%	39.1%
TOTAL	100%	100%

Source: Indecon information request to CCC

In understanding how the existing operating model works in practice, new evidence obtained by Indecon from the CCC, suggests that the CCC have very significant interactions with a wide range of stakeholders, including with providers as well as with Pobal and the DCEDIY.

Table 2.11: Levels of Interaction across the Model of CCC

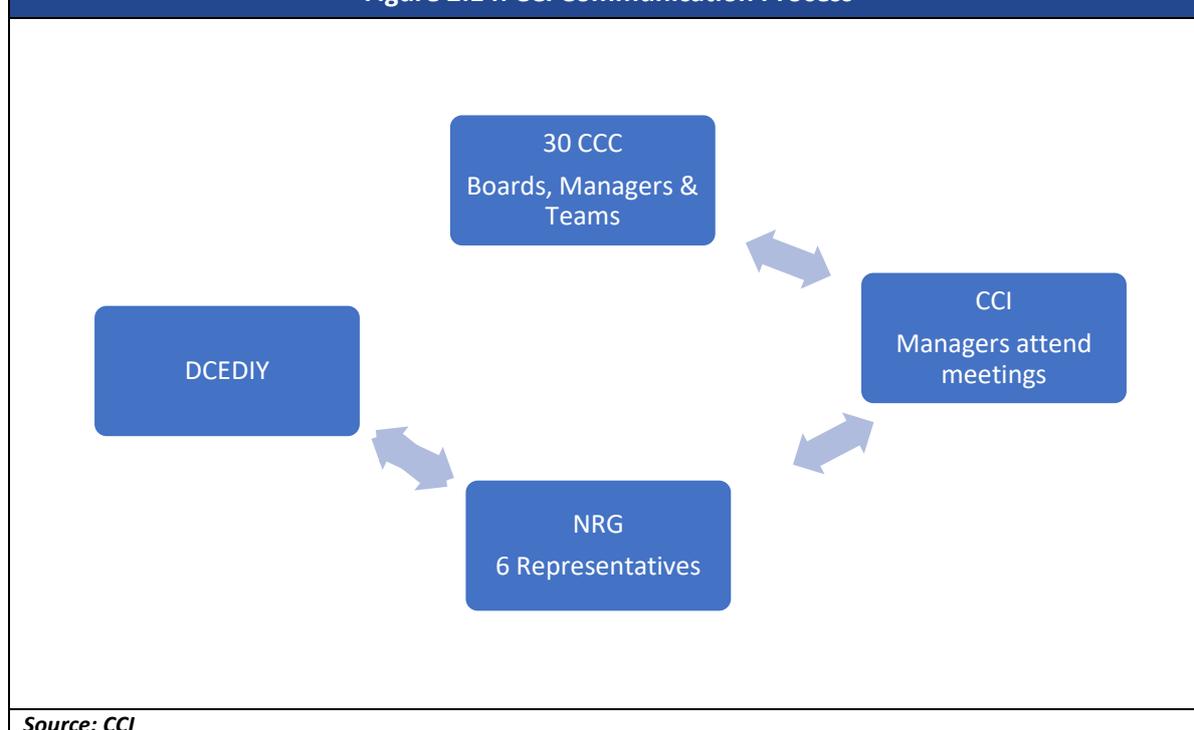
	Very significant Interaction	Significant Interaction	Moderate Interaction	No Interaction
DCEDIY (via CCI)	71%	29%	0%	0%
Pobal	89%	11%	0%	0%
NVCO	0%	7%	81%	11%
Tusla	14%	61%	25%	0%
Department of Education Inspectorate	0%	4%	52%	44%
Local Authorities	7%	48%	44%	0%
CYPSC	32%	54%	14%	0%
ELC and SAC Providers	100%	0%	0%	0%
Parents	33%	63%	4%	0%

Source: Indecon information request to CCC

Childcare Committees Ireland (CCI)

Childcare Committees Ireland (CCI) was established in 2012 at the request of the DCEDIY and provides a national network for the 30 CCC. Operating under an agreed Terms of Reference, CCI acts as the information conduit between the DCEDIY and the CCC.

Figure 2.14: CCI Communication Process



Within the internal CCI structure, there are agreed processes in place to assess whether issues arising at the local level require escalation to the national level. CCI also raises issues and feedback from across the 30 CCC at the national level to ensure local matters are considered and to assist with creating national consensus where appropriate. In addition, CCI supports local CCC in the coordination of programmes such as NCS service provider upskill, EDI staff training and Always Children First Child Protection Training. CCI inputs to the development of national policy and programmes through both invitation from the DCEDIY and participation in its national working groups. This includes feeding into national fora such as the Early Learning and Childcare Stakeholder Forum. We understand that CCI undertakes national collaborative actions where relevant and responds to the emerging needs of the DCEDIY. This has included the rollout of the Workforce Plan/New Funding Model Consultation; National Pilot Early Years Milk Scheme; DE Primary Schools Reconfiguration; and Tusla Regulatory Support Northwest Pilot. Indecon understands that CCI is involved in data gathering on behalf of the DCEDIY, including the AIM National Statistical Data Collection. CCI commissioned and uses a bespoke internal national data collection system known as SONRA. CCI has provided data collection in support of emerging needs within the DCEDIY, which include: Pobal Annual Sector Survey Profile service engagement data; Standalone SAC Qualifications and Audit data; and the National Transitions Programme service engagement data. The specific functions of CCI as outlined in the CCI Strategic Plan 2019-2021 are presented in the table below.

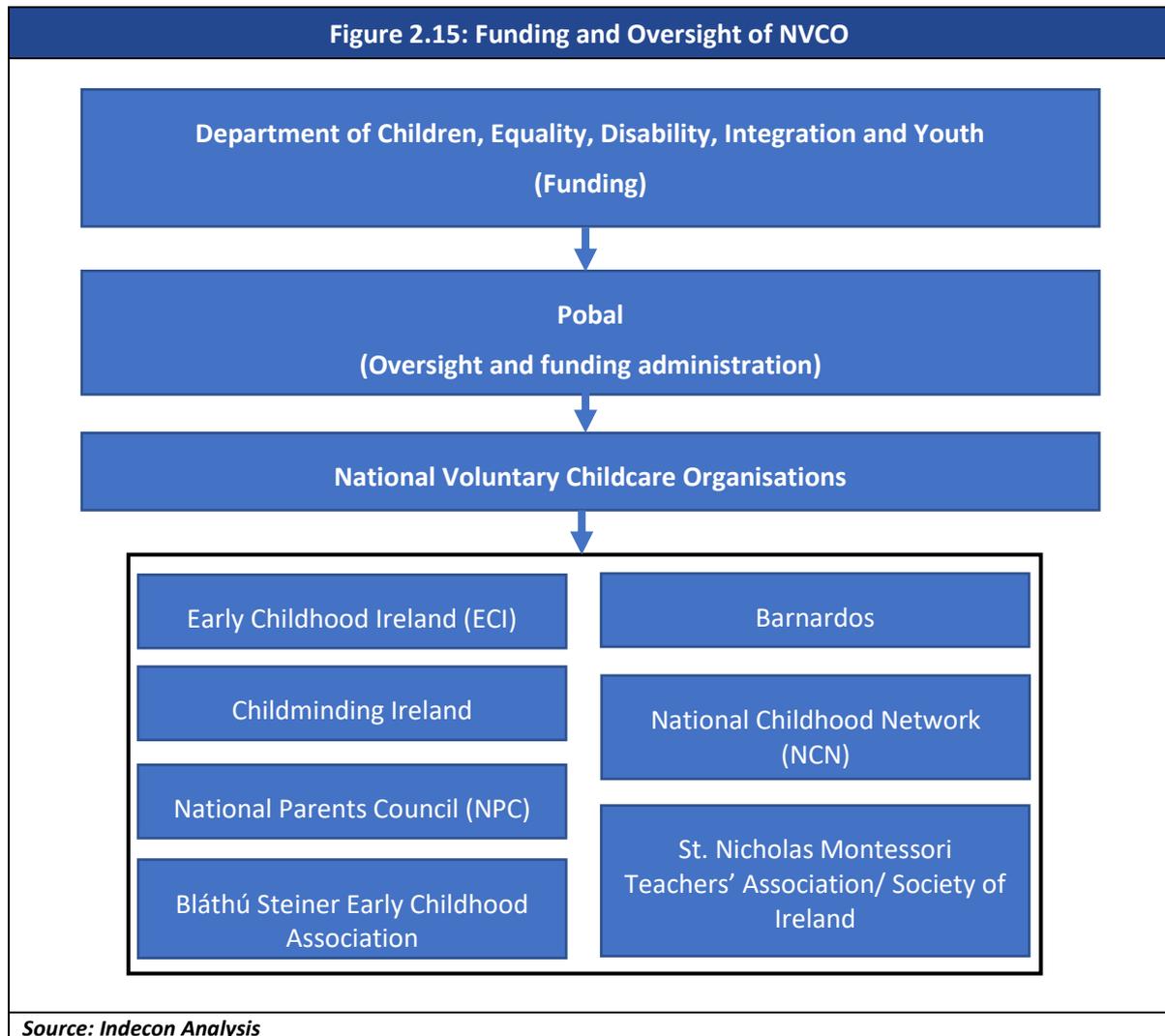
Table 2.12: CCI Strategic Objectives

- To collaborate with the DCEDIY in the delivery of national policy promoting access and participation that values each child and family
- Act as the national channel for information and communication between DCEDIY and CCC
- To support the delivery, where appropriate, of a new model of parenting support under the parenting unit of DCEDIY as per the objectives of *First 5*
- To influence, implement, and advance policy that enhances quality provision
- To strengthen the CCI internal culture and structures to deliver the strategic plan

Source: CCI

National Voluntary Childcare Organisations

There are seven National Voluntary Childcare Organisations (NVCO) representing the interests of, and providing support services to, ELC and SAC providers, as well as parents/guardians, across the country. Pobal acts as managing agent on behalf of the DCEDIY in relation to the performance of each of the NVCO and administers their funding on behalf of the DCEDIY as described in Figure 2.15.



Among the supports the NVCO provides to members and parents/guardians are the following:¹⁶

- Professional development training, information and mentoring on quality practice;
- Guidance on the DCEDIY ELC and SAC funding programmes; and
- Informing policy to improve quality standards in the ELC and SAC sector.

A summary of the specific functions provided by Early Childhood Ireland is outlined in the following table. These include the provision of information training and research as well as carrying out vetting services on behalf of the DCEDIY.

¹⁶ It is important to note that not all functions listed for each of the NVCO are funded through the DCEDIY.

Table 2.13: Summary of Functions of Early Childhood Ireland

- Provides information, advice, support and mentoring to members and parents/guardians
- Offers continuing professional learning (CPL) on practice, pedagogy, governance and operational issues to support legislative compliance and quality in practice
- Places an emphasis on highlighting learning from practice and empowering educators as researchers
- Informs and educates the public generally via the internet and by publishing, distributing, buying and selling books, reports, articles, periodicals circulars and other publications containing materials relating to ELC and SAC
- Conducts research in relation to ELC and SAC and disseminates the learning to members and others
- Carries out vetting services on behalf of the DCEDIY
- Acts as an advocate for the sector

Source: ECI

The operating model also includes services provided by national organisations such as Barnardos which has wider responsibilities. A summary of the key functions of Barnardos is presented below.

Table 2.14: Summary of Functions of Barnardos

- Provides 28 family support services nationwide, some of which have a particular focus such as *families impacted by parental drug misuse*
- Runs ELC and SAC services including seven services across Dublin, Cork and Tipperary
- Provides Guardian ad Litem Services to support children in having their voices heard in certain types of legal proceedings. As part of this, it provides an independent assessment of the child's interests
- Provides vetting services on behalf of DCEDIY
- Offers a range of specialist services including Children's Bereavement Support, Post-adoption Services and Teen Parent Support Programmes
- Operates a research and policy function, with the research aspect used to ensure its support and training services are evidence-based
- Provides publications, training, information and practice support to parents, voluntary, statutory and community organisations, students, primary and secondary schools and Barnardos' staff

Source: Barnardos

A range of functions in relation to ELC and SAC is also provided by Childminding Ireland. These include training and advisory services.

Table 2.15: Summary of Functions of Childminding Ireland

- Provides childminders with access to training and professional development courses including in relation to First Aid and Child Safeguarding
- Provides professional resources and practical advice to members, such as preparing a home for childminding services and who to register with
- Offers parents advice on childminders and childminding, and provides access to the organisation's Childminders Directory

Source: Childminding Ireland

Parents are important stakeholders of the operating model. The role of the National Parents Council in this area is summarised in the next table.

Table 2.16: Summary of Functions of the National Parents Council

- Provides a national confidential helpline to deliver information and support to parents
- Offers the NPC Training and Development programme to empower parents in playing an active role in their children's education at every level
- Consults with parents on education policy and represents their voice on external panels
- Engages in awareness-raising activities and campaigning and lobbying at national level

Source: NPC

There are also specialist NVCO who provide services in distinct areas such as those provided by the Bláthú Steiner Early Childhood Association.

Table 2.17: Summary of Functions of the Bláthú Steiner Early Childhood Association

- Source of information about Steiner Waldorf education in early childhood for parents, members, government and funding agencies, childcare practitioners, and other childcare organisations
- Offers a programme of workshops on aspects of Steiner Waldorf education for ELC practitioners and runs a three-year part-time training programme (the Early Childhood Education Programme)
- Offers pedagogical support to member services through on-site mentoring visits
- Offers over-the-phone coaching for teachers, managers, committee members and parents
- Provides a list of approved Steiner-Waldorf Early Years Services in Ireland

Source: Bláthú.org

The National Childhood Network is another NVCO funded as part of the operating model. This organisation provides training and research and participates in interagency networks.

Table 2.18: Summary of Functions of National Childhood Network

- Supports the attainment of national quality standards in both ELC and SAC services
- Offers validated programmes of training in early childhood care and education at Level 5 and Level 6 on the National Framework of Qualifications (NFQ)
- Provides a training helpdesk to learners to help with assignments, resources, internet access, guidance on other course availability, exemptions etc.
- Provides access to a wide range of research and reports at both national and international level to assist stakeholders
- Participates in interagency/cross-sectoral networking to increase support for the sector

Source: NCN

The other NVCO funded is St. Nicholas Montessori Teachers' Association/Society of Ireland. This organisation provides support and mentoring and other services.

Table 2.19: Summary of Functions of St. Nicholas Montessori Teachers' Association/Society of Ireland

- Offers support and mentoring to Montessori preschools teachers and provides them with opportunities for continuous professional development (CPD)
- Facilitates workshops and lectures on professional topics
- Publishes literature promoting and highlighting Montessori education
- Advocates for the Montessori method by seeking to further the integration of the Montessori method into national education systems

Source: smsi.ie

Based on responses received by the main NVCO organisations to an information request issued by Indecon, outlined below is a summary of the resources allocated to each of the activities outlined in Table 2.20.

Table 2.20: Summary of Main Activities of NVCO

	2019 (% Resources)	2020 (% Resources)
Training and Professional Development of (including childminding) workforce	13.5%	12.7%
Training on Child Protection, Equality, NSAI/Síolta/Aistear or National Childcare Scheme	10.1%	9.4%
Dissemination of Information to Providers	13.1%	14.3%
Dissemination of Information to Parents	13.2%	11.9%
Mentoring Services	16.2%	15.4%
Garda Vetting	5.4%	5.5%
Advocacy	13.4%	15.9%
Regulatory Compliance Supports	3.4%	3.1%
Other Services	11.6%	11.8%

Source: Indecon information request to NVCO

In order to examine the role of the NVCO in the model, it is important to consider the interactions between them and other agencies in the operating model. The analysis below based on responses from five organisations, suggests that the NVCO have significant interaction with the DCEDIY, Pobal and providers and parents.

Table 2.21: Levels of Interaction across the Model of NVCO				
	Very significant Interaction	Significant Interaction	Moderate Interaction	No Interaction
DCEDIY	100%	0%	0%	0%
Pobal	60%	20%	20%	0%
CCC	0%	50%	50%	0%
Other NVCO	0%	100%	0%	0%
Tusla	40%	20%	40%	0%
Dept. of Education Inspectorate	20%	0%	60%	20%
Local Authorities	0%	0%	50%	50%
ELC and SAC Providers	80%	20%	0%	0%
Parents	75%	0%	25%	0%

Source: Indecon information request to NVCO

2.3 Summary of key functions undertaken within the model

A summary of the range of activities undertaken by each organisation in the operating model is shown in the next table. This highlights the fact that a number of organisations are involved in a range of tasks that underpin an effective operating model. Indecon's analysis also indicates that around eight different types of organisations are involved in training offered to providers. These training supports cover compliance, IT systems, child protection and other aspects of professional development. There are also three organisations involved in inspections. Many of the organisations in the operating model are engaged in some level of data collection or in communications to providers or to the public. Indecon's analysis suggests that there is a lack of clarity on the precise roles and responsibilities of some of the organisations within the operating model. The mapping of the existing operational model highlights the multiplicity of organisations involved and the complexity of the existing operating model.

Table 2.22: Summary of different functions undertaken by different organisations in the system							
	Policy	Communications	Training	Information	Inspection/ Compliance	Advice	Data Collection
DCEDIY	✓	✓		✓			✓
DE ¹⁷	✓	✓	✓	✓	✓	✓	✓
Pobal		✓	✓	✓	✓	✓	✓
Better Start		✓	✓	✓		✓	✓
TUSLA		✓	✓	✓	✓		✓
CCC		✓	✓	✓		✓	✓
NVCO		✓	✓	✓		✓	✓

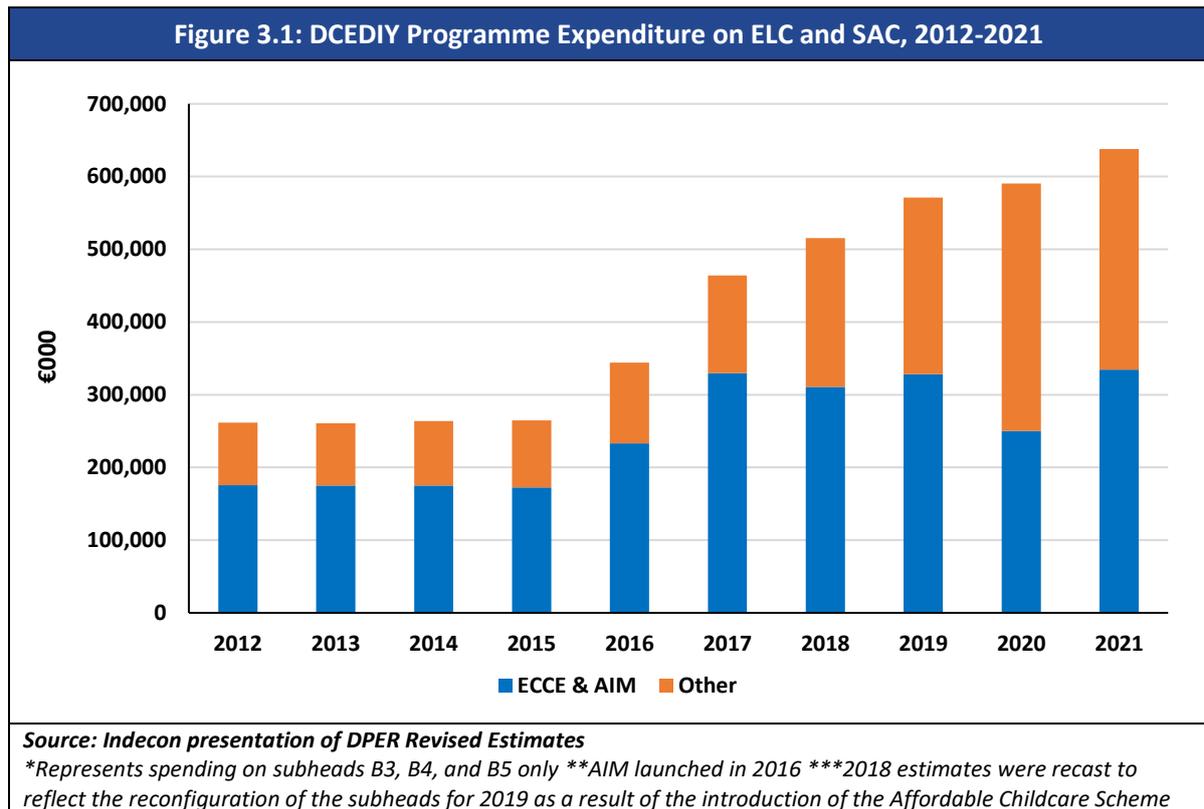
Source: Indecon Analysis

¹⁷ Some of the responsibility for the provision of further and higher education for the ELC workforce is now shared with DFHERIS

3 Resourcing of Existing Operating Model

3.1 Overview of Resources

State funding for ELC and SAC has increased significantly since 2012 (see Figure 3.1). In order to meet the investment targets set out in *First 5*, this level of funding will increase further. The scale of public funding has implications for accountability. The required level of accountability can be challenging in a context where many private companies are part of the core operating model.



Resources for the operating model are funded in a range of areas including the development of policy, advice, and compliance. As shown in Table 3.1, Indecon estimates that around 950 workers are contributing to the operating model. The accumulated experience and expertise of these individuals is an important aspect of the Irish operating model. This excludes the private providers of ELC and SAC services, as well as the unregulated childminding sector.

Table 3.1: Number of Workers Involved in the Operation of the Sector

	Number	Main Role
DCEDIY	81	Policy, Oversight, Budget sanction
DE (including DE EY Inspectorate)	15	Policy, Inspection
Tusla	147	Registration and Inspection
Pobal (ex. Better Start)	306	Funding administration, compliance
Better Start	143	Advice & Training on Quality standards
CCC	207	Advice, Information, Support & Training
NVCO	56	Training & Information
Total	955	

Source: Indecon

3.2 Resources by organisation

The average number of employees in Pobal has increased between 2014 and 2020, from 195 in 2014 to 561 in 2020. The two main areas of employment are Early Years Operations and Better Start, which accounted for over half of the employment in Pobal in 2020. Employment in the Corporate and the Compliance, Audit and Risk divisions has also increased.

Table 3.2: Number of Employees in Pobal (2014-2020)

	2014	2015	2016	2017	2018	2019	2020
Programme Management	43	62	31	28	26	27	30
Corporate	25	31	39	49	57	67	65
Compliance, Audit and Risk	9	11	17	23	29	32	36
Early Years Operations	-	-	-	59	80	110	157
Better Start	-	-	57	97	117	125	143
Financial Operations	70	72	74	60	73	76	78
Community Supports and Services	48	48	52	40	39	42	52
Total	195	224	270	356	421	479	561

Source: Indecon presentation of Pobal Annual Reports and Pobal data
Note: Staff Under Better Start included in Programme Directorate numbers for 2014 and 2015. Figures for 2014-2019 are based on average employment over the year. 2020 employment figure based on employment as at end of year.

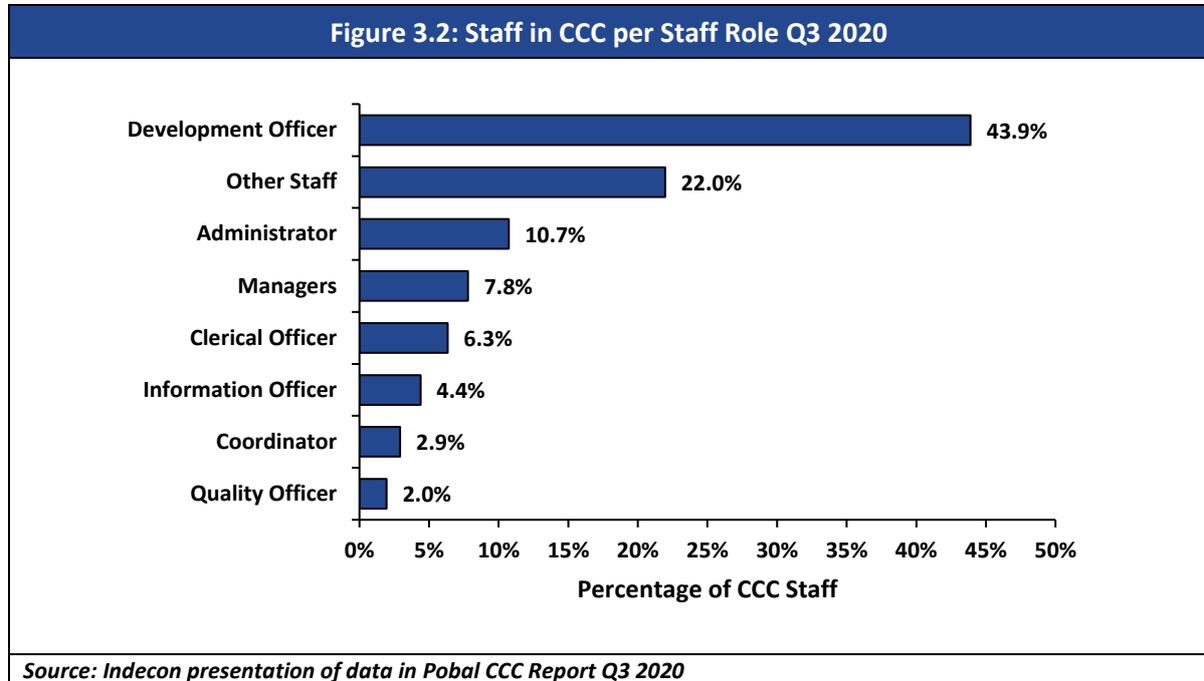
The CCC employ almost 210 people, the majority of which are full-time employees. Most employees are funded by DCEDIY, accounting for 98% and 92% of full-time and part-time staff, respectively. (See table overleaf.)

Table 3.3: Staff Employed in CCC (2021)

	DCEDIY Funded		Funded by Other Sources (e.g., Tusla and Healthy Ireland)		Total	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Carlow County Childcare Committee	3	1	0	0	3	1
Cavan County Childcare Committee	4	1	0	2	4	3
Clare County Childcare Committee	2	4	0	0	2	4
Cork City Childcare Committee	5	1	1	0	6	1
Cork County Childcare Committee	9	3	0	0	9	3
Donegal County Childcare Committee	2	6	0	0	2	6
Dublin City Childcare Committee	7	6	0	0	7	6
Dún Laoghaire Rathdown County Childcare Committee	5	2	0	0	5	2
Fingal County Childcare Committee	7	2	0	0	7	2
Galway County Childcare Committee	7	2	0	0	7	2
Kerry County Childcare Committee	4	1	0	0	4	1
Kildare County Childcare Committee	5	1	0	0	5	1
Kilkenny County Childcare Committee	5	0	0	0	5	0
Laois County Childcare Committee	3	1	0	0	3	1
Leitrim County Childcare Committee	3	1	0	0	3	1
Limerick County Childcare Committee	8	0	0	0	8	0
Longford County Childcare Committee	2	2	0	0	2	2
Louth County Childcare Committee	1	5	0	0	1	5
Mayo County Childcare Committee	6	0	0	0	6	0
Meath County Childcare Committee	1	8	0	1	1	9
Monaghan County Childcare Committee	2	3	0	0	2	3
Offaly County Childcare Committee	1	4	0	0	1	4
Roscommon County Childcare Committee	2	3	0	0	2	3
Sligo County Childcare Committee	3	2	1	3	4	5
South Dublin County Childcare Committee	8	1	0	0	8	1
Tipperary Childcare Committee	7	0	0	0	7	0
Waterford County Childcare Committee	1	7	0	0	1	7
Westmeath County Childcare Committee	5	1	0	0	5	1
Wexford County Childcare Committee	7	0	0	0	7	0
Wicklow County Childcare Committee	3	3	0	0	3	3
Total	128	71	2	6	130	77

Source: Indecon presentation of Pobal data

Almost half of CCC staff are development officers, who account for 43.9% of the overall staffing in the CCC. Administrators and managers were the two next largest individual staff roles, as shown in the following chart.



The following table presents a breakdown of the FTEs (full-time equivalents) employed in each CCC, under the assumption that each full-time employee is equal to one FTE and each part-time employee is equal to 0.5 FTEs. Across the country, the average number of ELC and SAC services per FTE is approximately 26, with some of the more populated counties such as Dublin, Meath, Galway and Wicklow having a higher number of services for every FTE in the CCC.

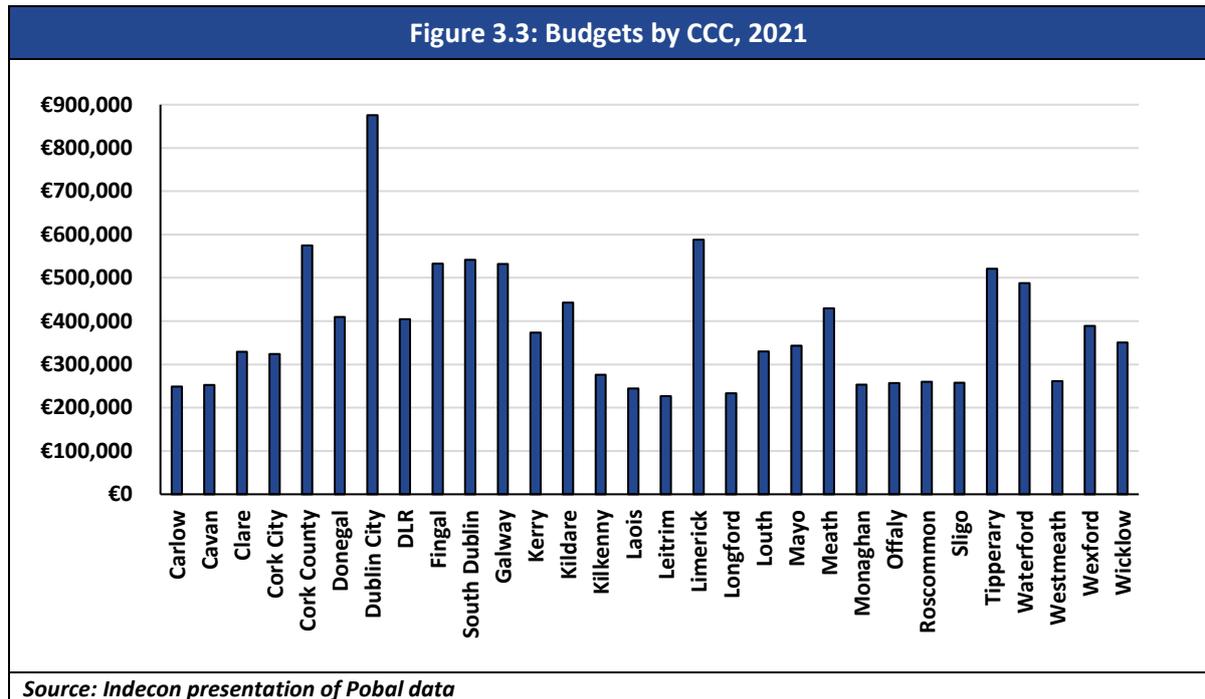
Table 3.4: FTE, ELC and SAC Services in CCC (2021)

	FTEs	Number of ELC and SAC Services from PIP/EYP	Number of Services per FTE	Number of ELC and SAC Services from CCC	Number of Services per FTE
Carlow County Childcare Committee	3.5	49	14.00	46	13.14
Cavan County Childcare Committee	5.5	68	12.36	67	12.18
Clare County Childcare Committee	4.0	133	33.25	173	43.25
Cork City Childcare Committee	6.5	101	15.54	136	20.92
Cork County Childcare Committee	10.5	387	36.86	378	36.00
Donegal County Childcare Committee	5.0	159	31.80	160	32.00
Dublin City Childcare Committee	10.0	421	42.10	595	59.50
Dún Laoghaire Rathdown County Childcare Committee	6.0	176	29.33	244	40.67
Fingal County Childcare Committee	8.0	291	36.38	324	40.50
Galway County Childcare Committee	8.0	282	35.25	307	38.38
Kerry County Childcare Committee	4.5	137	30.44	132	29.33
Kildare County Childcare Committee	5.5	188	34.18	188	34.18
Kilkenny County Childcare Committee	5.0	97	19.40	94	18.80
Laois County Childcare Committee	3.5	87	24.86	89	25.43
Leitrim County Childcare Committee	3.5	38	10.86	60	17.14
Limerick County Childcare Committee	8.0	192	24.00	190	23.75
Longford County Childcare Committee	3.0	37	12.33	56	18.67
Louth County Childcare Committee	3.5	115	32.86	119	34.00
Mayo County Childcare Committee	6.0	130	21.67	136	22.67
Meath County Childcare Committee	5.5	195	35.45	198	36.00
Monaghan County Childcare Committee	3.5	59	16.86	57	16.29
Offaly County Childcare Committee	3.0	67	22.33	67	22.33
Roscommon County Childcare Committee	3.5	58	16.57	61	17.43
Sligo County Childcare Committee	6.5	79	12.15	100	15.38
South Dublin County Childcare Committee	8.5	237	27.88	248	29.18
Tipperary Childcare Committee	7.0	177	25.29	266	38.00
Waterford County Childcare Committee	4.5	96	21.33	101	22.44
Westmeath County Childcare Committee	5.5	77	14.00	99	18.00
Wexford County Childcare Committee	7.0	141	20.14	142	20.29
Wicklow County Childcare Committee	4.5	167	37.11	176	39.11
Total	168.5	4,441	149.39	5,009	29.73
<i>Source: Indecon analysis of Pobal data</i>					
<i>Note: FTEs calculated as follows 1 full-time employee = 1 FTE, 1 part-time employee = 0.5 FTE. There are slight differences in the figures on number of services between the data contained in the EYP and PIP systems and the data provided by each CCC in their LIPs.</i>					

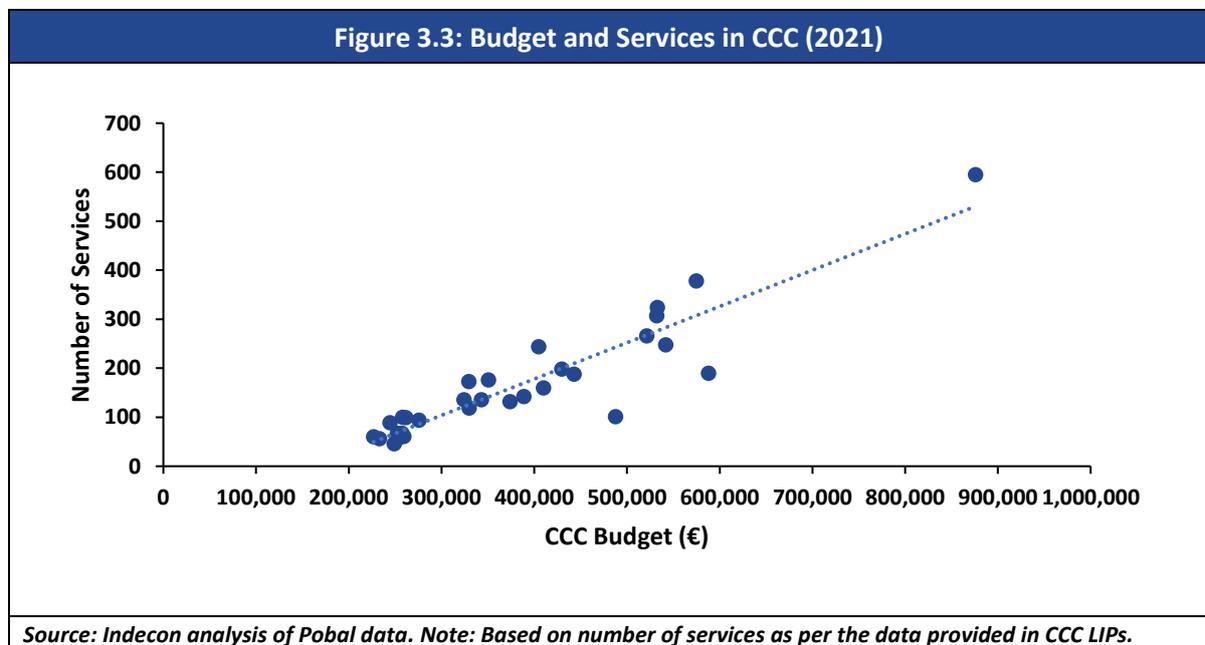
The following table shows that those CCC with the highest number of FTEs (Dublin City and Cork County) have the most children registered with ELC and SAC funding programmes. However, the ratio of FTEs to number of children in those counties is below the national average.

Table 3.5: FTEs and Children Registered in National Programmes in CCC (2021)			
	FTEs	Number of Children Registered with National Programmes	FTEs per 1,000 Registered Children
Carlow County Childcare Committee	3.5	2,109	1.66
Cavan County Childcare Committee	5.5	2,967	1.85
Clare County Childcare Committee	4.0	3,896	1.03
Cork City Childcare Committee	6.5	3,492	1.86
Cork County Childcare Committee	10.5	12,196	0.86
Donegal County Childcare Committee	5.0	5,952	0.84
Dublin City Childcare Committee	10.0	13,913	0.72
Dún Laoghaire Rathdown County Childcare Committee	6.0	5,952	1.01
Fingal County Childcare Committee	8.0	10,027	0.80
Galway County Childcare Committee	8.0	9,084	0.88
Kerry County Childcare Committee	4.5	5,015	0.90
Kildare County Childcare Committee	5.5	7,359	0.75
Kilkenny County Childcare Committee	5.0	3,488	1.43
Laois County Childcare Committee	3.5	3,196	1.10
Leitrim County Childcare Committee	3.5	1,354	2.58
Limerick County Childcare Committee	8.0	6,676	1.20
Longford County Childcare Committee	3.0	1,567	1.91
Louth County Childcare Committee	3.5	4,068	0.86
Mayo County Childcare Committee	6.0	3,621	1.66
Meath County Childcare Committee	5.5	6,588	0.83
Monaghan County Childcare Committee	3.5	3,211	1.09
Offaly County Childcare Committee	3.0	2,197	1.37
Roscommon County Childcare Committee	3.5	2,120	1.65
Sligo County Childcare Committee	6.5	2,662	2.44
South Dublin County Childcare Committee	8.5	8,989	0.95
Tipperary Childcare Committee	7.0	6,115	1.14
Waterford County Childcare Committee	4.5	3,745	1.20
Westmeath County Childcare Committee	5.5	3,205	1.72
Wexford County Childcare Committee	7.0	4,854	1.44
Wicklow County Childcare Committee	4.5	4,424	1.02
Total	168.5	154,042	1.09
<i>Source: Indecon analysis of Pobal data</i>			
<i>Note: FTEs calculated as follows 1 full-time employee = 1 FTE, 1 part-time employee = 0.5 FTE</i>			

Analysis of the 2021 budgets by CCC indicates overall funding of €11.55m across the 30 CCC.¹⁸ This reflects population differences and number of children registered with ELC/SAC funding programmes.



Dublin CCC has the largest budget, as shown in the figure above, and has the highest number of ELC and SAC services. The figure below shows the relationship between the number of ELC and SAC services in a county or local authority and the budget of the CCC.



¹⁸ Early Years Division budget for the CCCs.

The relationship between CCC budgets and the number of children registered in the ELC and SAC funding programmes are listed in the following table.

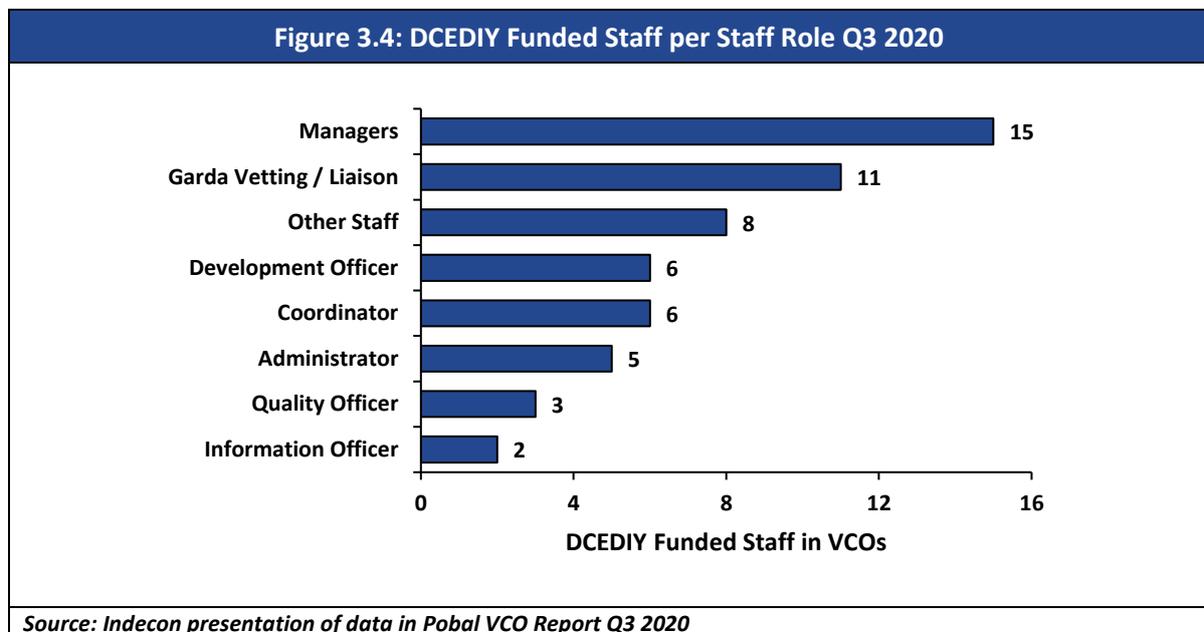
Table 3.6: Budget and Children Registered in ELC and SAC Funding Programmes in CCC (2021)			
	Budget (€)	Number of Children Registered with ELC and SAC Funding Programmes	Budget per Registered Children (€)
Carlow County Childcare Committee	249,057	2,109	118.09
Cavan County Childcare Committee	252,481	2,967	85.10
Clare County Childcare Committee	329,533	3,896	84.58
Cork City Childcare Committee	324,269	3,492	92.86
Cork County Childcare Committee	574,924	12,196	47.14
Donegal County Childcare Committee	409,907	5,952	68.87
Dublin City Childcare Committee	875,851	13,913	62.95
Dún Laoghaire Rathdown County Childcare Committee	404,804	5,952	68.01
Fingal County Childcare Committee	532,760	10,027	53.13
Galway County Childcare Committee	532,238	9,084	58.59
Kerry County Childcare Committee	373,860	5,015	74.55
Kildare County Childcare Committee	442,883	7,359	60.18
Kilkenny County Childcare Committee	275,915	3,488	79.10
Laois County Childcare Committee	244,542	3,196	76.52
Leitrim County Childcare Committee	226,683	1,354	167.42
Limerick County Childcare Committee	588,035	6,676	88.08
Longford County Childcare Committee	233,131	1,567	148.78
Louth County Childcare Committee	329,946	4,068	81.11
Mayo County Childcare Committee	343,107	3,621	94.75
Meath County Childcare Committee	429,855	6,588	65.25
Monaghan County Childcare Committee	253,369	3,211	78.91
Offaly County Childcare Committee	257,195	2,197	117.07
Roscommon County Childcare Committee	259,558	2,120	122.43
Sligo County Childcare Committee	257,960	2,662	96.90
South Dublin County Childcare Committee	542,011	8,989	60.30
Tipperary Childcare Committee	521,281	6,115	85.25
Waterford County Childcare Committee	487,607	3,745	130.20
Westmeath County Childcare Committee	261,587	3,205	81.62
Wexford County Childcare Committee	388,732	4,854	80.08
Wicklow County Childcare Committee	350,533	4,424	79.23
Total	11,553,614	154,042	75.00
<i>Source: Indecon analysis of Pobal data</i>			

Across the seven NVCO, the DCEDIY provided funding for 56 staff as of Q3 2020. More than half of these staff were employed on a full-time basis, with 24 of the 56 working part-time. Early Childhood Ireland and Barnardos accounted for the highest number of staff.

NVCO	Full-time	Part-time	Total Staff	Hours per week	Estimated FTEs*
Barnardos	9	7	16	416	11.9
Early Childhood Ireland	18	3	21	686	19.6
Bláthú Steiner Early Childhood Association	0	2	2	41	14.6
National Childhood Network	3	6	9	216	6.2
Childminding Ireland	1	4	5	137	3.9
National Parents Council	1	0	1	35	1.0
St Nicholas' Montessori	0	2	2	30	0.9
Total	32	24	56	1,561	44.6

Source: Indecon presentation of data in Pobal VCO Report Q3 2020 and data provided by DCEDIY
*Note: * Based on 35-hour work week*

As shown in the following figure, over one quarter of the DCEDIY funded staff in the NVCO were managers, with 11 involved in Garda vetting/liaison, six development officers and six coordinators also spread across the NVCO. The remaining were administrators, quality officers, information officers or had other roles.



An analysis of DCEDIY funded staff for each NVCO is presented in Table 3.8.¹⁹

Table 3.8: DCEDIY Funded Staff per NVCO and Staff Role (Q3 2020)									
NVCO	Managers	Garda Vetting / Liaison	Other Staff	Dev. Officer	Coordinator	Administrator	Quality Officer	Info. Officer	Total
Barnardos	1	6		3	4	2		1	17
Early Childhood Ireland	10	5			2		3		20
Bláthú Steiner Early Childhood Association			1	1					2
National Childhood Network	2		2	2		2		1	9
Childminding Ireland	1								1
National Parents Council	1					1			2
St Nicholas' Montessori			5						5
Total	15	11	8	6	6	5	3	2	56

** Note that the figures include full-time and part-time staff*
Source: Indecon presentation of data in Pobal VCO Report Q3 2020/DCEDIY data

As discussed previously, Tusla's Early Years Inspectorate is the independent statutory regulator responsible for the registration and inspection of ELC and SAC services against the Regulations. As of November 2021, there were approximately 132.2 full-time equivalents in the Tusla Early Years Inspectorate, excluding temporary and agency staff.

Table 3.9: FTE Breakdown of Staff in Tusla Early Years Inspectorate (as of November 2021)	
	FTEs
Total number of staff	132.16
Total number of temporary staff	4.0
Total number of agency Staff	3.0
Total number of vacancies	11.0

Source: Indecon presentation of Tusla data

Across the six different Units within the ELC and SAC Division (as described in Section 3), there were 81 members of staff in the ELC and SAC Division of the DCEDIY. As shown in the following table, the Scheme Oversight and Communications Unit account for 26 of these staff members, almost one-third of the total. The next largest Units were the Quality and Governance, Finance and Reform Units. (See table overleaf.)

¹⁹ It is important to note that some of those staff are fully funded by DCEDIY whereas some are part-funded by DCEDIY.

Table 3.10: ELC and SAC Division (2020)						
	Scheme Oversight and Communications	Projects	Governance, Finance and Reform	Policy and Research	Quality	Early Years Education Policy
Principal Officer	1	1	1	1	1	1
Professional Accountant	0	0	0	0	0	0
Assistant Principal	3	3	3	3	4	2
Higher Executive Officer	7	3	1	0	2	0
Administrative Officer	1	1	3	2	3	0
Executive Officer	8	3	4	1	6	1
Clerical Officer	6	0	1	1	2	0
Total	26	11	13	8	18	4

Note: This includes 4 staff (Education Policy) who are located in DCEDIY but are actually DE staff
Source: DCEDIY

The number of staff in the Department of Education’s Inspectorate is outlined in the following table. Its functions now include inspections of providers delivering the ECCE programme, following an expansion of its role in 2016. A further expansion in 2019 led to the inclusion of inspections of ELC (0-3) services into its Early Years Education function.

Table 3.11: Staff in DE Inspectorate as of 2016		
	Number of Staff	Percentage of Total
Chief Inspector	1	0.7%
Deputy Chief Inspector	1	0.7%
Assistant Chief Inspectors	9	6.5%
Senior Post-primary Inspectors	23	16.5%
Post-primary Inspectors	26	18.7%
Primary Divisional Inspectors	25	18.0%
Primary District Inspectors	29	20.9%
Primary/Post-primary Inspectors	2	1.4%
Early Years Inspectors	9	6.5%
Admin Staff	10	7.2%
Career Breaks and Secondments	4	2.9%
Total	139	100%

Source: Indecon presentation of data in Chief Inspector’s Report 2013-2016

4 Costs and Performance Outcomes of Existing Model

4.1 Overview of Costs

As part of the background to this review, an analysis of costs and performance outcomes has been undertaken. While the focus of the review is on the operating model and is not a value-for-money assessment, this is important for context. The overall costs of maintaining the existing operating model are outlined in the table below. These costs do not include the amounts distributed to providers and parents for services. One important aspect of any value-for-money consideration is how performance is assessed and measured, and how this relates to the levels of annual funding provided. The overall public expenditure on the sector was just under €550 million in 2020. This included direct supports to providers and parents via funds administered by Pobal. Indecon estimates the cost of the operating model was close to 11% of the overall public expenditure costs. There were also programme supports which mainly related to the development of a new ICT system for the National Childcare Scheme. It must be noted that 2020 was disrupted by COVID-19.

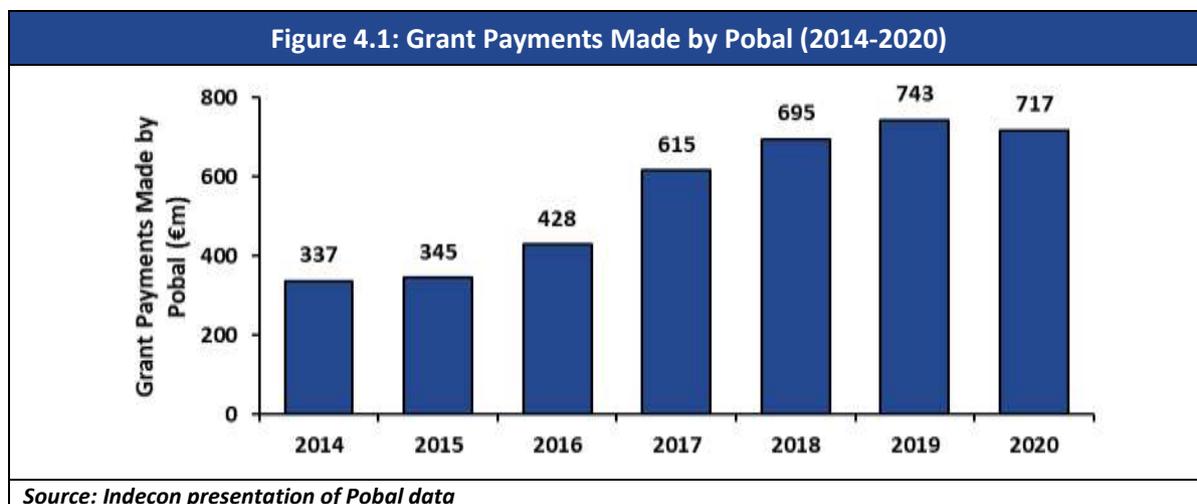
Table 4.1: Overall Cost of Service Provision in the Sector (2020)		
	€ Million	Percentage of Total
Total operating costs	61.13	11.2%
Programme Supports	5.72	1.1%
Grant funding administered by Pobal	477.28	87.7%
Total expenditure	544.13	100%
<i>Source: Indecon analysis</i>		

A breakdown of the estimated costs by organisations within the operating model are shown in Table 4.2 which shows the overall cost of the operating model was just under €60 million, most of which are staff costs. The cost estimates are based on 2020 figures due to comparable data availability.

Table 4.2: Overall Cost of Operating Model of the Sector		
	Total Cost (€m)	Main Role
DCEDIY (2020)	6.67	Policy, Oversight, Budget sanction
DE (including DE EY Inspectorate)	1.36	Policy, Inspection
Tusla	8.34	Registration and Inspection
Pobal (Admin Costs)*	19.54	Funding administration, compliance
Better Start	10.70	Advice & Training on Quality standards
CCC (2020)	10.19	Advice, Information, Support & Training
NVCO	2.96	Training & Information
Total Cost (€m)**	59.76	
<i>Source: Indecon</i>		
<i>Note: *Only relates to admin costs for EY programmes. Does not include admin costs for programmes funded by other departments (e.g., DSP).</i>		
<i>** This does not include programme supports</i>		

4.2 Costs of Pobal

The value of grant payments made by Pobal experienced rapid growth between 2014 and 2020, with grant payments of €717 million made in 2020, more than double the value in 2014. (See figure below.)



The increase in grant payments made by Pobal between 2014 and 2020 is mostly due to the large increase in funding from the DCEDIY in 2017 and increases in subsequent years. Grant payments by Pobal during the period are shown in the table below.

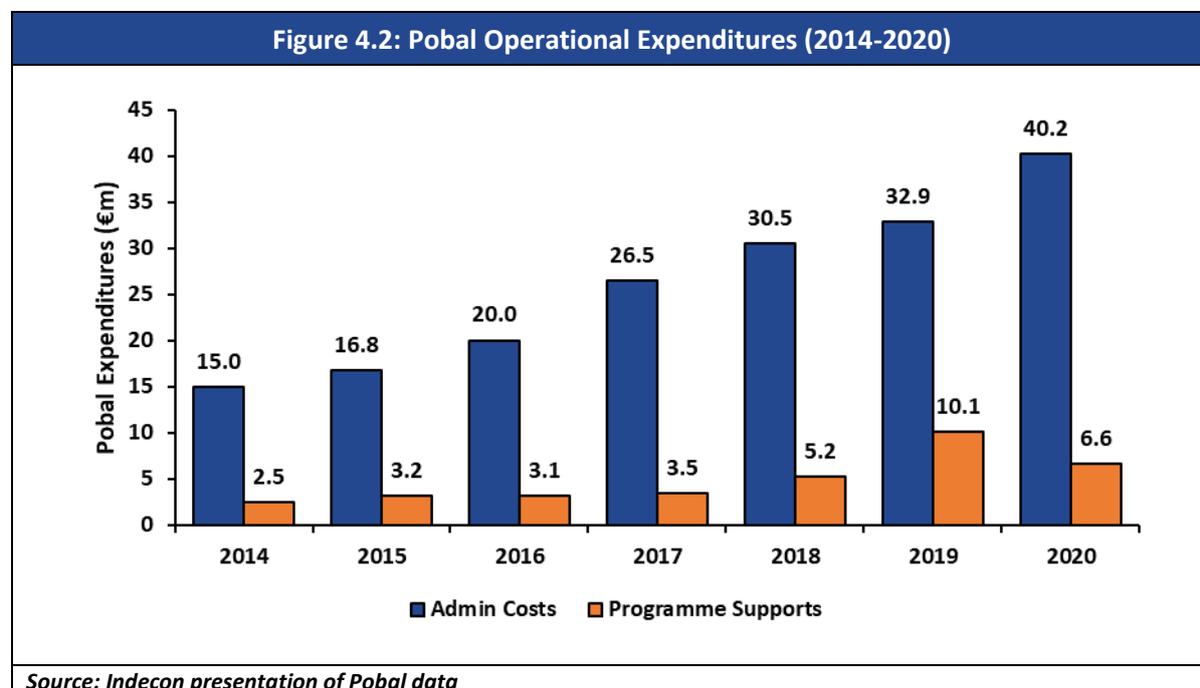
Table 4.3: Grant Payments Made by Pobal by Funder (2014-2020) (€m)

Funder / Programme	2014	2015	2016	2017	2018	2019	2020
Department of Children and Youth Affairs*	89	92	198	407	480	532	477
Department of Employment Affairs and Social Protection**	200	229	214	187	149	146	132
Department of Rural and Community Development	41	14	7	8	53	54	56
Department of Health	0	0	0	4	5	7	17
Department of Justice and Equality***	1	0	0	0	0	0	0
Area Based Childhood Programme	5	7	6	6	7	0	0
Dormant Accounts Fund	0	3	3	2	1	4	2
Other	1	0	0	0	0	0	34
Total	337	345	428	615	695	743	717

Source: Indecon presentation of data in Pobal Annual Reports

*Note: * Now Department of Children, Equality, Disability, Integration and Youth. ** Now Department of Social Protection. *** Now Department of Justice*

Pobal's operational expenditure, in terms of administrative and programme supports, has also increased in line with the increase in grant payments and staff at Pobal. As shown in the next figure, administrative costs more than doubled between 2014 and 2020 to reach €40.2m in 2020, whilst spending on programme support reached €10.1 million in 2019 (up from €2.5m in 2014), before falling in 2020 due to the impact of the pandemic.



In terms of the breakdown of Pobal expenditures via the DCEDIY funding between 2018 and 2020, which followed the large increase in funding from the DCEDIY, over 95% of it is spent on ELC and SAC Funding Programmes. The next largest expenditure items are the Youth Services Grant Scheme and the Better Start National Early Years Quality Development Service. Details are provided in the table below.

Table 4.4: Pobal Expenditures Funded by DCEDIY (2018-2020) (€m)

Programme	2018			2019			2020		
	Admin /Staff Costs	Prog. Supports	Grants Paid	Admin/ Staff Costs	Prog. Supports	Grants Paid	Admin/ Staff Costs	Prog. Supports	Grants Paid
Early Years Programmes	10.39	4.15	468.47	12.16	9.20	519.35	19.46	5.59	463.12
Youth Café	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Youth Services Grant Scheme	0.03	0.00	10.68	0.04	0.00	11.51	0.04	0.00	13.55
Comhairle na nÓg	0.05	0.01	0.61	0.04	0.01	0.62	0.04	0.01	0.61
Better Start National Early Years Quality Development	9.99	0.27	0.00	10.63	0.17	0.00	10.70	0.13	0.00
Total	20.46	4.43	479.77	22.87	9.37	531.48	30.24	5.72	477.28

Source: Indecon presentation of Pobal Annual Reports
Note: DCYA at the time of these expenditures in 2018 and 2019.

Table 4.5 shows Pobal expenditures funded by the DCEDIY. In 2020, Pobal distributed around €477 million in payments to ELC and SAC providers in lieu of services provided through various ELC and SAC funding programmes. The administration cost of this was estimated to be just under 6% of the amount distributed. This does not include programme supports which amounted to almost €6 million in 2020.

Table 4.5: Pobal Expenditure Funded by DCEDIY (2020)		
	€ Million	Percentage of Total
Grant Payments	477.28	93.0%
Programme Supports	5.72	1.1%
Admin/Staff Costs	30.24	5.9%
Total	513.25	100%

Source: Indecon analysis of Pobal data

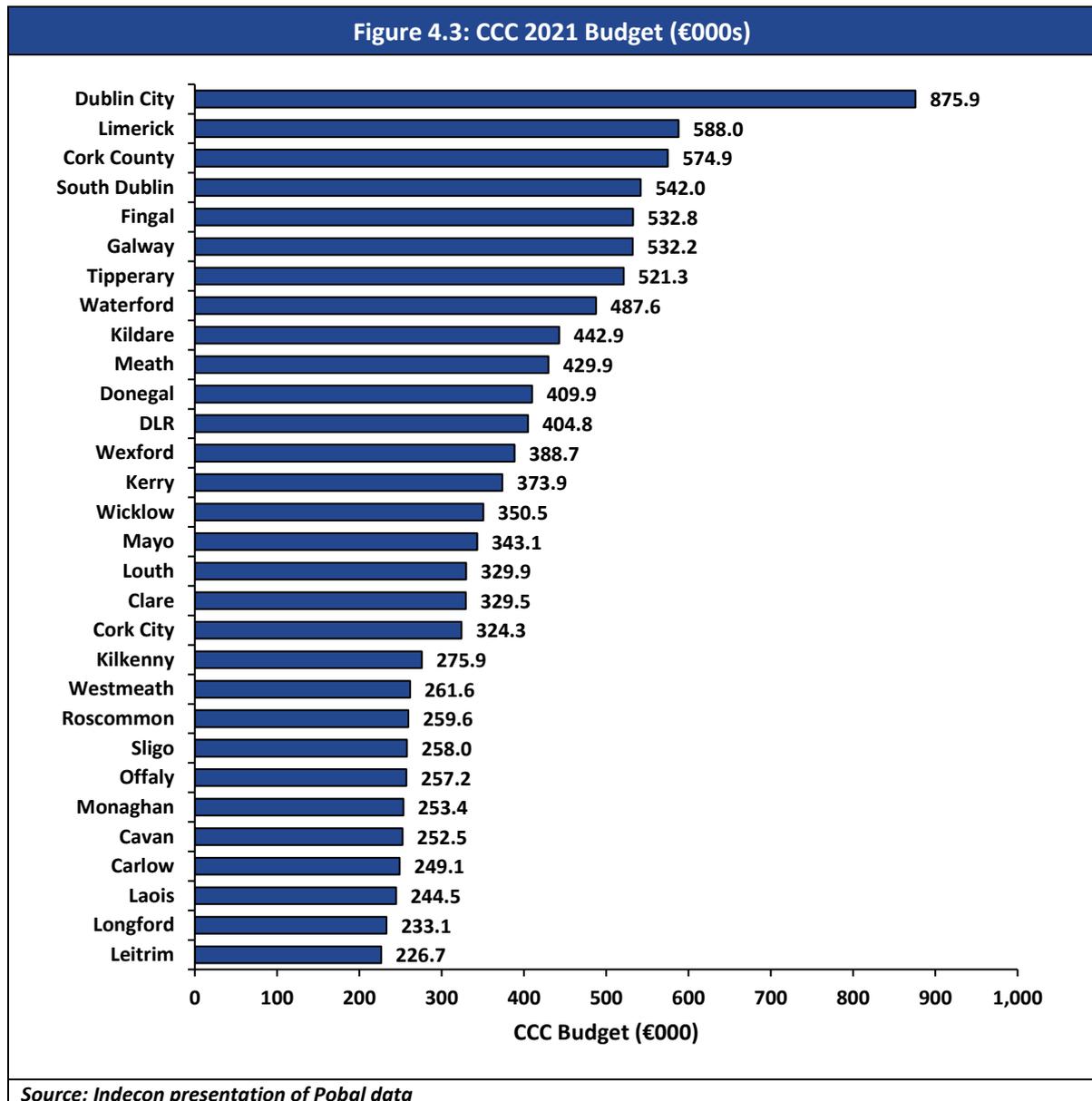
Indecon's estimates suggest that the expenditure per child is around €2,849 in 2020. This is based on the levels of expenditure and numbers benefiting. These figures are shown in Table 4.6.

Table 4.6: Pobal Expenditure Funded by DCEDIY per Child (2020)	
Total Pobal expenditure (€m)	513.25
Children benefiting from at least one of the three Government Programmes (ECCE, CCS or TEC)	180,149
Expenditure per child (€)	2,849

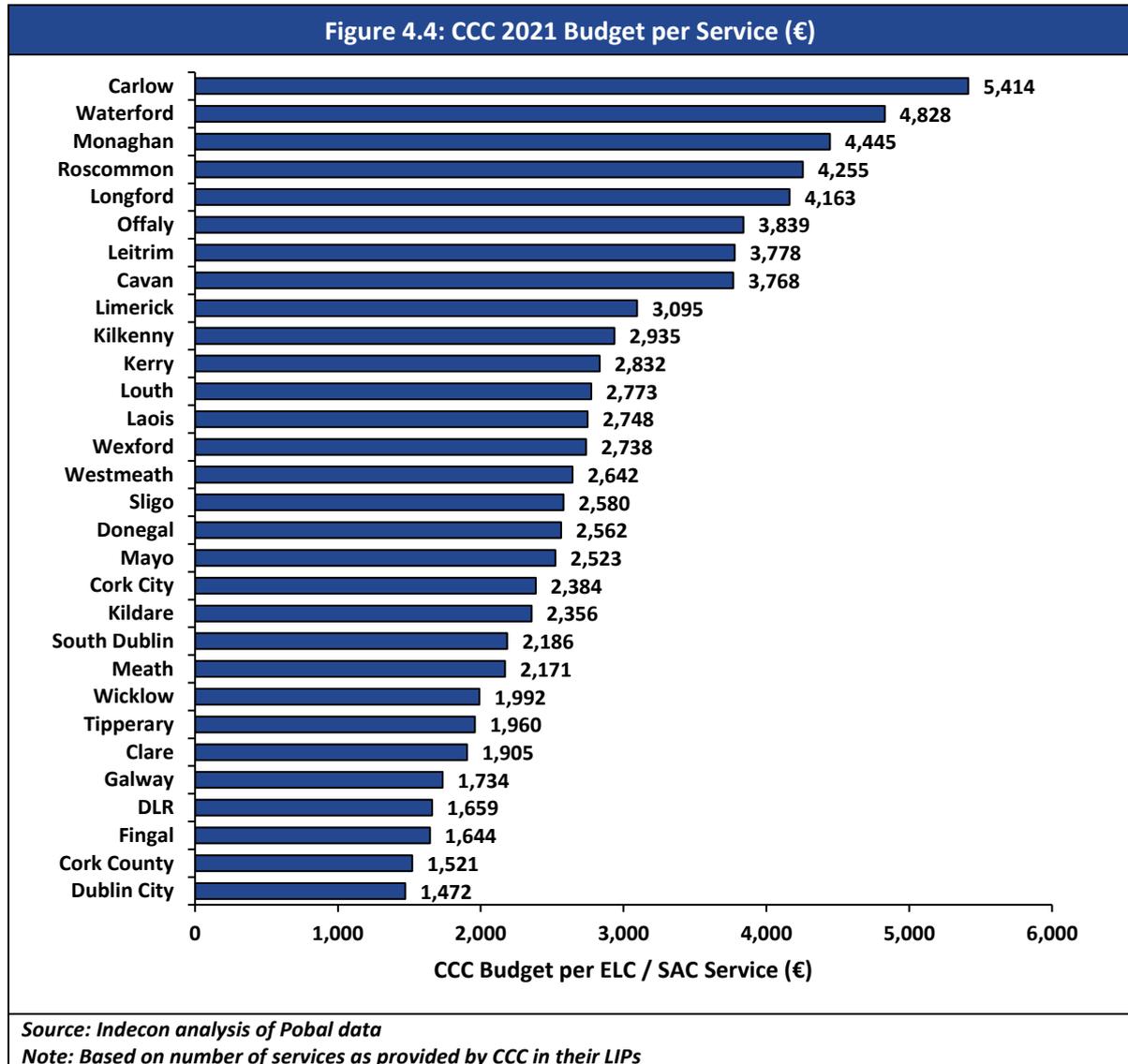
Source: Indecon analysis of Pobal data.
Note: Pobal expenditure based on 2020 calendar year whilst number of children based on 2019/20 academic year.

4.3 Cost of CCC

The costs for each of the CCC is outlined in the figure overleaf, with budgets ranging from €222,000 to €859,000. Those CCC with higher budgets are in areas with more ELC and SAC services, and more children registered in ELC and SAC funding programmes.



Those CCC with the highest budgets tended to have the lowest budget per ELC and SAC services in their area, with Dublin City, Galway, Fingal and Cork County having the lowest ratio of budget to ELC and SAC services.



4.4 Cost of NVCO

The budgets for each of the NVCO over the past five years are contained in the following table, which shows small incremental increases in the costs in 2018 and 2020. These increases were due to increases in the budget for the National Parents Council and the Bláthú Steiner Early Childhood Association. Each of the other five NVCO experienced no change in allocations since 2017.

Table 4.7: DCEDIY Budget for NVCO 2017-2021

	2017	2018	2019	2020	2021
Barnardos	769,009	769,009	769,009	769,009	769,009
Bláthú Steiner Early Childhood Association	50,800	51,200	51,200	61,161	61,161
Early Childhood Ireland	1,412,080	1,412,080	1,412,080	1,412,080	1,412,080
National Childhood Network	240,000	240,000	240,000	240,000	240,000
Childminding Ireland	340,000	340,000	340,000	340,000	340,000
National Parents Council	29,820	82,000	82,000	82,000	82,000
St Nicholas' Montessori	69,000	69,000	69,000	69,000	69,000
Total	2,910,709	2,963,289	2,963,289	2,973,250	2,973,250

Source: Indecon presentation of Pobal data
Note: Figures for Barnardos and ECI include their funding for Garda Vetting functions which is assumed to be constant over the five years.

The DCEDIY budget accounts for a varying degree of the total income of each of the different NVCO, with Barnardos' budget from DCEDIY accounting for approximately 3% of its total income compared to the Bláthú Steiner Early Childhood Association which had almost 95% of income from the DCEDIY budget.

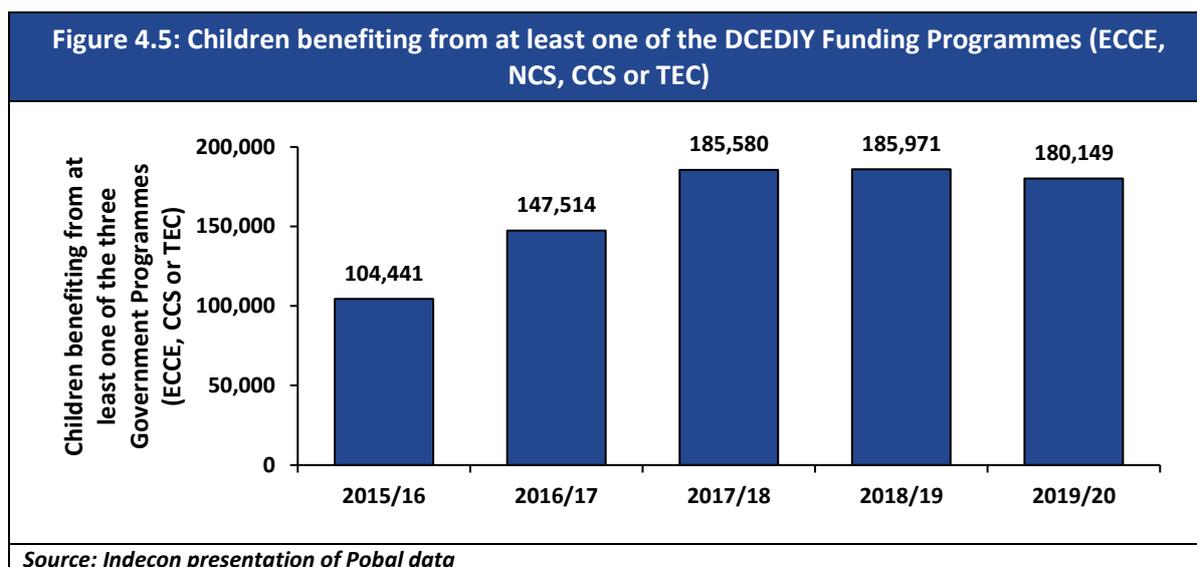
Table 4.8: DCEDIY Budgets as a Percentage as Total Income for NVCO (2019)

NVCO	DCEDIY Budget	Total Income	DCEDIY Budget as a Percentage of Total Income
Barnardos	769,009	25,208,000	3.1%
Bláthú Steiner Early Childhood Association (2020)	61,161	64,436	94.9%
Early Childhood Ireland	1,412,080	2,965,722	47.6%
National Childhood Network	240,000	638,096	37.6%
Childminding Ireland	340,000	389,518	87.3%
National Parents Council	82,000	809,167	10.1%
St Nicholas' Montessori	69,000	Not publicly available	-

Source: Indecon analysis of Pobal and data on VCOs from Benefacts

4.5 Overall Performance of ELC and SAC

Insights on performance and overall value for money should consider how the operating model has facilitated changes in the number of children who are benefitting from the ELC and SAC Funding Programmes (ECCE, NCS, CCS or TEC). The evidence indicates that the expansion in expenditure has been associated with a major increase in the number of children benefitting from these programmes since 2015. The number of children benefitting has increased from around 100,000 to over 180,000 (see Figure 4.5.) The slight decline in 2019/2020 is deemed to be because of reduced population numbers in the relevant age groups, according to the Annual Early Years Sector Profile Report 2019/2020.



The outputs across the key programmes show the number of children supported and the number of services in contract and are illustrated in the table below. While the lower figures for the 2020/2021 cohort reflect the impact of the COVID-19 pandemic and the fact that 2020/2021 year is not yet complete at the time of drafting this report, the scale of services provided under these programmes is noteworthy.

Table 4.9: ELC and SAC Funding Programme Outputs (Q1-Q3 2020)

Programme	Number of Unique Children Supported	Number of Approved Registrations	Number of Unique Services in Contract
ECCE 2019/20	105,974	113,075	4,228
ECCE 2020/21	96,706	97,515	3,908
CCSP 2019/20	63,376	95,942	3,187
CCSP 2020/21	16,058	17,268	1,906
TEC 2019/20	2,215	2,789	1,602
TEC 2020/21	279	279	941
NCS (Q3 2020) – Unique children with an active weekly claim	30,933	-	-

Source: Early Years Management Report

In the next table, the output targets as outlined in the DPER Public Estimates for Programmes for Children and Young People are presented. Of note is that a number of new metrics have been introduced. An analysis of 2019 targets indicates that they were either achieved or were very close to being achieved.

Table 4.10: Metrics for Programmes for Children and Young People					
Programme	Metric	2019 Target	2019 Output	2020 Target	2021 Target
ECCE and AIM Preschool Programmes	Percentage take-up on ECCE of available cohort	New Metric	90.9%	91.6%	93.0%
	No. of children enrolled in the ECCE Programme	109,500	108,200	109,905	104,371
	No. of approvals for additional assistance under AIM	3,704	3,928	4,445	4,100
	Percentage of ECCE children receiving Aim additional assistance	New Metric	3.3%	4.1%	4.0%
NCS and Other Childcare Programmes	No. of children on NCS and legacy targeted schemes	New Metric	85,283	100,000	100,000
	Average full-time NCS subsidy (per 45 hours) for those living below the relative income poverty line	New Metric	New Metric	New Metric	€180

Source: DPER Public Estimates

4.6 Performance of Pobal

The performance of Pobal can be seen from the level of compliance with specific reporting requirements as noted in the table below.

Table 4.11: Pobal Compliance with Specific Reporting Requirements (2018)	
Requirement	Compliance in 2018
A detailed annual report profiling the early years sector (jointly published by DCEDIY and Pobal).	The early years sector profile report for 2017/2018 a programme year was published by DCEDIY and Pobal in November 2018.
A bi-annual progress report, representing a high-level update and analysis of programmatic outputs, trends and operational issues arising.	In 2018, the progress report for the first half of the year was submitted to DCEDIY in September 2018. The September 2018 progress report did not include the level of detail specified in the SLA. The progress report for July to December 2018 was produced in March 2019, this report included information for the full calendar year January to December 2018.
Compliance reports detailing outcomes, trends and weaknesses identified, provided on a monthly and quarterly basis.	The required quarterly compliance reports for 2018 were provided to DCEDIY. However, two of the reports were received over two months after the end of the quarter in question.

Source: Report on the Accounts of the Public Services 2018

As shown in the table below, Pobal achieved three of the four financial KPIs as per their programme of work, and whilst the fourth was not achieved, it was agreed with the DCEDIY that the balance at the end of the month would include payments to be made in the first days of October.

Table 4.12: Pobal's Performance re Financial KPIs as per Programme of Work with Department (Q3 2020)					
Timeframe	Indicator	Target	Actual	Commentary	Status
Ongoing	Average Month-end Pobal balance	<€5m	€7.7m	The balance at the end of Q3 was €7.7m. €4.2 of this balance was on hand to meet ECCE (€1.7m), NCS and Savers (€2.2m) and AIM L7 (€0.3m) for payments w/e 02 Oct.	Not achieved updated balance but agreed with DCEDIY
Ongoing	Percentage of ECCE payment runs occurring on agreed payment calendar dates	100%	100%	-	Achieved
Ongoing	Percentage of NCS payment runs occurring on agreed payment calendar dates	100%	100%	-	Achieved
Ongoing	Percentage of NCS Saver payment runs occurring on agreed payment calendar dates	100%	100%	-	Achieved

Source: Early Years Management Report

Indecon understands that the new administrative and development expenditure relating to DCEDIY programmes conformed to procurement rules, thus achieving the target set as per Pobal's Programme of Work with the DCEDIY.

Table 4.13: Pobal's Performance re Governance KPIs as per Programme of Work with Department (Q3 2020)					
Timeframe	Indicator	Target	Actual	Commentary	Status
Ongoing	Percentage of new administrative and development expenditure, relating to DCEDIY schemes/ programmes, occurring within Procurement Rules	100%	100%	All committed expenditure costed to DCEDIY programmes conform with Procurement Rules	Achieved

Source: Early Years Management Report

In terms of scheme oversight, KPIs for each of the three targets were achieved (see table below), with the average processing time of 13.59 days (less than half of the four weeks included in the indicator), and all new updates to registration for NCS Savers during the Savers Management windows were processed within 20 days of receipt.

Table 4.14: Pobal's Performance re EY Scheme Oversight KPIs as per Programme of Work with Department (Q3 2020)					
Timeframe	Indicator	Target	Actual	Commentary	Status
Ongoing	Average percentage of Higher Capitation applications processed within four weeks of the appraisal process commencing. The commencement date of the appraisal process to be earlier than in 2019 and to be agreed between DCEDIY and Pobal by end of Q1 as part of the planning process for Higher Capitation in 2020/21.	90%	100%	Average Processing Days 13.59	Achieved
Ongoing	All new updates to registrations during the Savers Management windows for NCS Savers to be processed within a 20-day window after the Savers Windows has ended.	100%	100%	Saver Management Window is open until 09/11/20. Thus far all updates have been processed within 20 days of receipt.	Achieved
Q3 and Q4	All new registrations for the new programme year 2020/2021 (excluding CCSP) to be processed within 20 working days of receipt (not withstanding appeals or changes due to compliance corrections which need to also be processed within the agreed timeframe).	90%	99%	Majority ECCE registrations are automatically approved.	Achieved

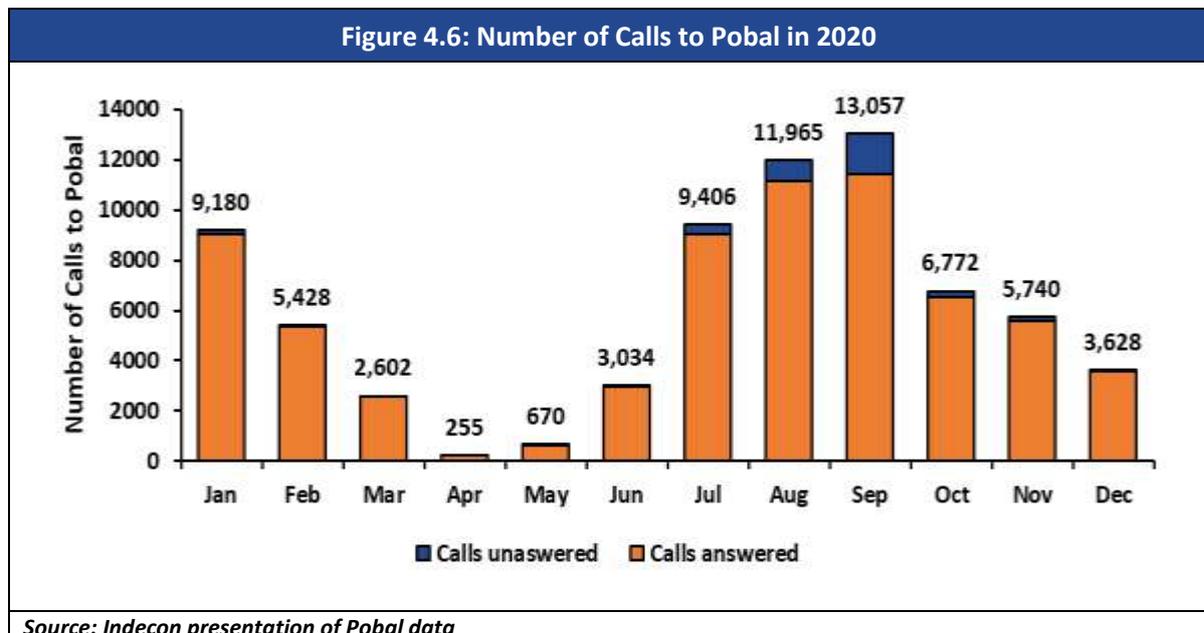
Source: Early Years Management Report

As listed in the table overleaf, Pobal achieved one of the two compliance-related targets, but the second target was not achieved due to the COVID-19 crisis which meant that no visits could be conducted as services were closed.

Table 4.15: Pobal's Performance re Compliance KPIs as per Programme of Work with Department (Q3 2020)					
Timeframe	Indicator	Target	Actual	Commentary	Status
Ongoing	Number of contracts visited per PDA	100%	0%	No visits could be conducted as services were closed due to the COVID-19 crisis.	Not achieved due to COVID-19 crisis
Ongoing	Reporting Timelines as per PDA	100%	100%	The initial cumulative report for the cycle was submitted to the DCEDIY in May. This report did not include details of 31 services who were awaiting a revisit due to issues identified primarily with attendance records. However, once the cycle was nearing closure it was evident that a revisit could not be conducted. A report detailing outcomes for these services was prepared and submitted to the DCEDIY in July. A revised cumulative report incorporating the revisit outcomes was submitted in August.	Achieved

Source: Early Years Management Report

One of Pobal's functions is support providers and parents in relation to the provision of ELC and SAC. The following figure shows the number of calls to Pobal in 2020 on a monthly basis. The decline in March, April and May is due to the COVID-19 pandemic. Given the multiplicity and complexity of the operating model, the number of calls may reflect the communication challenge facing parents and providers. The impact of COVID-19 is also likely to have influenced the volume of calls during the August-September period due to queries about safe re-opening.



4.7 Performance of CCC and NVCO

The table below presents a summary of some of the performance measures concerning progress towards actions across the CCC. The evidence suggests significant regional variance across the CCC.

Table 4.16: Progress Towards Actions by CCC (Q3 2020)				
	Percentage of ELC & SAC services that received one-to-one support re: compliance issues.	Percentage of non-compliant ELC & SAC services that received information or support from CCC via phone and email	Percentage of ELC and SAC services that received information or support from the CCC by phone and e-mail re: sustainability challenges, are in CM or in a crisis	Percentage of ELC and SAC services that received in person one-to-one support from the CCC re: sustainability challenges, are in CM or in a crisis
Carlow	0.0%	0.0%	6.1%	10.2%
Cavan	3.0%	0.0%	7.5%	7.5%
Clare	1.6%	0.5%	1.6%	1.6%
Waterford	0.0%	0.0%	0.0%	0.0%
Leitrim	46.2%	0.0%	5.8%	0.0%
Sligo	0.0%	0.0%	0.0%	0.0%
Cork City	0.9%	11.3%	3.8%	4.7%
Cork County	0.0%	0.0%	2.8%	0.2%
DLR	0.0%	0.0%	1.5%	0.0%
Donegal	6.5%	0.6%	2.6%	0.6%
Dublin City	0.8%	4.1%	11.5%	1.4%
Fingal	0.6%	0.0%	3.7%	0.0%
Galway	20.0%	1.2%	38.9%	3.0%
Kerry	4.5%	0.0%	5.3%	3.0%
Kildare	0.5%	0.5%	0.0%	0.0%
Kilkenny	5.1%	0.0%	5.1%	5.1%
Laois	0.0%	0.0%	0.0%	0.0%
Limerick	2.0%	0.0%	1.5%	0.0%
Longford	10.8%	0.0%	0.0%	2.7%
Louth	4.4%	0.0%	3.5%	3.5%
Mayo	2.8%	3.5%	9.0%	2.8%
Meath	1.6%	0.4%	9.9%	9.9%
Monaghan	0.0%	0.0%	19.3%	0.0%
Offaly	0.0%	0.0%	8.6%	0.0%
Roscommon	0.0%	0.0%	0.0%	4.8%
South Dublin	1.4%	0.0%	2.1%	1.4%
Tipperary	2.2%	2.2%	0.7%	0.7%
Westmeath	0.0%	0.0%	0.0%	0.0%
Wexford	0.7%	0.0%	0.7%	0.0%
Wicklow	1.6%	1.1%	1.1%	0.5%

Source: Indecon analysis of Pobal data

In considering costs and performance outcomes for NVCO, of interest is the number of community memberships for each of the NVCO. While membership numbers do not represent a comprehensive measure of performance, the Early Childhood Ireland and the National Childhood Network have a large number of members, with Childminding Ireland and Barnardos the next largest. It must be noted that some consist of fee-paying registered members while others do not. It is also likely that the figures below may relate to followers as well as members which may overstate the number.

Table 4.17: Community Memberships in NVCO Q3 2020					
NVCO	Community-based providers	Non-centre ELC and SAC	ELC and SAC	Private based ELC and SAC providers	Total
Barnardos	86	885	66	26	1,063
Bláthú Steiner Early Childhood	13	1	4	3	21
Early Childhood Ireland	860	10	547	2,774	4,191
National Childhood Network	868	34	24	2,604	3,530
Childminding Ireland	0	626	0	1,194	1,820
National Parents Council	0	0	0	0	0
St Nicholas' Montessori	0	0	26	210	236
Total	1,827	1,556	667	6,811	10,861
<i>Note: The National Parents Council do not provide ELC/SAC services but are a NVCO that is currently funded by DCEDIY</i>					
<i>Source: Pobal VCO Report Q3 2020</i>					

Similarly to the CCC, there is a scoring framework for NVCO AIP, with the framework outlined below. Each NVCO is scored on four criteria: core body of work, quality, governance, sustainability and costs with different weighting assigned on the criteria.

Table 4.18: Pobal Scoring Framework for NVCO AIP			
Criterion	Maximum Score	Weighting	Maximum Weighted Score
Core Work	3	x35	105
Quality and Achievability	3	x5	15
Governance and Sustainability	3	x5	15
Appropriateness of Costs	3	x5	15
Total			150
<i>Source: Pobal</i>			

Each NVCO is given a score of 1, 2 or 3 ranging from poor to good, as outlined in the following table for each of the four criteria. These scores are then inserted into the scoring framework to arrive at a final rating for each VCO.

Table 4.19: Rating Descriptions for NVCO	
Rating	Description
Good (3)	A good response and supporting evidence, well above the satisfactory level has been provided to demonstrate delivery against this criterion
Satisfactory (2)	A satisfactory response in relation to the quality of information and evidence to demonstrate delivery against this criterion
Poor (1)	A nil or poor response with limited information or demonstratable evidence on delivery against this criterion.
<i>Source: Pobal</i>	

There are three Core Priorities for NVCO to work towards annually as outlined below:

- Support DCEDIY in the delivery of ELC and SAC funding programmes;
- Provision of support and training to your members and parents; and
- Contribute to national policy development and participation in national collaborations to develop and improve quality standards in ELC and SAC.

INTERNATIONAL REVIEW

5 Case Studies of Four Countries

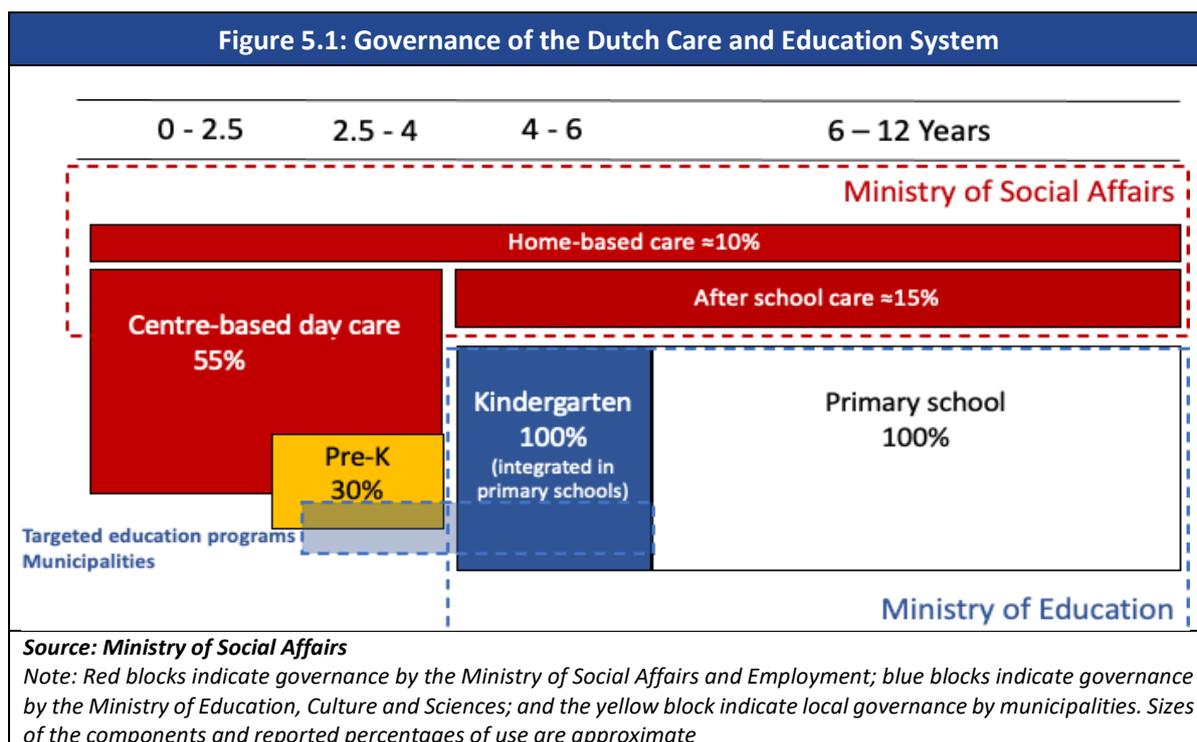
5.1 Netherlands

The Dutch childcare system has changed profoundly in the past two decades. Traditionally, the Netherlands has had a split system for care and education. Children are entitled to kindergarten, with a play-based curriculum and, since 1985, a place in a primary school from their fourth birthday. There is whole-day childcare for children below the age of four and after-school care for children aged 4-13 provided as centre-based or home-based care. The responsibility for childcare lies with the Ministry of Social Affairs and Employment as childcare is primarily considered a labour market instrument.²⁰ Originating from 1960s local welfare policy, there are also half-day playgroups or preschools for children aged 2-4. Since 2000, these have been mostly dedicated to providing preschool education to disadvantaged children under the responsibility of the Ministry of Education, Culture and Science. Since 2010, several measures have been implemented to harmonise whole-day childcare and half-day preschool into one integrated system, albeit full- and half-day programmes are still provided. In 2018, this evolved into one shared quality framework rooted in new statutory quality regulations aligning all types of childcare. The childcare sector has also been characterised by major expansion with a doubling in the number of places between 1995 and 2004 (from 59,000 to approx. 186,000) and again between 2008 and 2010 and continues to grow steadily with almost 583,000 places in 2019.²¹

Figure 5.1 overleaf shows the multicomponent Dutch childcare and education system for ages 0-12. Formal childcare includes centre-based care for children below age four, after school care for children aged 4-12, and home-based care for those aged 0-12. For children aged 2-4, a half-day playgroup (usually twice per week) is provided under the governance of and partly funded by the municipalities. In most municipalities, playgroups are provided by organisations that also offer full-day care provision or where playgroups have been turned in to pre-kindergarten 'schools' to provide a targeted education programme to disadvantaged children. Quality inspections are conducted by inspectors connected to the Regional Public Health Authorities. Children are entitled to free kindergarten education from their first birthday. Kindergartens offer 20-22 hours per week of play-based education programme, which becomes compulsory from age five. Provision makes up two-thirds of a day, meaning working families must use after-school care, home-based care or informal care in addition to kindergarten. Targeted programmes, including kindergarten, are part of the national educational equity policy. The responsibility for the execution of the policy is decentralised to the municipalities to ensure sufficient places for disadvantaged children and to promote professional staff development. The responsibility for quality assurance in services working with these targeted programmes lies with the National Inspectorate of Education.

²⁰ Akgündüz, Y. E., & Plantenga, J. (2014). Childcare in the Netherlands: Lessons in privatisation. *European Early Childhood Education Research Journal*, 22(3), 379-385.

²¹ Due to the parttime enrolment in childcare, one place can be occupied by more than one child.



Centre-based and home-based childcare, and after-school care are regulated under the Child Care Act. Targeted education programmes implemented across childcare centres, playgroups/pre-kindergarten schools and kindergarten departments of primary schools, fall under the National Educational Equity Policy and Primary Education Act, while primary education falls under the Primary Education Act. For staff working in childcare, collective labour agreements are set up periodically within a Social Welfare framework that specifies vocational training requirements, salary rates, continuous professionalisation opportunities and other secondary labour conditions. For staff working in primary education (including kindergarten), collective labour agreements are set up within an education framework. Jobtraining requirements and salary rates differ between the care part and the education part of the system, with higher training level demands, higher salary rates and more opportunities for professional development in the education sector. The first Child Care Act of 2005 laid out basic quality regulations in terms of structural quality conditions (e.g., group size, the children-to-staff ratio), health and safety requirements, and introduced four basic pedagogical goals for childcare as follows:

- emotional security;
- children's personal competences;
- children's social competences; and,
- socialisation of norms and values.²²

Further quality improvements were implemented with the adoption of developmental opportunities through the Quality Improvement and Education Act in 2010,²³ which promoted

²² <http://www.rijksoverheid.nl/onderwerpen/kinderopvang/documenten-en-publicaties/kamerstukken/2008/11/02/bijlage-convenant-kwaliteit-kinderopvang.html>

²³ <https://wetten.overheid.nl/BWBR0027956/2012-01-21>

childcare as a developmental, rather than a labour market, pursuit, and subjected playgroups/pre-kindergarten schools to the same structural quality regulations as day care centres. The Harmonisation of Childcare and Preschool Education Act, 2018, paved the way for full harmonisation and integration of childcare and playgroups/pre-kindergarten schools for disadvantaged children (still providing full- and half-day programmes with or without targeted preschool education), in addition to new structural quality requirements (especially regarding the staff-to-children ratio for infants and the job training requirements for senior pedagogical staff who should act as coaches for other staff).

Centre-based childcare and home-based non-familial childcare are full-day, five days per week (or more to accommodate parents with night and weekend work or irregular jobs) programmes, though modal use is two full days (16 hours) per week due to the predominant part-time employment of women. Care is also provided during summer holidays. Playgroups/pre-kindergarten schools provide a half-day (three to four hours per day) programme – on average two half-days per week, or four half-days up to 16 hours per week for eligible disadvantaged children on targeted programmes. Playgroups/pre-kindergarten schools run 40 weeks per year and are not open during school holidays. After-school care centres (and non-familial home-based care families) provide a three-to-five-hour programme on Monday, Tuesday and Thursday, and sometimes more hours on Wednesday and Friday afternoons, to match the kindergarten/primary school opening times. Most after-school care centres also provide full-day care during school holidays. Centre-based and non-familial home-based care is not free of charge, but parents get part of the out-of-pocket costs reimbursed if they meet the criteria of both parents being employed or following a job-related education programme. This reimbursement or allowance is income dependent. Playgroups/pre-kindergarten currently fall under two funding schemes. If parents meet the above mentioned employment or continued education criteria, out-of-pocket costs will be partially reimbursed. If parents do not meet these criteria and/or if they meet the criteria of the educational equity policy when the child attends a service with a targeted education programme, then part, most, or all of the costs are paid by the municipality depending on family-income or on target group status (direct subsidies to the providers).

Following successive legislative reforms, childcare, non-familial home-based care, after-school care and pre-kindergarten playgroups in the Netherlands constitute a privatised and marketised hybrid system in which both for-profit and not-for-profit private organisations conduct the tasks of early care and education and after-school care. There is no public provision. For-profit providers can be stand-alone small firms, medium-sized local or regional organisations, or large nationally operating corporations. Non-familial home-based care is most often provided by small firms (the host family), but they are often part of a network or members of a coordinating organisation that acts as a broker to match homecare providers to clients, provide training and guidance, and/or support homecare providers in administrative work. Non-profit providers are social entrepreneurs, charities and parents' cooperatives, and have a market share of about 30%. Kindergarten and the rest of primary education is also conducted by private (mostly non-profit) organisations, with school boards who are responsible for all the primary schools in a municipality or region. Under the Dutch Constitutional framework, school boards have autonomy but should follow national legislation regarding learning goals, core curriculum contents, class sizes, and teaching staff training requirements.

Table 5.1 overleaf provides an overview of the operating model of the Dutch sector. The Ministry of Social Affairs and Employment is responsible for the childcare, non-familial home-based care, playgroup/pre-kindergarten schools and after-school care system. The Ministry develops the policy, defines the statutory structural quality framework and basic pedagogical goals, while the implementation of policy is monitored by the regional health authorities. The Ministry of Education, Culture and Science is responsible for targeted programmes for disadvantaged children implemented across childcare centres, playgroups/pre-kindergarten schools and kindergartens of primary schools. It also develops the policy within the national educational equity policy, supports curriculum development and defines additional statutory quality regulations, and provides the funding. The implementation of policy is decentralised to the municipalities, who at the local level set up agreements with providers as a condition of receiving child-related funding. The implementation of targeted programmes is monitored by the National Inspectorate of Education.

Quality development of targeted education programmes is supported by project subsidies from the Ministry of Education. The Ministry has commissioned networks of private consultancy and professional training organisations to support providers with the implementation of statutory requirements. Both ministries provide subsidies on a project basis to research organisations for knowledge creation and innovation. Finally, schools for vocational training, which are publicly funded by the Ministry of Education, play a key role in the pre-service vocational training programmes for staff and leadership in the childcare sector.

Among the many private organisations that support quality and professionalisation, there are non-profit organisations and networks of providers and publicly funded training institutes. Larger for-profit and non-profit childcare providers have their own facilities for expertise development and staff professionalisation.

Table 5.1: Overview of the Dutch Childcare System

Stakeholders	Role/Interest	Intervention/Support Repertoire
Minister of Social Affairs and Employment (Minister of Education, Culture, and Science for targeted preschool programmes)	Responsible for overall childcare quality.	Development of national policy (funding, quality etc.), quality standards, and financing of supportive measures (to enhance quality).
National association of regional health authorities (GGD GHOR)	Umbrella organisation for 25 regional health inspectorates. Sparring partner for Ministries, Association of Municipalities, sector associations and the parental interest group.	Advise the Ministry of Social Affairs and Employment. Support the regional health inspectorates ensuring uniformity and coherence in quality inspection across regions.
Regional Health Inspectorate (GGD) (Inspectorate of Education for targeted preschool programmes)	Supervision of childcare quality.	Assessment of childcare organisations based on their supervision framework. Publication of reports of judgements.
Association of Netherlands Municipalities	Representation of all municipalities (currently 347). Support and promote the strength and quality of local administrations through knowledge exchange and service provision.	Support implementation of local policies. Initiate and facilitate new developments (e.g., integration of care and education 0-12).
Union of Parents in the Childcare Sector (BoinK)	Official government partner in relation to children	Providers advice on legislation, policy and quality standards
National Inspectorate of Education	Monitor services that provide targeted education programmes for disadvantaged children	Provide inspection services to ensure quality of service
Netherlands Youth Institute	National centre of expertise for professional development	Provides training and development services for practitioners in the sector
Local Government (Alderman of Education/Childcare)	Distribute subsidies for targeted preschool programmes. Determine the local priorities in childcare and targeted preschool programmes.	Involve all stakeholders in regular meetings to discuss the state of affairs concerning outreach and enrolment rate of disadvantaged children.

Source: Indecon analysis

Public funding for work- or training-related childcare (centre-based, home-based, after-school) is estimated at about 60-70% of the macro-costs; the remaining costs are private (mainly costs for parents, but sometimes also employers). Parents receive an income-dependent allowance based on actual use in relation to working or training hours if they meet certain set criteria, e.g., dual earnings or following an education programme that will lead to improved job opportunities). Parents can apply for pre-funding, with the national tax office (falling under the Ministry of Finance) tasked with distributing and controlling the allowance to parents.

Public funding of playgroup/pre-kindergarten care and education programmes (which are almost all 'targeted') is partly via the childcare allowance where parents meet the labour-related criteria. Where children are deemed disadvantaged from national educational equity funding, funding is provided by the municipalities (who receive earmarked funding from the national government). Municipalities also fund playgroups/pre-kindergarten schools directly as part of the local welfare

policy to create places for children and can decide to partially fund use of playgroups/pre-kindergarten for all children. The extent of this may, however, differ between municipalities.

The childcare system (centre-based, home-based, after-school, playgroups without targeted education programmes) is monitored by inspectors of the regional Public Health Authorities. These regional authorities collaborate in a national network organisation (GGD GHOR) to coordinate the inspection regimes and to develop the monitoring instruments. Playgroups/pre-kindergarten schools and, recently, also day care centres that implement targeted education programmes for disadvantaged children are, in addition, monitored by the National Inspectorate of Education.

Quality development in the childcare sector is mainly a matter for the sector itself. A national centre of expertise was recently established with (limited) funding from a number of childcare organisations on their own initiative. The national Netherlands Youth Institute (NJI) receives a public subsidy to support the sector across different activities, such as training and professional development. In addition, there are many active private for-profit and non-profit organisations that provide professional development (coursework, guidance, conferences, digital platforms for sharing knowledge) from which childcare organisations can buy their services.

In terms of parental involvement, part of the statutory quality regulations is the obligation to install a parent committee at the day care centre, playgroup/pre-kindergarten school or after-school centre. They inform parents about the service's policies and involve them in an advisory role in decision taking (this is not the case for home-based care). At the national level, the Union of Parents in the Childcare Sector (BoinK) is an official partner of the government and is always asked to advise on issues including legislation, quality standards, hourly rates and parent allowances.

Municipalities have a key role in the implementation of social welfare and educational equity related childcare and playgroups/pre-kindergarten programmes. They can combine funding from different policies to provide integrated public health care, childcare and early education, family support, (preventive) youth care and youth welfare programmes to optimally adapt to local needs. The recent emergence of integrated child centres (IKC) is often initiated and supported by municipalities. These centres provide childcare, after-school care, targeted education programmes, primary education, youth and health care, and sometimes also parental support. There is a trend whereby municipalities are the initiators and coordinators of local networks of multiple, multidisciplinary services to tackle bigger social issues. Network formation and collaboration for integrated services are seen as the best opportunities to address social issues in areas such as disadvantaged urban and rural neighbourhoods.

Accessibility and quality of childcare are periodically monitored on the basis of stratified random samples of providers and entail process quality observations; assessments of child wellbeing; and surveys across staff and leadership. These are conducted annually by the National Childcare Quality Monitor (LKK). Accessibility, quality and effectiveness of targeted education programmes have been evaluated in a national cohort study, which includes a wide array of cognitive and social-emotional child outcome measures. A new cohort study was recently launched to evaluate the extension of entitlement to 16 hours per week for disadvantaged children, as well as the introduction of other measures to increase quality and effectiveness.

Moreover, other bodies related to the national Government, but which are independent, evaluate the efficiency of the system as a whole and the effectiveness of particular policies (including the targeted education programmes). The National Accounting Office (Rekenkamer), on its own initiative, annually evaluates the efficiency and effectiveness of all national policies, including childcare, to determine whether the public money was spent as intended. The main independent economic advisory body to the Government (CPB) also evaluates the economic efficiency and effectiveness of childcare and education policies at the request of Government or the Parliament.

The Dutch childcare system, including early education and care programmes, is complex. Despite integration and harmonisation efforts, it still has a fragmented structure, reflecting different views on the role of childcare and early education in society. The governance (different legal frames, different responsible Ministries) and quality monitoring (two inspectorates), and the strong (partial) decentralisation of policy execution, underscore this complexity. Access to services also shows basic divides (either work or training-related or based on criteria of disadvantage).

The childcare system has been privatised and marketised since 2005 and different organisations, for-profit and non-profit, are active in the market to serve different public goals, leading to a patchwork hybrid system. Yet, studies show that the quality of the system as a whole is good and compares well in an international context. It can withstand comparison with the systems of countries with a long social welfare tradition of publicly provided early care and education. Due to its hybridity, the system is adaptive and responsive to divergent local needs, offers various types of programmes matching divergent demands of parents, and is quite capable of reaching out to disadvantaged communities while providing high quality care and education to children most in need. The collaboration of childcare and education providers in local networks under a shared social mission, with strong ties to local (disadvantaged) communities, seems pivotal in this regard. There is increased awareness that the early childcare and education system fulfils a societal role that goes beyond the mere labour support function and wide consensus is emerging that this should imply free or at least affordable (income- dependent) access to the system for all children for two or more days. This would mean an even larger share of public funding than currently and raises questions about the role of for-profit organisations and private equity venture capital.

A recent study shows²⁴ broad consensus among stakeholders from different childcare organisations and policy forums on the proven value of entrepreneurship in the Dutch childcare system, coupled with a reluctance to become a public institution like the education system or indeed to become *part of* the education system. Current ideas are to reform the market into a social market for societal innovation to tackle persistent social issues such as educational inequality and social exclusion of some groups in society. This would entail a leading 'value-driven' role of the local and national governments, trusting value-driven collaboration in local or regional networks, and monitoring on values, community logic and professional logic.

²⁴ Harmonization of childcare and preschool education (2018). Retrieved from https://www.eerstekamer.nl/wetsvoorstel/34596_wet_harmonisatie

5.2 Norway

Norway has expanded its ECEC system in the last decade and now operates a fully integrated, universal system for all children from the ages of 1-6. Moreover, parental leave is reconciled with ECEC to ensure there is no ‘care gap’ during which parents must return to work without their children being eligible for childcare.²⁵ In general, Norway maintains a reputation for high quality childcare and is seen as a leader in providing a holistic developmental education, having one of the highest shares of public income spent on early childhood education and care across OECD countries.²⁶

The Directorate for Education and Training (‘the Directorate’), which is an executive agency of the Ministry of Education and Research, is responsible for the development of preschool and primary and secondary education in Norway.²⁷ It has overall responsibility for the supervision of preschools, as well as governance and the implementation of legislation and regulations.

In 2009, a statutory right to a place in *barnehage* (preschool) came into force for children from the ages of 1-6 (compulsory school age). The system is underpinned by the Kindergarten Act of 2005 (*Barnehageloven*), which set out the Framework Plan for the Content and Tasks of Kindergartens. This plan essentially lays out the guidelines for preschools in relation to their values and purpose, curricular goals and educational approaches,²⁸ and is targeted at preschool staff, owners and municipal authorities.²⁹ The fundamental values expected of preschools is captured in the following statement from the Kindergarten Act, “Care, upbringing and learning in kindergartens shall promote human dignity, equality, intellectual freedom, tolerance, health and an appreciation of sustainable development.” These core values are further underpinned in the Framework Plan for Kindergartens which outlines that kindergartens “shall work in partnership and agreement with the home to meet the children’s need for care and play, and they shall promote learning and formative development as a basis for all round development.”³⁰

In 2019, 275,804 children were enrolled in kindergartens,³¹ representing over 90% of children in the 1-5 age group. This represents a steady year-on-year decline from a high of 286,153 in 2012. Of those enrolled, almost 97% spend 41 or more hours weekly in kindergarten.³² Kindergarten provision is largely evenly split between private and public providers; in 2019, of the 5,730 registered kindergartens in Norway, 52.9% were private (although there were marginally more children in public kindergartens in total).

²⁵<https://www.gov.scot/publications/early-childhood-education-care-provision-international-review-policy-delivery-funding/pages/9/>

²⁶ <https://www.oecd.org/norway/early-childhood-education-and-care-policy-review-norway.pdf>

²⁷ <https://www.udir.no/in-english/>

²⁸ OECD, Thematic Review of Early Childhood Education and Care Policy in Norway - https://www.regjeringen.no/contentassets/6372d4f3c219436e990a5b980447192e/oecd_rapport_2015_kd_web.pdf.

²⁹ Norwegian Ministry of Education and Research, Framework Plan for the Content and Tasks of Kindergartens, March 2006 - <https://www.regjeringen.no/globalassets/upload/kd/vedlegg/barnehager/engelsk/frameworkplanforthecontentandtasksofkindergartens.pdf>.

³⁰ <https://www.udir.no/in-english/framework-plan-for-kindergartens/>

³¹ For context, the overall population of Norway is around 5.4 million.

³² https://www.ssb.no/en/utdanning/artikler-og-publikasjoner/_attachment/442057?_ts=176cc515150

Around 80% of the cost of running both private and public preschools is covered by local authorities, while parents cover around 15% and earmarked government funds and local authority grants make up the rest.³³ Public preschool is funded by municipalities and counties, which source revenue through local taxes, general grants, block grants, charges and fees. The Ministry of Local Government and Modernisation administers the general grant,³⁴ which is a lump-sum transfer to every unit of local government. It is initially distributed as a per capita grant and redistributed on the basis of expenditure need. Part of the grant is also determined by regional and rural policy. The criteria for equalisation of expenditure on preschools are as follows:

- Number of inhabitants aged 2-5;
- Number of children that receive cash for care benefits;
- Share of parents with higher education; and
- Travelling distances within the municipality.³⁵

Under the Kindergarten Act, private providers that were established before 2011 are entitled to an operating grant from the municipality. The rate provided is based on the average operating cost per child associated with public preschools within the municipality, with the same regulation of fees applied to these private providers and public preschools.³⁶

Under these regulations, there is a limit on the amount parents must pay in fees. As of 1 August 2019, the maximum fee was NOK 3,040 (€302) per month,³⁷ with municipalities legally obliged to provide discounts for siblings and subsidy schemes for low-income families.³⁸ Under the national scheme for reducing parent contributions, no household should have to pay more than 6% of their income on preschool fees.

In addition, parents may be able to apply for free core time, which entitles low-income families to 20 hours of free preschool per week. As of 1 August 2019, this was available to households with a combined income of less than NOK 548,500 (€54,393) per year. There are also voluntary municipal schemes whereby the local authority waives parental contributions to offer completely free preschool.

The table overleaf presents an overview of the Norwegian childcare system.

³³ <https://www.udir.no/in-english/education-mirror-2019/school/>

³⁴ Education, Audio-visual and Culture Executive Agency (EACEA), Norway: Early Childhood and School Education Funding, January 2021 - https://eacea.ec.europa.eu/national-policies/eurydice/content/early-childhood-and-school-education-funding-54_en.

³⁵ EACEA.

³⁶ EACEA.

³⁷ <https://www.udir.no/in-english/education-mirror-2019/school/#>

³⁸ OECD.

Table 5.2: Overview of the Norwegian Childcare System

Stakeholders	Role/Interest	Intervention/Support Repertoire
Directorate for Education and Training	An executive agency of the Ministry of Education and Research, with overall responsibility for the development of preschool education, as well as supervision and governance.	Collects national statistics on preschools, implements legislation and regulations.
Ministry of Local Government and Regional Development	Provides block grants to municipalities to administer to preschools.	
Municipalities (Local Authorities)	Responsible for: providing enough places; funding and approving preschools; monitoring the quality of provision; ensuring national regulations and standards are complied with in both public and private providers.	County Governors carry out inspections of all <i>barnehage</i> within the municipal borders.
National Education Centres	Offer online learning resources for providers.	Provide preschools with guidance, good examples and technical resources on their web sites. Some centres also arrange conferences for preschool staff to help raise competency.
FUB (Foreldreutvalget for barnehager)	An independent advisory body for and with parents with children in preschool. FUB is also a consultative body for the Ministry of Education and Research in cases of cooperation between home and kindergarten.	Through information and guidance to parents, FUB aims to strengthen parental involvement and parental influence in preschools.

Source: Indecon analysis

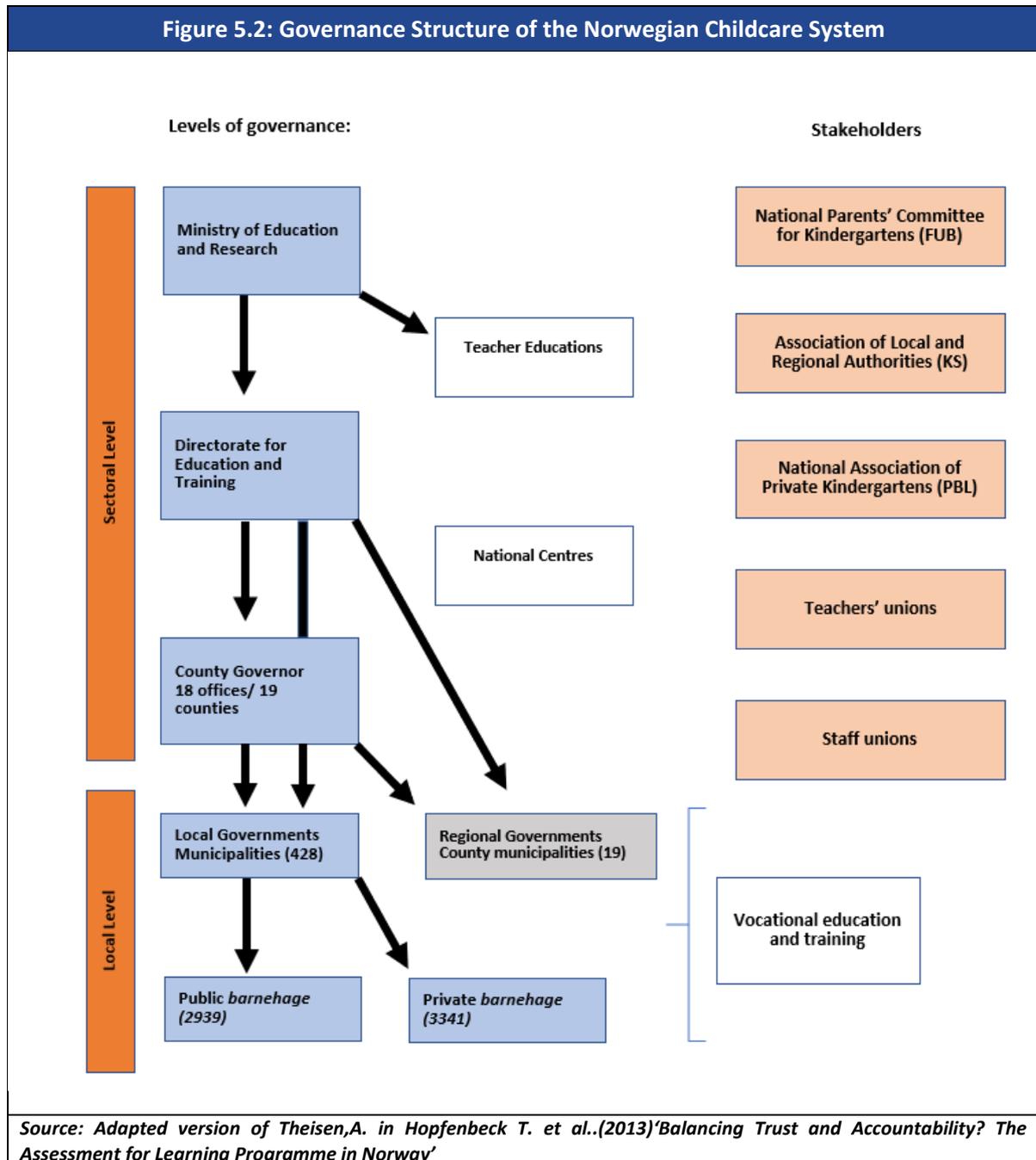
The OECD's 'Thematic Review of Early Childhood Education and Care Policy in Norway' (2013) provides an overview of childcare provision. Overall responsibility for the supervision of the ECEC sector lies with the Directorate, which is also in charge of the primary and secondary education sector, the County Governors' governance of these sectors, and the implementation of Acts of Parliament and regulations.³⁹ This overall responsibility has changed hands over the last 15 years. In 2006, the Ministry of Education and Research took responsibility from the Ministry of Children and Family Affairs. In 2012, tasks were transferred to the Directorate. This decision was made to enable better coherence with the rest of the education sector and to improve governance between the funder (central government) and the funding administrators.

Quality control of *barnehage* is enveloped in the wider governance structure. Supervision exists to ensure that kindergartens provide adequate provision within the remit of the Kindergarten Act and are compliant with state requirements, such as establishing a pedagogical plan. Norwegian municipalities are tasked with carrying out supervision of any *barnehage* within their municipal borders, irrespective of whether the *barnehage* is publicly or privately owned.⁴⁰ These inspections are carried out by County Governors (*Fylkesmannen*) to ensure the institutions are operating within the established legal framework, though there may be some contention around the conflict of interest for municipalities in so far as they are responsible for both care provision and assessment of

³⁹ OECD

⁴⁰ Ibid.

that care.⁴¹ For a graphical representation of the interaction of stakeholders and governance within the *barnehage* system, see Figure 5.2 overleaf.



National policy is supported and implemented at the local level through a number of channels. The State is represented in each county by a County Governor who is responsible for disseminating national policies at the regional level, providing guidance to municipalities, *barnehage* owners and

⁴¹ <https://www.oecd.org/norway/early-childhood-education-and-care-policy-review-norway.pdf>

the general public. As mentioned earlier, they are also responsible for inspections and quality control of *barnehage*.⁴²

Although there is a strong codified national policy, there is a large degree of local-level freedom with respect to childcare provision. For example, the staff-to-children ratio is not regulated in detail, but instead is decided at the local level. More substantially, kindergarten teachers have a high degree of pedagogical freedom within the boundaries of the Kindergarten Act and the Framework Plan. The 2006 Framework Plan introduced seven broad learning areas but does not impose instructions or detailed guidelines in terms of the activities to be undertaken, nor do they represent a barrier to the freedom to adapt and vary the local pedagogical programme as is seen fit. This provides a large degree of freedom, creativity and innovation with regards to the provision of education. Elsewhere, several municipalities have established local parents' advisory boards in order to best integrate parents' views on childcare provision and the running of *barnehage*.

Chapter II of the Kindergarten Act notes that children "must regularly be given the opportunity to take active part in planning and assessing the activities of the kindergarten" and adds that each kindergarten must have a parents' council and coordinating committee to promote the common interests of parents and the supervising authority.

Furthermore, national strategies are in place to uphold high levels of quality. Staffing is founded on the belief that the quality of education provided is predicated on the staff-to-children ratio (although, as mentioned above, this is not highly regulated or standardised), as well as the qualification levels of staff,⁴³ which affect the quality of interaction between staff and children. The Kindergarten Act codifies minimum qualification requirements for head teachers and pedagogical staff. There should be at least one qualified kindergarten teacher per 14-18 children over the age of three, and one per 7-9 children under the age of three.⁴⁴ Although assistants typically comprise the largest proportion of staff, they are not required to have formal qualifications. Nevertheless, increasing numbers of assistants are obtaining secondary vocational or tertiary level diplomas to acquire the requisite skills to best carry out their role.⁴⁵ Indeed, in many cases staff are requesting additional training and skills to improve the provision given to children.⁴⁶

Kindergarten parents are surveyed every year, offering them a chance to share their views on kindergarten provision and the overall running of the kindergarten alongside its integration with home life.⁴⁷ Furthermore, the GoBaN project is a large research programme in Norway which examines quality in kindergartens⁴⁸ and is funded by the Ministry of Education and Research and the Research Council of Norway. It has analysed 90 kindergartens in the country to get a better understanding of what constitutes a well-run kindergarten and the associated impacts on overall development.⁴⁹

There are still some concerns about access to the ECEC system. Primarily, these relate to issues of access for low-income and minority language groups, though there are an increasing number of policies aimed at tackling this. For example, a 2010 report *'Mangfold of mestring (Multitude and*

⁴² OECD.

⁴³ <https://www.udir.no/in-english/education-mirror-2019/school/>

⁴⁴ <https://www.gov.scot/publications/early-childhood-education-care-provision-international-review-policy-delivery-funding/pages/9/>

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ <https://www.udir.no/in-english/education-mirror-2019/school/#>

⁴⁸ <https://uni.oslomet.no/>

⁴⁹ <https://www.udir.no/in-english/education-mirror-2019/school/#>

mastering') was submitted to the Government in a bid to ensure equal education.⁵⁰ Other concerns revolve around ensuring an even supply of places across the country at all times, particularly in regions with low levels of kindergarten coverage which would require extra support to increase provision.⁵¹

Overall, Norway maintains a universal, fully integrated system of childcare and education which guarantees all children of preschool age a right to high quality, holistic provision which is primarily publicly funded, and which subsidises schemes for low-income families.

5.3 Scotland

In Scotland, the Early Learning and Childcare Programme Directorate (the 'Directorate') is responsible for developing a flexible and high quality ELC system that is "accessible, affordable and integrated with school and out-of-school care",⁵² and is equivalent to Ireland's DCEDIY. The Directorate provides funding to local authorities, which are obligated under the Education (Scotland) Act 1980 to secure the provision of school education, including ELC, in their areas.

Funded ELC in Scotland was introduced in 2002 with initial provision of 412.5 hours per year for all three- and four-year-olds,⁵³ and increased to 475 hours in 2007. Under the Children and Young People (Scotland) Act 2014, the number of hours was raised to 600 and provision was extended to certain two-year-olds under eligibility criteria described below. The Scottish Government later committed to almost double provision to 1,140 hours by August 2020, but implementation has been put on hold due to the COVID-19 pandemic.⁵⁴

Figure 5.3: Timeline of Scotland's ELC Policy Development

1980	The Education (Scotland) Act gave local authorities the power to secure preschool education for preschool children in their areas
1996	UK Government childcare voucher scheme in Scotland
2000	Standards in Scottish Schools Act places a duty on local authorities to secure a preschool education place for all three and four-year-olds
2002	Preschool education introduced: 412.5 hours (2.5 hours per day over 33 weeks per year)
2007	Preschool education increased to 475 hours (2.5 hours/ per day over 38 weeks)
2012	Preschool education is offered to 'Looked After' two-year-olds
2014	Children and Young People (Scotland) Act: Preschool education redefined as early learning and childcare and increased to 600 hours (flexible delivery) and extended to any two-year-olds with parents in receipt of out-of-work benefits
2015	Further extension to all two-year-olds who qualify for free school meals under the passported benefits eligibility criteria
2020	Roll-out of 1,140 hours for all three and four-year-olds, and eligible two-year-olds (Postponed due to Covid-19)

Source: Financial Review of early learning and childcare in Scotland: the current landscape

⁵⁰ https://www.regjeringen.no/contentassets/6372d4f3c219436e990a5b980447192e/oecd_rapport_2015_kd_web.pdf

⁵¹ <https://www.oecd.org/norway/early-childhood-education-and-care-policy-review-norway.pdf>

⁵² <https://www.gov.scot/about/how-government-is-run/directorates/early-learning-and-childcare-programme-directorate/>.

⁵³ Scottish Centre for Social Research, *Scottish Study of Early Learning and Childcare: Three-year-olds (Phase 3) Report*, December 2020. <https://www.gov.scot/publications/scottish-study-early-learning-childcare-three-year-olds-phase-3-report/>

⁵⁴ Under Ireland's ECCE Scheme, families are entitled to three hours per day, five days a week, 38 weeks of the year, or the equivalent of 570 hours per year.

ELC services are provided through a range of settings as follows:

- Nursery schools
- Nursery classes within primary schools
- Children and family centres
- Childminders
- Private and Third sector settings

ELC provision attached to primary schools usually caters for 20-70 children at any one time. Most standalone settings have places for 40-60 children, although larger settings may be found across the country.⁵⁵

Local authorities are responsible for the implementation and delivery of funded ELC to their communities. Under the eligibility criteria for two-year-olds, children must be in households in receipt of certain state benefits or be looked after by a local council or be the subject of a care order.⁵⁶ It is estimated that 25% of two-year-olds are eligible.⁵⁷ Local authorities further have the discretion to fund or subsidise additional places for two-year-olds who have additional needs or where the family requires extra support. More broadly, local authorities may also provide additional support to children with priority needs, which may include extra ELC hours, under the Social Work (Scotland) Act 1968.⁵⁸

Local councils estimate that £690 million (€800 million) in capital funding will be required between 2018/19 and 2020/21 to provide 1,140 hours.⁵⁹ The Scottish Government's indicative allocation of capital funding over the same period is £400 million.⁶⁰ Furthermore, while the Government expects the expanded provision to cost £840 million per year, councils put the estimate at an annual £1 billion.⁶¹

Under the Directorate's 'Funding Follows the Child' approach for 1,140 hours, parents/guardians/carers will have the option to seek their child's funded entitlement from any setting which meets the National Standards, has availability and is willing to enter a contract with the local authority.⁶² (The National Standard provides an assurance that settings delivering funded hours are offering high quality ELC provision). Furthermore, families will not be restricted to their own local authority when choosing a setting.

Generally, all staff working in an ELC setting must either be registered with the General Teaching Council for Scotland or the Scottish Social Services Council.⁶³ In addition, managers/lead practitioners must hold a SCQF (Scottish Credit and Qualifications Framework) Level 9 management qualification

⁵⁵ https://eacea.ec.europa.eu/national-policies/eurydice/content/early-childhood-education-and-care-95_en.

⁵⁶ For full eligibility criteria, see: <https://www.mygov.scot/childcare-costs-help/funded-early-learning-and-childcare/>

⁵⁷ Audit Scotland, Early Learning and Childcare, February 2018. https://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr_180215_early_learning.pdf.

⁵⁸ https://eacea.ec.europa.eu/national-policies/eurydice/content/early-childhood-education-and-care-95_en.

⁵⁹ Audit Scotland.

⁶⁰ Audit Scotland.

⁶¹ Audit Scotland.

⁶² Scottish Government. <https://www.gov.scot/publications/funding-follows-child-national-standard-early-learning-childcare-providers-principles-practice/pages/3/>.

⁶³ https://eacea.ec.europa.eu/national-policies/eurydice/content/early-childhood-education-and-care-95_en.

relevant to ELC. Practitioners must hold at least a Level 7 qualification, while support workers must have a minimum Level 6 qualification.

The Care Inspectorate and Education Scotland currently inspect and regulate ELC provision. These inspectorates operate under different legal bases and work to different sets of Quality Indicators/Frameworks.⁶⁴ This reflects the fact that the part-time ‘preschool education’ entitlement was originally conceived as distinct from ‘childcare’ which was more concerned with meeting children’s wider needs rather than supporting early learning specifically.

Under the 2014 Act, however, the term ‘early learning and childcare’ was introduced to bridge the gap in understanding of the concepts of ‘preschool education’ and ‘childcare’. In particular, the Act sought to establish that the two concepts were intertwined given that young children learn through play and require supportive environments in which to do so. As a result, the two inspectorates have started to work more closely. This includes conducting shared inspections, developing more holistic Quality Frameworks and collaborating on areas including the inspection of childminders.

Education Scotland further provides information support for ELC practitioners via its National Improvement Hub (NIH). This is a centralised online source for policy and guidance, as well as a range of literature and toolkits across topics including curricular approaches, language and literacy development, outdoor learning and parental engagement and family learning.

Separately, the Scottish Childminding Association (SCMA) is a membership-based support service for childminders including those providing funded ELC hours to children.⁶⁵ Its role broadly parallels that of Childminding Ireland. Under the National Standard, ELC childminders are required to undertake 12 hours per year of continuous professional learning (CPL). As such, the SCMA provides learning opportunities and materials for childminders. It further assists them in achieving a Level 7 SCQF through workshops and e-learning programmes, materials and support tools and networking opportunities.⁶⁶ Early Childhood Scotland is also a membership-based support service which provides supports for early years providers. The equivalent organisation in Ireland is Early Childhood Ireland.

It is important to highlight that childminders must be specifically approved by the local authority to provide funded ELC hours to families. Figures published by the SCMA show that only 12.6% of childminders are approved for children aged three and four and 16.2% are approved for delivering funded ELC hours to eligible two-year-olds.⁶⁷ The organisation is therefore advocating for local authorities to improve the inclusion of childminders in funded provision to support ELC expansion and to ensure a balanced mix of provision.

The table overleaf provides an overview of the Scottish childcare system.

⁶⁴ Scottish Government Consultation, *A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland*, 2016. https://consult.gov.scot/creating-positive-futures/expansion-of-early-learning-and-childcare/supporting_documents/451371_Blueprint%202020.pdf.

⁶⁵ <https://www.childminding.org/elc/elc-hub>.

⁶⁶ Scottish Childminding Association, *Strategic Summary Plan 2019-2020*. <https://www.childminding.org/Media/Docs/Strategic%20Summary%20Plan%2019-20.pdf>.

⁶⁷ Scottish Childminding Association, *Early Learning and Childcare Audit 2019*, October 2019. https://www.childminding.org/Media/Assets/Resource/7226/File_20022020/SCMA%20ELC%20Audit%20Report%202019_FINAL_v2.pdf.

Table 5.3: Overview of the Scottish Childcare System		
Stakeholders	Role/Interest	Intervention/Support Repertoire
Early Learning and Childcare Programme Directorate	The Governmental Directorate with overall responsibility for the ELC system, including policy development and funding.	Support and guidance for ELC providers, development of the National Standard, supporting local authorities to build capacity for more funded ELC hours.
Local Authorities	Funding administrators with responsibility for ensuring adequate capacity for funded ELC in their areas.	Some flexibility in allocating funding on particular needs of children/ area.
Care Inspectorate	Statutory duty to regulate and inspect all registered early learning and childcare services whether or not they receive funding.	Publication of enforcement and inspection reports and statistical data.
Education Scotland	Inspects all funded early learning and childcare services, with a focus on quality learning and health and wellbeing.	Publication of inspection reports, information source for ELC practitioners via NIH.
ParentClub	A Scottish Government online resource for parents including specific support for those seeking ELC provision.	Guidance, tips and general information for parents.

Source: Indecon analysis

All ELC provision in Scotland must be registered with the Care Inspectorate, which is the statutory agency. It counted 3,642 child day care providers registered at the end of December 2019⁶⁸ (latest available), of which 48% were local authority providers and 30% were private.⁶⁹ All services are subject to inspection to assess and improve the quality of care, as well as to provide protection and assurance, irrespective of whether they receive funding.⁷⁰ The remit of the Care Inspectorate extends beyond childcare to include fostering and adoption, care home and adult placement services, among others.

⁶⁸ https://www.careinspectorate.com/images/documents/5524/CI_Stats_Report_Qtr3_19_20.pdf

⁶⁹ The remainder were primarily voluntary or not-for-profit, with a handful of health board providers.

⁷⁰ Care Inspectorate, *Scotland's early learning and childcare – an initial overview of the expansion of provision during 2014/15*, March 2016. https://www.careinspectorate.com/images/documents/3049/Scotlands_early_learning_and_childcare_-_an_initial_overview_of_the_expansion_of_provision_1.pdf

Education Scotland is an executive agency of the Government, which in a Scottish context means it is a public body with a strong focus on the management and direct delivery of the service.⁷¹ Its inspectorate role focuses on the quality of children's learning and achievement, particularly in relation to literacy and numeracy.⁷² Joint inspections with the Care Inspectorate are designed to enhance efficiency and streamline the process for settings. While complaints about a setting are initially brought to the Care Inspectorate, issues relating to education are brought to the attention of Education Scotland.⁷³

Local authorities in Scotland are responsible for making sure that any funded entitlement for eligible children is available in that area, and they are given some flexibility on how best to spend it.⁷⁴ The Scottish government has implemented a multi-year capital and revenue funding agreement with the Convention of Scottish Local Authorities (COSLA) which is fully covering the expansion in funded entitlement. This programme will lead to a revenue investment increase of £567 million (€652 million) on 2016-17 levels by 2021-22. Moreover, the government also offers funded ELC to two-year-olds who are seen as most likely to benefit from early access to ELC; local authorities liaise with central government to improve awareness of this scheme.⁷⁵

Local authorities are also provided with sufficient funding which enables them to agree to sustainable rates with funded providers in the private and third sectors, in line with the government's commitment to fair pay in the ELC sector. On top of this, between 2018 and 2020, more than £860,000 was provided to the charity Inspiring Scotland, which works with local authorities and the ELC sector to develop outdoor learning areas for children.

Furthermore, a number of 'lead' roles are identified in the ELC sector in Scotland. These roles are distinct from the typical staff-child ratio and are therefore afforded a higher degree of flexibility to carry out their roles, such as supporting more disadvantaged children as a means to closing the attainment gap. Local authorities are given the freedom to use their leads depending on the particular requirements of their local setting, as well as the lead's experience.⁷⁶

A 2016 report evaluates the expansion of childcare provision in Scotland.⁷⁷ It notes the success of local authorities in ensuring 600 hours were made available for eligible children, while 2,509 new places were available for two-year-old children. On the other hand, it suggests that variation in local authority provision and flexibility impacts on the ELC available to parents in different areas, which could be improved. In general, good progress has been made by local authorities to assess the demands of parents for ELC and to provide it as far as possible.

In the 'Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland', it is suggested that childcare should be better synchronised with the needs of the wider community, which would enable parents, guardians and carers to continue to work or study alongside their child's provision.⁷⁸

⁷¹ <https://www.gov.scot/about/how-government-is-run/>.

⁷² <https://education.gov.scot/education-scotland/what-we-do/inspection-and-review/inspection-and-review-sector-specific-guidance/early-learning-and-childcare-inspections/>.

⁷³ <https://www.citizensadvice.org.uk/scotland/family/education/school-and-preschool-education-s/early-learning-and-childcare-s/>.

⁷⁴ <https://www.gov.scot/policies/early-education-and-care/early-learning-and-childcare/>

⁷⁵ *ibid.*

⁷⁶ *ibid.*

⁷⁷ https://www.careinspectorate.com/images/documents/3049/Scotlands_early_learning_and_childcare_-_an_initial_overview_of_the_expansion_of_provision_1.pdf

⁷⁸ https://consult.gov.scot/creating-positive-futures/expansion-of-early-learning-and-childcare/supporting_documents/451371_Blueprint%202020.pdf

This would also help to reduce the relatively high dependency on informal care (such as that provided by grandparents or child-sitters) for lone parents in Scotland.⁷⁹

One of the biggest barriers for ELC in Scotland for low- and middle-income families, is the cost of the provision. Research undertaken by the Scottish government found that the majority of parents of 3–4-year-olds found it difficult to afford the required ELC.⁸⁰ Moreover, ELC costs in the UK compare less favourably than some of their OECD counterparts, when measured as a proportion of household income. In Scotland, this figure tends to be around 27%, much higher than the less than 10% figure seen in places like Denmark and Sweden.⁸¹

Some evidence also exists to suggest that childcare provision is a factor in mediating the maternal labour force participation rate, which is closer to the EU average (66%) than the comparable female labour force participation rate (around 70%).⁸² This rate is lowest for mothers with children under five, who tend to be employed in less well-paid part-time work. However, while there is a reasonably rich source of international literature on the positive association between ELC provision and maternal labour force participation, weaker evidence exists for Scotland and hence it is difficult to draw any strong conclusions.⁸³

Scotland would also benefit from a stronger research programme to improve the evidence base for identifying beneficiaries of the free entitlement. Some existing evidence suggests that the inflexibility of the system, alongside issues of affordability and availability, can hamper some groups of parents and increase the reliance on informal care (e.g., low-income groups, lone parents, rural parents or those working non-standard hours).⁸⁴

5.4 Australia

The Australian Children’s Education and Care Quality Authority (ACECQA) has responsibility for guiding policy implementation within the ELC and SAC sector in Australia. It was established in 2012 as an independent statutory authority under the Education and Care Services National Law 2010 (the National Law) and has been funded by the Australian Government since 1 July 2018. ACECQA is tasked with, among others, assisting government in improving quality outcomes for children from birth to 13 years of age and their families and ensuring consistency in the operation of national law and regulations within the National Quality Framework (NQF) for children’s education and care.

The NQF is a common regulatory framework covering the ELC sector and applies to long day care, family day care, preschools and occasional care services during school hours.⁸⁵ It came into force on 1 January 2012, following the National Partnership Agreement (NPA) in 2009 by the Council of Australian Governments (COAG). It aims to “reduce regulatory overlap between levels of

⁷⁹ <http://www.healthscotland.scot/media/1786/provision-of-early-learning-and-childcare-and-parents-outcomes-an-evidence-brief.pdf>

⁸⁰ <https://www.gov.scot/publications/increasing-hours-free-early-learning-child-care-provision-exploratory-analysis-parents-views-proposed-increase-1140-hours-per-year/>

⁸¹ <http://www.healthscotland.scot/media/1786/provision-of-early-learning-and-childcare-and-parents-outcomes-an-evidence-brief.pdf>

⁸² *ibid.*

⁸³ *ibid.*

⁸⁴ *ibid.*

⁸⁵ <https://www.dese.gov.au/national-quality-framework-early-childhood-education-and-care-0>

government, streamline approval processes, improve consistency of approaches in compliance and provide more certainty to the childcare sector, businesses and investors.”⁸⁶

The NQF sets minimal enforceable quality standards (e.g., educator-to-child ratios) and a national system of quality rating for ELC services. It is underpinned by the following components: National Law and Regulations; the National Quality Standard (NQS) and, the National Learning Frameworks. At present, the NQF is subject to an ongoing national review.⁸⁷

National Regulations, in accordance with National Law, regulate all operational aspects of approved providers, nominated supervisors and educators, and define the responsibilities of the Regulatory Authorities (RA) administering the NQF at the State and Territory level. Each jurisdiction implements NQF through Application Acts or dedicated legislation as applicable to the needs of the jurisdiction.

In addition, the NQS sets quality rating scales and a national benchmark of minimum requirements for all ELC services across seven quality areas reflective of important child outcomes.⁸⁸ A revised version of the NQS commenced in all States and Territories on 1 February 2018.⁸⁹

The National Learning Frameworks serve as a basis for the educational programmes of services in accordance with the NQF. There are two approved National Learning Frameworks: *Belonging, Being and Becoming: The Early Years Learning Framework for Australia (EYLF)*,⁹⁰ for young children from birth to five years of age and, *My Time, Our Place: Framework for School Age Care in Australia*,⁹¹ for school-age children.

Other organisations operating in the sector in Australia include: peak bodies and advocacy groups such as Early Childhood Australia and the Australian Community Children's Services (ACCS) and, the national association of large providers, the Early Learning and Care Council of Australia (ELACCA).⁹²

There are two types of services regulated and approved by the NQF: centre-based services and family day care services. The following is the level of service provision by service type:⁹³

- Long day care: a centre-based form that caters for children aged 0–6;
- Outside school hours care: a centre-based form for children aged 6-12;
- Vacation care;
- Occasional care: can be accessed on a regular basis or as the need arises;
- In home care: provided to eligible children by an educator in the family home; and
- Other care/preschool services.

⁸⁶https://www.aph.gov.au/parliamentary_business/committees/senate/education_and_employment/affordable_early_childhood/report/c02

⁸⁷ <https://www.nqfreview.com.au/>

⁸⁸ The seven Quality Areas of the NQS are: Educational program and practice; Children's health and safety;

Physical environment; Staffing arrangements, including qualification requirements; Relationships with children; Collaborative partnerships with families and communities; Leadership and service management.

⁸⁹ <https://www.pc.gov.au/research/ongoing/report-on-government-services/2020/child-care-education-and-training/early-childhood-education-and-care/rogs-2020-partb-section3.pdf>

⁹⁰ https://www.acecqa.gov.au/sites/default/files/2020-05/belonging_being_and_becoming_the_early_years_learning_framework_for_australia.pdf

⁹¹ https://www.acecqa.gov.au/sites/default/files/2020-05/my_time_our_place_framework_for_school_age_care_in_australia.pdf

⁹² Australia's Operating System for Early Childhood Education and Care (ECEC). Ann Farrell (2021).

⁹³ <https://www.oecd.org/education/school/37423214.pdf>

Family day care services are provided by a registered carer and are primarily aimed at children aged 0–5, but not to the exclusion of primary school children who might also qualify for the service before and after school, or during school holidays. They are typically available for less than 10 hours per day.

All service type categories are considered childcare services, except for preschool services.⁹⁴

Some ELC services might be licenced/registered to operate by State and Territory governments, but not approved by the NQF (e.g., occasional care). Services approved by the NQF include: centre-based day care, family day care, vacation care, outside school hours care and preschool services.⁹⁵

Long day care (LDC) and family day care (FDC) services have enforceable minimum educator-to-child ratios. In the case of LDC, the ratios are: 1:4 for children aged 0–24 months; 1:5 for children aged 24–36 months; and 1:11 for children aged 36 months to preschool age. For FDC services, “an educator cannot care for more than seven children at any one time and no more than four of these children can be preschool age or under.”⁹⁶

Level of attendance varies by jurisdiction and service type. As of 2019, the national average attendance per child was 29.7 hours per week for centre-based day care. The attendance in family day care was less, at 24.2 hours per week. The lowest attendance was registered in outside school hours care.⁹⁷

A sizeable proportion of the mix of service providers is represented by private for-profit services (49% at Q1 2020).⁹⁸ Private providers are an increasing feature and are often involved in long day care services. Although they are not provided by government, they qualify for funding through the Child Care Subsidy. Private not-for-profit community-based and other organisations further represent 35% of total service providers (including the ACCS and Goodstart Early Learning, which is Australia’s largest learning provider listed as a charity organisation). Public services constitute a minor share comprising of government (State and local) services (8%) and State/Territory government schools (4%).

Additional funding provided includes the Inclusion Support Programme (ISP). This is a component of the Child Care Safety Net,⁹⁹ and provides inclusion support for services and carers for children with additional needs, with disability or children from culturally diverse backgrounds. Inclusion support services are delivered by Inclusion Agencies (IAs), with one for each jurisdiction.

Other than ISP, community-based or parents/caregivers associations supported by State/Territory can also be funded by the Australian Government. One example is the Programme for Parents and Youngsters (HIPPY), a two-year home-based parenting and early childhood programme that helps parents and carers to be their child’s first teacher.

The Budget Based Funded Program provides access to quality support services on childcare and school readiness in remote communities, where services might not otherwise be viable.

The table below presents an overview of the Australian ELC and SAC system.

⁹⁴ <https://www.pc.gov.au/research/ongoing/report-on-government-services/2020/child-care-education-and-training/early-childhood-education-and-care/rogs-2020-partb-section3.pdf>

⁹⁵ Ibid.

⁹⁶ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1415/Quick_Guides/ChildCare

⁹⁷ Ibid.

⁹⁸ https://www.acecqa.gov.au/sites/default/files/2020-05/NQFSnapshot_Q1May2020.pdf

⁹⁹ Established as part of the Jobs for Families Child Care Package by the Federal Australian Government in 2016-2017.

Table 5.4: Overview of the Australian ELC and SAC System

Stakeholders	Role/Interest	Intervention/Support Repertoire
Department of Education, Skills and Employment	Responsible for policy and planning within the sector.	Acts as the funding administrator for the sector (with funding provided by central Government).
Australian Children's Education and Care Quality Authority (ACECQA)	Responsible for guiding policy implementation within the sector.	Assists Government in improving quality outcomes for children from birth to 13 years of age and, ensures consistency in the operation of national law and regulations within the NQF.
National Quality Framework (NQF)	Australia's system for regulating ELC and SAC including: legislation and NQS, sector profiles and data, and learning frameworks.	Sets minimal enforceable quality standards (e.g., educator-to-child ratios) and a national system of quality rating for services..
National Quality Standard (NQS)	Sets a national benchmark for ELC and SAC services.	Services are assessed and rated by their regulatory authority against the NQS, and given a rating across 7 quality areas and an overall rating based on these results.
Regulatory Authorities (RAs)	Responsible for administering the NQF at the State and Territory level.	Works with ACECQA to promote continuous quality improvement and educating the sector and community about the NQF.
Early Childhood Australia (ECA)	Advocates to ensure quality, social justice and equity in all issues relating to the education and care of children from birth to age 8.	Contributes to public policy debate on early childhood education and care, health, family policy and immigration as well other policy areas affecting children.
Australian Community Children's Services (ACCS)	Represents Australia's not-for-profit community-owned children's services and those who support the right of children to access these services.	Operated as social enterprises, these deliver high quality financially viable services which deliver public infrastructure for the long term. Operators include local government, churches, educational institutions, parent associations/co-operatives and other non-government organisations.
Early Learning and Care Council of Australia (ELACCA)	Works to promote the value of quality ELC for young children and their families.	ELACCA members operate more than 2,000 ELC services across Australia, educating more than 220,000 children. Together, members provide more than 25% of Australia's ELC places.

Source: Indecon analysis

The ACECQA cooperates with the Australian Government and each State and Territory government to ensure quality improvement and national consistency within the sector. The ACECQA Board is accountable to the Education Council and provides advice and reports to the Education Council through the Australian Education Senior Officials Committee (AESOC).¹⁰⁰

Independent reviews of the operation of ACECQA and NQF are ordinarily undertaken by the Education Council in order to ensure they remain “fit for purpose” and in line with the 2010 National

¹⁰⁰ <https://www.acecqa.gov.au/what-we-do/the-acecqa-board/education-council>

Law.¹⁰¹ The Education Council is a forum through which strategic policy, including on early childhood development, is coordinated at the national level, and through which information can be shared and resources used collaboratively toward the achievement of agreed objectives and priorities.

The Commonwealth Department of Education, Skills and Employment is responsible for policy and planning and is the funding administrator within the sector, while central government funds the sector. It predominantly allocates funding to “care” services (representing circa 80% of total funding). Funding for subsidised care services goes directly to approved service providers through the Child Care Subsidy. The Australian Government additionally provides financial support to State and Territory governments to enhance participation in early childhood education (via the National Partnership Agreement on Universal Access to Early Childhood Education or NP UAECE) and covers the operational and capital expenditures of selected providers.¹⁰²

At the State and Territory level, Regulatory Authorities (RAs) are the funding administrators. While responsibilities vary by jurisdiction, State and Territory governments’ role, among others, is to fund and/or provide preschool services. In fact, funding to the “education” (i.e., preschool/kindergarten) sector is contingent upon State and Territory governments and represents circa 20% of total funding and 86% of State and Territory government spending. State and Territory governments additionally provide funding to support: the implementation of the NP UAECE; regulate approved services in accordance with the NQF; licence/register childcare services not approved by the NQF; and work towards quality improvement of ELC programmes.

As of 2018-2019, the total recurrent and capital expenditure on the sector amounted to \$9.8 billion (€6.3 billion), of which \$7.9 billion was attributable to the Australian Government and almost \$2.0 billion to the State and Territory governments.

Inspections of service quality are also conducted by RAs in each jurisdiction. RAs are tasked with inspecting the set minimum standards and provide ratings of services against the seven quality areas of the National Quality Standard.¹⁰³ The professional development and training of authorised officers (who ultimately inspect service providers) is the responsibility of ACECQA. RAs act both as an inspection tool and as a framework to guide service delivery and improve child developmental and educational outcomes.

At the service level, a quality self-assessment is performed through a Quality Improvement Plan by the approved provider. Through the Quality Improvement Plan, providers assess the quality of programmes against NQS and National Regulations, “as well as identify areas for future improvement.”¹⁰⁴

Parental views are incorporated into policy development and service provision within the NQS. Quality six of the NQS recognises the importance of collaborative partnerships with families and communities.¹⁰⁵ In particular, Element 6.1.1 (Engagement with the service) supports the contribution of families to service decisions as one component of their engagement with the service. This is supported by Element 6.1.2 (Parent views are respected) whereby service providers promote an

¹⁰¹ Australia’s Operating System for Early Childhood Education and Care (ECEC). Ann Farrell (2021).

¹⁰² <https://www.pc.gov.au/research/ongoing/report-on-government-services/2020/child-care-education-and-training/early-childhood-education-and-care/rogs-2020-partb-section3.pdf>

¹⁰³ The seven Quality Areas of the NQS are: Educational program and practice; Children’s health and safety;

Physical environment; Staffing arrangements, including qualification requirements; Relationships with children; Collaborative partnerships with families and communities; Leadership and service management.

¹⁰⁴ Australia’s Operating System for Early Childhood Education and Care (ECEC). Ann Farrell (2021).

¹⁰⁵ <https://www.acecqa.gov.au/nqf/national-quality-standard/quality-area-6-collaborative-partnership-with-families-and-communities>

inclusive culture by taking into account the values and beliefs of families when making a decision about their child's learning and wellbeing.¹⁰⁶

The NQF Snapshot from the ACECQA provides analysis and information on the profile of the sector, as well as the quality of ratings of services including by service and provider management type. This serves as a guide for families who are considering accessing a service.¹⁰⁷

There are also a number of voluntary and membership bodies in the Australian system (ECA, ACCS and ELAACCA) which are similar in terms of functions to the NVCO in the Irish system.

The introduction of minimal enforceable standards of quality rating as a unified system in the sector in Australia, as opposed to overlapping regulations in each State and Territory, has been considered "beneficial and efficient for providers and government" and has achieved "numerous benefits to both children and communities".¹⁰⁸ Community-based organisations and service providers have generally voiced positive support for the NQF, endorsing the enhanced quality within ECEC brought about by informational clarity and transparency in the rating system and enforceable standards. There was also support for the importance placed on educators working closely with families to ensure strong early childhood development. However, concerns have been raised about the provision of funding to uniformly address the areas of quality, affordability and accessibility of services. Doubt has also been cast on the lack of support for professional development when using the tools provided by the NQF to measure and rate the quality of services.¹⁰⁹

¹⁰⁶ Ibid

¹⁰⁷ <https://www.acecqa.gov.au/nqf/snapshots>

¹⁰⁸ https://www.aph.gov.au/parliamentary_business/committees/senate/education_and_employment/affordable_early_childhood/report/c02

¹⁰⁹ Ibid.

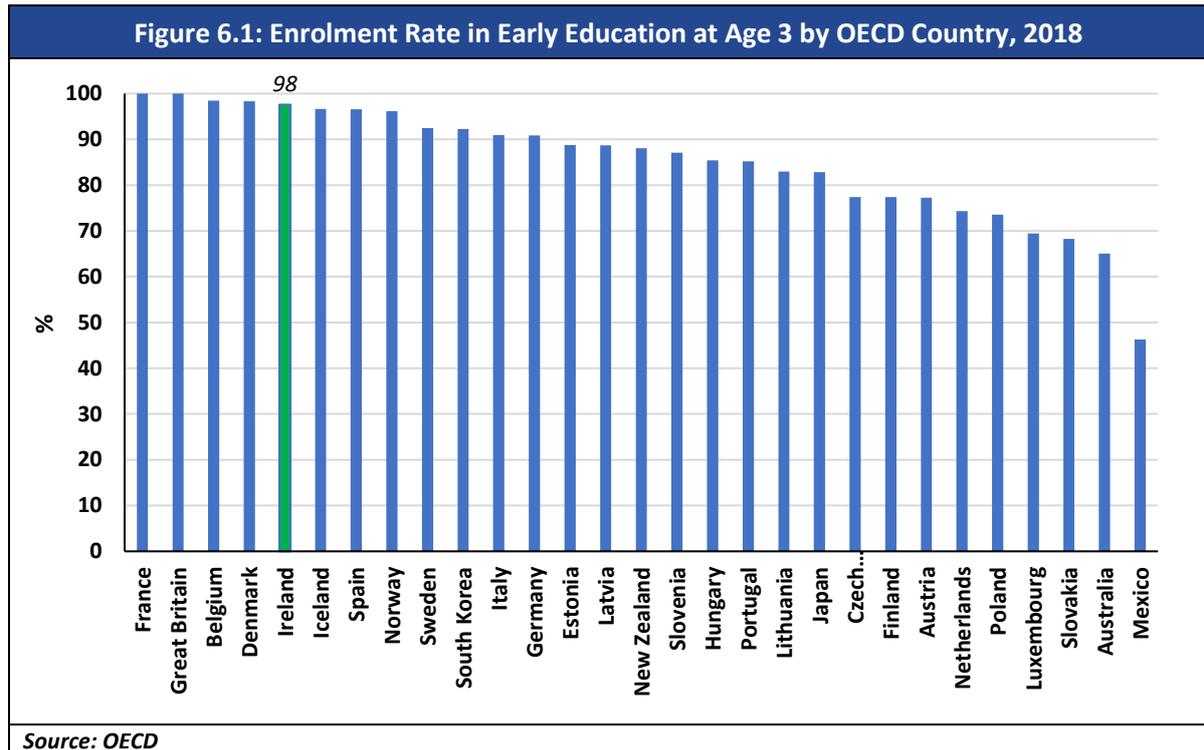
6 Analysis of International Experience

6.1 Introduction

To inform this review, Indecon was asked to draw on international experience and consider any learnings from ELC and SAC operating models in place elsewhere. This section provides an overview of international approaches to ELC and SAC and some key characteristics of ELC and SAC systems that influence the design of the ELC and SAC operating model. A detailed description of ELC and SAC systems and operating models in place in four jurisdictions (Netherlands, Norway, Scotland and Australia) was also presented in Section 5. These four jurisdictions were chosen given the parallels between them and Ireland, in particular the strong reliance of the market to deliver ELC and SAC. This section concludes with a summary of some common international practice principles or characteristics in relation to ELC and SAC that emerged. While learnings from other jurisdictions are important for this particular review, it is also important to note that operating models in place elsewhere are not necessarily transferable to Ireland given different policy contexts and different national, regional and local structures. It must also be noted that this review of good international practice is based on both the findings from the case study analysis along with a review of international experience that is informed by numerous published reports by the OECD and other organisations.

6.2 Overview of International approaches to ELC and SAC provision and implications for the ELC and SAC operating model

In reviewing operating models in other jurisdictions, it is important to take account of, inter alia, different participation rates in ELC and SAC, the types of provision, the types of providers and the quality standards that apply. For instance, on average across OECD countries, 67% of three-year-olds, and 94% of five-year-olds are enrolled in paid ELC (see www.oecd.org, OECD 2016, 2017, 2018a). Ireland ranks among the highest of the countries for which data was available, at almost 98% of all three-year-olds (see Figure 6.1). For children under three across OECD countries, the use of ELC varies greatly from 10% and lower to 33% on average. This has implications for the operating model.



The ELC and SAC system in place is also an important consideration. Ten of 36 countries with available OECD data have what is called a “split system”. With a split system, policies for care and early education have developed separately and fall under the responsibility of different authorities. For several countries, ELC services for children under the age of three are often under the authority of the social affairs, family, or health and welfare ministries, while policies providing ELC for older children are under the authority of the education ministry. In countries with split systems, different funding approaches and quality standards may give rise to multiple or more fragmented operating models. In contrast, in countries with an integrated system (as is the case in Ireland) a more integrated operating model is needed.

In reviewing operating models in other countries of note also is that ELC and SAC may be provided by the central or local government, privately provided or provided by community organisations. Private provision may be for profit or not-for-profit, as is the case for community or charity provision. Most countries have mixed provision incorporating different forms of governance, and often will include provision directly by public bodies, as well as private entities. In Ireland, nearly all publicly funded provision occurs in private settings and there is very little direct public provision. This raises challenges for policymakers and for the operating model in terms of the required degree of public management of the sector.

Finally, the level and administration of public funding is also important. The degree of public funding for ELC and SAC varies across considerably across countries. Moreover, there are different approaches to administering funding. In many other countries, governments delegate this responsibility to local authorities (OECD, 2018b). In Ireland, funding is administered centrally by Pobal. This has implications for the need for accountability within the operating model for the use of public funds.

6.3 International Practice Principles

This overview of other ELC/SAC systems have been analysed by Indecon and from this analysis international practice principles have been identified. These practice principles (described below), which are consistent with the five dimensions in the EU Quality Framework, have implications for the systems and structures needed to form part of the operating model.

6.4 A Systems Approach

A systems approach rather than a programmes approach is aligned with international practice and can ensure the effective operation and governance of the ELC and SAC systems. A systems-based approach tends to support greater coherence and communication and will provide localised operational function and strategic policy development and implementation in a coherent and collaborative systemic framework. A structured an integrated system also reduces duplication and fragmentation.

6.5 Effective governance

International practices reinforce the importance of governance at all levels of the operating model, central, regional and local. It shows the importance of linear integrated and defined governance and accountability requirements derived from a centrally accountable body through regional/local implementation mechanisms (where such are required). It also highlights the importance of parallel assurance mechanisms which show clear independent roles for bodies in checking that the funding is deployed effectively in terms of quality of provision and in some instances quality of service level governance and administration.

6.6 Coherent collaborative model

International practice demonstrates the importance of a collaborative operating model where priorities for ELC/SAC and other related sectors can be achieved. This requires a shared vision and policy direction (as with the vision and direction articulated in *First 5*). It also requires appropriate structures, clear roles and responsibilities with mechanisms for engagement. It shows that the model should account for collaboration in informing policy and system development; and that collaborative mechanisms must exist towards informing planning access and availability at local level.

6.7 An overall national quality framework

International practice reinforces the importance of an overall national quality framework with clearly defined quality standards for all ELC and SAC services, irrespective of service type.

6.8 Consistency of policy approach and expertise

Allied to earlier principles, consistency of policy approach and expertise is also a feature of international practice and is particularly important where there is a disparity of pedagogical approaches, educator qualifications and conditions. International evidence shows operating systems which cascade policy from the centre and in parallel provide assurance of application. This is supported by coherent systems with clear roles in this regard.

6.9 Stakeholder involvement and engagement

International practice shows that there is a need to ensure key stakeholders, including children and families, workers, and providers, are involved in the design and delivery of ELC and SAC. International practice also demonstrates the important role played by community and voluntary organisations. The operating model should be designed to meet the needs of all stakeholders with appropriate mechanisms in place for involvement and engagement. International practice shows that this engagement should be structured through the system at central/national and local levels according to the particular parameters of engagement.

6.10 Easily accessible resources and information

International practice emphasises the importance of effective systems and structures for ELC and SAC communications, including the need for supports to be easily accessible, for example, via an online platform or public-facing portal to allow users or potential users (families, community groups) to access data to inform their decision-making about services.

6.11 Commitment to investment in research and evaluation

International practice reinforces the importance of research and evaluation. This is essential for monitoring and improving quality; for forecasting supply and demand; and for accountability purposes.

REVIEW OF GOVERNANCE REQUIREMENT

7 Governance Requirements

7.1 Introduction

In examining the options in relation to the best governance arrangements for the ELC and SAC operating model, it is necessary to identify what are the governance requirements for publicly funded programmes in Ireland. Of particular importance is considerations of the financial and governance responsibilities of the Secretary General and the Minister for Children, Equality, Disability, Integration and Youth. In addition, there is a need for consistency of the governance of the operating model with other legislative requirements and with DPER guidance. The operating model must have robust accountability structures in place to manage a budget that amounts to €638 million annually and is expected to increase significantly.

The existing governance requirements have been established to ensure the efficient use of exchequer funding. As indicated by DPER, *“Good governance in the public sector encourages better informed and longer-term decision-making as well as the efficient use of resources. It strengthens accountability for the stewardship of resources and is characterised by robust scrutiny which places ongoing emphasis on improving public sector performance”*.¹¹⁰ In identifying what governance arrangements are appropriate, it is useful to examine the following:

- Governance Framework for the Department of Children and Youth Affairs (July 2019)
- Role and responsibilities of Accounting Officers – A Memorandum for Accounting Officers
- Code of Practice for the Governance of State Bodies (2016)
- Findings from Reports of the Comptroller and Auditor General
- Department of Public Expenditure and Reform Circular 13/2014 (DPER 022/05/2013) – Management of and Accountability for Grants from Exchequer Funds
- Charities Governance Code (2018)

7.2 DCEDIY Governance Framework

The DCYA (now DCEDIY) Governance Framework sets out the processes and procedures that underpin the activities of the Department. The framework includes five key principles as outlined in Table 7.1 overleaf. The issue of managing risks and performance through robust systems is particularly relevant to practical issues in the supervision of the ELC and SAC operating model.

¹¹⁰ DPER guidelines on governance of State Boards

Table 7.1: Summary of Good Governance Principles

- Supports a culture and ethos which ensures behaviour with integrity, a strong commitment to ethical values, and respect for the rule of law.
- Helps to define priorities and outcomes in terms of sustainable economic and societal benefits and to determine the policies and interventions necessary to optimise the achievement of these priorities and outcomes. It means implementing good practices in transparency, reporting, communications, audit and scrutiny to deliver effective accountability.
- Means developing DCEDIY's capacity, including the capability of the leadership team, management and staff.
- Means managing risks and performance through robust internal control systems and effective performance management practices.
- Ensures openness, effective public consultation processes and comprehensive engagement with domestic and international stakeholders.

Source: DCYA Governance Framework

DCEDIY's Governance Framework appropriately places an emphasis on the role of the Secretary General as its Accounting Officer. The framework also notes that the Communications and Corporate Governance Unit (CCGU) of the Department *"ensures that arrangements are in place for the Department to monitor compliance by the bodies under the Department's remit with governance requirements arising from relevant governing legislation and the Code of Practice for Governance of State Bodies (2016) and to take corrective action to address deficiencies."* Indecon's independent analysis undertaken as part of this review has generated new evidence on some of the governance aspects of the operating model. These are discussed in our evaluation of the model later in this report.

7.3 Role and Responsibilities of Accounting Officers

Financial Procedures dictate that the Civil Service Head of the Department/Office cannot delegate their responsibilities as Accounting Officer (usually the Secretary General). An Accounting Officer is required to ensure that all relevant financial considerations are taken fully into account, and, where necessary, brought to the attention of Ministers in relation to the preparation and implementation of policy proposals relating to expenditure or income for which he or she is Accounting Officer.¹¹¹

The Comptroller and Auditor General Acts 1866 to 1998 and the DPER's Public Financial Procedures underpin the responsibilities for effective governance. As part of the Appropriation Account the Accounting Officer submits a Statement of Internal Financial Control which details the measures that are undertaken to ensure that an appropriate system of financial control is in place, the position regarding the financial control environment and the framework regarding administrative controls, management reporting, significant financial risk and internal audit.

Of particular importance to governance is the responsibilities of Accounting Officers in relation to the distribution of voted public expenditure is set out in documentation published by the Department of Public Expenditure and Reform.¹¹² The Accounting Officer is responsible for having the Appropriation Account for each Vote prepared and submitted to the Comptroller and Auditor General (the C&AG) for auditing purposes. The C&AG undertakes this audit and presents this Account along

¹¹¹ Public financial procedures available at <https://govacc.per.gov.ie/wp-content/uploads/2013/02/Section-A-Feb-2013.pdf>

¹¹² The Role and Responsibilities of Accounting Officers: A Memorandum for Accounting Officers

with the audit to the Oireachtas for further scrutiny. The Accounting Officer may then appear before the Public Accounts Committee on the appropriate action. The overall responsibilities of the Secretary General of the DCEDIY in his/her role as Accounting Officer are outlined in Table 7.2. Of significance in the context of this review is the responsibilities in relation to grants to outside agencies.

Table 7.2: Responsibilities of Accounting Officers

- The safeguarding of public funds and property under his or her control.
- The regularity and propriety of all the transactions in each Appropriation Account bearing his or her signature.
- Ensuring that all relevant financial considerations are taken into account and, where necessary, brought to the attention of the Minister where they concern the preparation and implementation of policy proposals relating to expenditure or income for which he or she is Accounting Officer.
- Economy and efficiency in the administration of DCEDIY. This includes ensuring that there are adequate financial management systems in place to support the proper administration of DCEDIY in an economic and efficient way.
- The adequacy of arrangements within the Department/Office to ensure the correctness of all payments under his/her control and the prompt and efficient recovery and bringing to account of all receipts connected with the Vote, or with any fund for which DCEDIY is responsible.
- Ensuring that Department of Public Expenditure and Reform sanction for expenditure has been obtained and for the maintenance of a central record of both delegated and specific sanctions.
- Responsibilities for internal audit, including regularly reviewing the internal audit function to ensure there is the desired quality of assurance on the adequacy, reliability and efficiency of DCEDIY's internal control system.
- Responsibilities in respect of Grants to outside agencies, particularly in regard to the conditions of the grant, the submission of accounts and being satisfied that the accounting systems and organisational arrangements of the grantee are adequate to ensure the proper administration of the money.
- Ensuring that there is a clear framework for control (including financial reporting) and accountability for public funds in bodies operating under the aegis of DCEDIY.
- Accounting Officers are required to include with the Appropriation Account for their Department/Office a statement on their organisation's systems of internal financial control.

Source: DPER (Role and Responsibilities of Accounting Officers)

Public Financial Procedures recognise that Parent Departments have responsibility for a number of bodies that come under their aegis. Departments are obliged to hold such bodies to account on behalf of their Minister. This requires evaluating the bodies' budgets and plans against those set by their Minister; monitoring their performance in meeting objectives and targets (including financial targets); and the evaluation of the return on the State's investments. In addition, parent Departments need to ensure compliance with the Code of Practice for the Governance of State Bodies. Accounting Officers are obliged to satisfy themselves that the monitoring systems and procedures in place are adequate and if reports indicate that a problem has emerged, that appropriate corrective action is taken by the body as soon as possible.

7.4 Code of Practice for the Governance of State Bodies (“The Code”)

The Code of Practice for the Governance of State Bodies (‘the Code’) provides a framework for the application of best practice in corporate governance by State bodies, and concerns both internal practices and their relations with Government, the relevant Minister under whose aegis they fall, and with the Minister for Public Expenditure and Reform. The Code notes that the starting point for effective governance and for clarity of accountabilities is the oversight agreement between the relevant Minister/Parent Department. The oversight agreement is a written statement between the relevant Minister/Parent Department and the body which clearly defines the Parent Departments relationship with that body. A particular issue which was identified in our review and is considered subsequently in our evaluation of the operating model is that the Code allocates the governance arrangements to the Parent Department. The Minister of the parent Department has formal powers to issue directions and to approve certain aspects of the operation of the relevant bodies. These formal powers only apply to the Parent Department. This is relevant to Pobal as the DCEDIY is not the Parent or lead Department, although most of its funding is provided by the DCEDIY.

The Code notes while there is no precise definition of a State body. The following criteria are of assistance in defining a State body:

- The Minister presents legislation relating to the body to the Houses of the Oireachtas.
- The Minister lays the body’s financial statements and/or annual report before the Houses of Oireachtas.
- The Minister and/or DCEDIY has statutory responsibility for one or more of the following:
 - Provision of funding;
 - Presentation of estimates in the Dáil;
 - Nomination/dismissal of all/majority of the members of a body’s Board, Authority or other governing body;
 - Appointment of Chief Executive Officer (CEO);
 - Consent functions in relation to remuneration, superannuation, fees; and/or
 - Consent functions in relation to borrowing.
- The statutory basis of the body.
- The Minister sets policy direction for the body.
- The Minister has the power to issue directions, codes, regulations or guidelines in respect of the body.
- The Minister approves Statements of Strategy.
- The Secretary General of the Parent Department is the Accounting Officer for the State body.
- Employees in the body are participating/are eligible to participate in a Public Service Pension Scheme.

While some of these factors are not applicable to entities within the operating model, the dependence on exchequer resources of the organisations within the operating model suggests they should meet most or all of the requirements of the Governance Code. This is appropriate to ensure informed decision-making and the efficient use of resources. It is also required to meet accountability obligations for the use of the significant State funding involvement.

The Code highlights the necessity for the establishment of oversight agreements with entities funded by the Exchequer. The oversight agreement should reflect the State bodies legal framework; the

environment in which it operates; the purpose and responsibilities of the body; the body's level of compliance with this Code; details of the Performance Delivery Agreement (e.g., outputs to be delivered); and arrangements for oversight, monitoring and reporting on conformity with Government policy including those actions and areas of expenditure where prior sanction from the Parent Department and/or the Department of Public Expenditure and Reform is required.

Each Parent Department is required to agree a Performance Delivery Agreement (reviewed annually) with all State bodies under its aegis. The PDA is important as it allows for the adoption of both annual and multi-annual targets, and the development of output and outcome indicators, including milestones to measure performance against targets, and should include:

- High level goals and objectives;
- Key programmes of activity for the State body including for each individual expenditure programme;
- Key outputs specified in quantitative, measurable terms;
- Targets for that output in annual and multi-annual targets with clear milestones;
- Cost of delivery of that programme; and
- Process for the formal review of the performance agreement.

The Code notes that a Department's Statement of Strategy is the anchor document to the content and objectives of the Performance Delivery Agreement taking account of the State body's legal framework. The agreement should be aligned to specific objectives in the Parent Department's Strategy, to the extent relevant, and consistent with the State body's legal mandate, and with any Government policies for the reform and modernisation of the Public Service.¹¹³

The Code sets out that non-commercial State bodies shall be subject to Periodic Critical Review (PCR) no later than every five years. This provision is to ensure that the ongoing business case for State bodies will be subject to periodic scrutiny and assessment. The overarching objective of the review process is to secure improvements in accountability, efficiency and effectiveness and to scrutinise objectively the case for rationalisation and consolidation of public bodies in light of changing requirements, demands and priorities. The review process should also assess the extent to which the governance structure of each public body and the Department's oversight of that body (if appropriate) is consistent with its legislative underpinning and is aligned to the business needs of the body. The review should include the external environment (economic, political, legislative, stakeholder, and technological); organisational capacity (governance, financial management, process management, other organisational linkages, HR management); and organisational performance (relevance, financial viability, economy, efficiency, effectiveness). The review should be evidence based and where possible compare actual performance against targets and/or external benchmarks.

In considering the governance oversight role of the Department for organisations within the operating model, it is also essential that there is effective governance within each of the entities in the model. Given that the model is comprised of a large number of individual companies, the role of the board of directors of these companies is of critical importance. The Code sets out the appropriate principles on the roles of boards as summarised in Table 7.3 overleaf. This highlights the requirements for boards to provide strategic direction and implement risk management policies of their organisation.

¹¹³ Code of Practice for the Governance of State Bodies available at <https://govacc.per.gov.ie/wp-content/uploads/Combined-Code-Online-Version.pdf>

Table 7.3: Principles on Role of Boards of State Bodies

- Each State body should be clear about its mandate and from that identify the various functions, roles and responsibilities entailed in the delivery of that mandate.
- The Board is collectively responsible for leading and directing the State body's activities. While the Board may delegate particular functions to management the exercise of the power of delegation does not absolve the Board from the duty to supervise the discharge of the delegated functions.
- The Board should fulfil key functions, including: reviewing and guiding strategic direction and major plans of action, risk management policies and procedures, annual budgets and business plans, setting performance objectives, monitoring implementation and State body performance, and overseeing major capital expenditure and investment decisions.
- The Board should act on a fully informed and ethical basis, in good faith, with due diligence and care, and in the best interest of the State body, having due regard to its legal responsibilities and the objectives set by Government.
- The Board should promote the development of the capacity of the State body including the capability of its leadership and staff.
- The Board is responsible for holding the CEO and senior management to account for the effective performance of their responsibilities.

Source: Code of Practice

The Code of Practice outlines the principles in relation to board effectiveness as summarised in Table 7.4. These highlight the requirement for the board (and its committees) to have the appropriate balance of skills. The board should also undertake a review of its effectiveness and should be provided with the relevant induction and operational material from the executive.

Table 7.4: Principles relating to Board Effectiveness

- The Board and its committees should have the appropriate balance of skills and knowledge to enable them to discharge their respective roles and responsibilities effectively.
- Board members should receive formal induction on joining the Board and should regularly update and refresh their skills and knowledge.
- The Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.
- Board members need to be able to allocate sufficient time to discharge their responsibilities effectively.
- The Board should undertake a self-assessment annual evaluation of its own performance and that of its Board committees. Evaluation of the Board should consider the balance of skills, experience, independence and knowledge of the State body on the Board, its diversity, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.
- The Chairperson should act on the results of the performance evaluation by addressing any weaknesses identified through the Board self-assessment evaluation

Note: The code also notes that board members should not serve for longer than 2 terms or 10 years
Source: Code of Practice for State Bodies

A core function of the board of companies within the operating model is to monitor the progress of the organisation including the likely risks to the achievement of this progress. The Code sets a number

of requirements in relation to risk management including the establishment of an audit and risk sub-committees. The annual reporting requirements include the need for an assessment of financial performance and strategic direction.

Table 7.5: Principles relating to Reporting and Risk Assessment

- Taking account of public accountability and the special considerations which attach to State bodies in relation to their management and operation, the annual report and financial statements, taken as a whole, should be fair, balanced and understandable and provide the information necessary for an assessment of the State body's financial performance, financial position, business model and strategy.
- The Board should have formal and transparent arrangements for governance, risk management and internal control and for maintaining an appropriate relationship with the State body's auditors.
- Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving an entity's outcomes.
- Advising on key risk is a matter for the Board. The Audit and Risk Committee should support the Board in this role

Note: The code also notes that board members should not serve for longer than 2 terms or 10 years
Source: Code of Practice for State Bodies

The principles set by the Code describe the relationship of a body, funded by the Exchequer, with the Oireachtas, the relevant Minister and Parent Department as summarised in Table 7.6. This requires clarity on responsibilities and accountability.

Table 7.6: Principles underpinning the relationship of bodies with the Oireachtas, Minister and Parent Department

- Good governance in the public sector is to ensure that entities achieve their intended outcomes as defined in their governing legislation and Statements of Strategy while acting in the public interest. This requires effective arrangements for defining outcomes in terms of sustainable economic, social, and environmental benefits which should be included in the State body's oversight agreement with their relevant Minister/Parent Department.
- Good governance requires effective procedures for the definition of responsibility and accountability, allocation of budgets, defining expected outputs and outcomes and clear procedures for monitoring performance.
- Government Departments should have written oversight agreements with State bodies under their aegis. Any bodies having derogations from provisions of this Code should have such explanatory notes written into their oversight agreements. Reasons for exemptions should be clearly explained in the oversight agreement with the relevant Minister/Parent Department.
- There should be an ongoing dialogue between Government Departments and State bodies under their aegis based on a common understanding of the objectives of the State body and the actions through which it seeks to achieve those objectives.

Source: Code of Practice for State Bodies

In identifying governance requirements, it is also necessary to examine the specific requirements which have been set. These include requirements concerning the role and characteristics of the board of directors. Given that the operating model is largely composed of separate companies (Pobal, CCC, NVCO), this is a cornerstone of effective governance. Indecon has examined in detail the Code of Practice and has identified a number of the key requirements set for boards of directors as outlined in Table 7.7.

Table 7.7: Specific Governance Requirements for Board of Directors	
Indecon Identification of Key Areas	Specific Requirements Identified in Code of Practice*
Formal Document outlining Role and Responsibilities of Board Members	A formal letter of appointment to inter alia include: <ul style="list-style-type: none"> • Role of the Board • Role of a Board Member • Board's Terms of Reference • Conflict of Interest Rules • Rules on Confidentiality
Annual Statement of how the Board Operates	Statement of how the Board operates/monitoring of effective corporate governance by the Board including what matters are reserved for its decision.
Board Review of Controls and Procedures to ensure Compliance with Statutory and Governance Objectives	Annual review of effectiveness of internal controls to ensure that effective internal controls are instructed and implemented including financial, operational and compliance controls and risk management.
Approval of Strategic Plan	The preparation and adoption of a strategic plan is a primary responsibility of the Board. Such plans should set appropriate objectives and goals and identify relevant indicators and targets against which performance can be clearly measured.
Formal Assessment of Skills required by Board	Evaluation of the Board should consider the balance of skills, experience, independence and knowledge of the Board. This should include the identification by the Board of any gaps in competitiveness.
Formal Training provided to Board Members	The Chairperson should act on the result of the performance evaluation by addressing any weaknesses identified in performance of the Board or in skill gaps.
Formal Evaluation of the Board at least every 3 Years	The Board should undertake a self-assessment annual evaluation of its performance of Board Committees. An external evaluation should be carried out at least every 3 years.
Establishment and Review of Board Risk Register	Key elements of the Board's oversight of risk management include approving the risk management plan and risk register at least annually.
Establishment of Board Finance/Audit Sub-Committee	Key elements of the Board's oversight of risk includes establishing an Audit and Risk Committee.
Time limit on Board Members	It is recommended that no Board Member should serve more than two full terms (i.e., full term is regarded as five years).
<i>Source: Indecon Analysis</i>	
*Other requirements are also outlined in the Code.	

7.5 Requirements of the Comptroller and Auditor General

The Comptroller and Auditor General Acts are key foundations of the legal governance requirements which must be met to fulfil the Department's responsibilities concerning the operating model. As part of its role, the C&AG examines specific governance issues associated with the distribution of exchequer funding. Some examples of issues examined by the C&AG where concerns on governance were identified in other cases are summarised in Table 7.8.

Table 7.8: Examples of Types of Issues identified in C&AG Reports

- Instances where financial procedures have not been complied with;
- Cases where amounts granted by the Dáil have been exceeded;
- Internal control weaknesses and their implications;
- Expenditure which has not been sanctioned by the Department of Public Expenditure and Reform; and
- Instances of fraud, mismanagement, waste or uneconomic expenditure.

Source: DPER (Role and Responsibilities of Accounting Officers)

The C&AG has undertaken specific special reports that look at governance and reporting. A recent report¹¹⁴ has indicated aspects of requirements in terms of evaluating financial maturity governance models as summarised in the next table.

Table 7.9: Financial Maturity Governance Model

- What emphasis do the board and executive team place on their own responsibility and on a culture of collective responsibility for financial matters?
- How do the systems of internal control, governance arrangements and risk managements processes operate?
- What financial management capability have the board (including the audit committee), the executive team, the finance department and staff working outside of finance?
- What training and continuous professional development (CPD) in financial management is provided to staff?
- What is the quality, accuracy and timeliness and non-financial indicators covered within the monitoring and forecasting reports such as operational reports, board reports, management accounts and business plans?
- What is the quality of the financial management, operational performance management systems, including the transactional processing systems?

Source: C&AG (Special Report 101)

¹¹⁴ special-report-112-financial-governance-and-reporting-in-education-and-training-boards.pdf (audit.gov.ie)

7.6 Department of Public Expenditure and Reform Circular 13/2014 – Management and Accountability of Grants from Exchequer Funds

The operating model for ELC and SAC involves the awarding of significant levels of annual grant funding to a range of intermediary bodies. The main funding administration is via Pobal who acts as the funding intermediary and grants are also provided by CCC as intermediary bodies to providers. It is therefore important that there is compliance with the requirements set by the DPER on the management and accountability of grants from exchequer funds. Circular 13/2014 sets out the governance and accountability requirements associated with any grants that are provided from voted expenditure. This also outlines the types of bodies that fall under this circular and the associated governance responsibilities. The circular notes that *“all grant funding, regardless of (i) the status of the grantee i.e., state body or otherwise and (ii) of the means of funding i.e., either funding directly from the Vote of a Government Department/Office or on a devolved basis through an intermediary body or bodies, will be classified as a grant, in line with the provisions of this Circular.”*

As noted in Circular 13/2014, *“a grant is a financial provision, originating in a Vote, for a particular activity or service administered or undertaken by an outside body, including agencies, companies, committees, advisory groups, charities or individuals.”* It is clear to Indecon that the provisions of DPER Circular 13/2014 apply to the operating model as it involves the movement of funds (grants) from a vote to an outside body and the onward movements of that funding. Such movement of funds creates responsibilities on both the grantor and the grantee as set out in Circular 13/2014. These responsibilities apply to all funding that is sanctioned by DPER to the DCEDIY Vote to support the ELC and SAC operating model.

Where a grantee may intend to make “onward grants”, Circular 13/2014 notes that: *“details of these onward grants and their recipients/proposed recipients must be provided to the grantor, along with details of the terms and conditions applying to these onward payments.”* Grantors are required to take a “proactive approach” to ensuring that the terms and conditions for grants are appropriate to the local conditions in the sector in which they operate, while ensuring effective management and accountability of public money.

Circular 13/2014 makes specific reference to grants, which involve the onward movement to the grantee via one or more intermediary bodies. Under such circumstances, Circular 13/2014 states that *“the number of intermediaries should be kept to a minimum.”* Indecon assumes that the rationale for this is in part to facilitate greater accountability for the use of the funding. This may also be related to the issue noted in Circular 13/2014 concerning cases where grantees receive funding from multiple sources. In such cases, the Department *“should be satisfied that there are appropriate monitoring and control arrangements in place.”*

Box 7.1: Circular 13/2014 Advice re use of intermediaries to distribute grants

“Certain grants involve the onward movement of funds from the Exchequer to the grantee through an intermediary Body or Bodies. In such cases, the number of intermediaries should be kept to a minimum.”

Source: DPE 022/05/2013

The Circular notes that grantors should seek expressions of interest for service provision to ensure effective allocation of resources. *“Grantors are encouraged to seek expressions of interest from service providers for grant allocations, where appropriate.”* The evaluation of such expression of interests should be consistent, transparent and based on an assessment of likely outcomes, evidence of effectiveness and prior experience of providing the required services. Indecon notes that a number of organisations are service providers to the Department in the context of the operating model. This raises the need to ensure compliance with public procurement requirements. While this may not be relevant in all cases, it is an aspect of governance, which requires ongoing attention.

A summary of the responsibilities of the Grantor as set out in Circular 13/2014 is outlined in the table overleaf. These requirements are designed to give the Accounting Officer confidence that any public funding is being dispersed in line with its objectives and is administered in a way that is consistent with public funding governance requirements. The Circular highlights that grants distributed to grantees should cover the invoiced costs for that year and should be *“aligned with the grantee’s cash needs and on costs incurred.”* This suggests that grantees should not be able to accumulate reserves based on grant funding.¹¹⁵

¹¹⁵ For grantees who are dependent on exchequer funding and who are considered as charities, this may raise issue concerning the consistency with the Charities Code. However, Indecon does not see this as a significant issue for the operating model.

Table 7.10: Grantor Responsibilities	
Requirements	Description
Objective	- There is clarity regarding the objective/purpose of the grant, which should be included in the terms and conditions/grant arrangements
Terms and Conditions	- The purpose of the funding should be clearly notified to the grantee - salaries, training, research, public relations/advertising, front-line services etc. These terms and conditions should reflect, as relevant, that it is a condition of funding that grantees comply with the Statement of Principles for Grantees
Service Level Agreement	- In the case of grants provided by Departments to Bodies or Agencies which have been set up to carry out specific tasks, an agreement should be put in place between the Department and the Body setting out details of the resources which are being provided by the Department and the outputs to be achieved by the Body
Monitoring and Reporting	- Grantors should put arrangements in place for an appropriate type and frequency of financial and performance reporting, with access to relevant records kept by the grantee - These reports should be accompanied by a certificate of assurance signed at management level, (in general by two responsible persons for example at management or board level), certifying that the public money granted was used in accordance with the terms and conditions of the grant.
Inspection	- Grantors should also ensure that the grantee is informed that: <ul style="list-style-type: none"> o They have an obligation to make books and accounts available to the Comptroller and Auditor General, where 50 per cent or more of their total income is sourced from Exchequer Funds, o Grantors have the right to inspect the grantee's records.
Payment	- Grantees making claims for grant funding on the basis of vouched expenditure are required to state to their grantors that: <ul style="list-style-type: none"> o the invoices used to support their claims relate to activities and services appropriate to the grant scheme objectives, o the amounts invoiced have been paid, and o the invoices have not and will not be used in support of another claim for reimbursement from any other funder(s) (except as provided for in agreed joint-funding arrangements).
Advance Payment	- Sanction from DPER is required for pre-funded grant schemes and sanction requests should include the rationale and monitoring arrangements, for example, in the case of grant funding to a Body towards its running costs, grantors should document the rationale for pre-funding and have it available for inspection/audit, together with the monitoring and control arrangements attaching to the pre-funding. Payments should be aligned with the grantee's cash needs and on costs incurred.
No Automatic Payment	- With due regard to the provisions in paragraph (10) below, payments should only be made to a grantee when they are due (matured liability), in line with the relevant terms and conditions/SLA. If there is an overpayment of a grant, a refund should be obtained
Matured Liabilities	- Government accounting rules on matured liabilities apply to all voted monies, including payments from grant subheads. In the case of grant funding, payment is due when the grant payment is fully approved and processed in accordance with the particular agreement or grant scheme's terms and conditions and when the grantee has fulfilled all conditions
Retention of end-year balances	- Pre-funding may lead to unexpended balances of grant money at year's end. With grantor approval (on foot of DPER sanction), these balances, or a portion thereof, may be retained by the grantee if deemed necessary to meet outstanding financial requirements. Such balances should be kept to a minimum and taken into account when considering the following year's grant.
Multiple Funding	- Where a grantee receives funds from more than one grant making agency, grantees are required to provide annually to each grantor, as a condition of grant, a declaration as to the source, amount and purpose of all other funding they receive and a declaration that there will be no duplication of funding for the same activity/project. This declaration should also state if the exchequer funding from all sources exceeds 50% of total income
Onward payment of grants	- If it is the intention of the grantee to make onward grants from the funding received from their own grantor, details of these onward grants and their recipients/proposed recipients must be provided to the grantor, along with details of the terms and conditions applying to these onward payments. DPER sanction must be sought by the grantee for the onward transmission of these funds
Protecting State Investment	- Grantees should not dispose of publicly funded assets without the prior approval of the relevant Government Department/Office on foot of sanction of the relevant Vote Section in DPER

Source: DPE 022/05/2013 Circular 13/2014

Under the definitions accompanying the Circular, grantees are the bodies or organisations who ultimately receive the grant funding. The various responsibilities for grantees as per Circular 13/2014 are outlined in Table 7.11. Some of the main requirements relate to financial reporting.

Table 7.11: Grantee Responsibilities	
Requirements	Description
Reporting	<ul style="list-style-type: none"> - Financial Statements with audited accounts that satisfy the Accounting Officer - Financial Statements must include Name of Grantor (even if funding comes from Pobal); Purpose of Grant; Accounting for Grants; Capital Gains; Employees (Number by salary bracket); Tax Clearance
Multiple Funding Sources	<ul style="list-style-type: none"> - Specific requirements if grantee receives funds from more than one source - Need for Service Level agreement or funding body should be satisfied that appropriate monitoring and control arrangements in place
State Bodies	<ul style="list-style-type: none"> - Adherence to Service Level Agreement
Vouched Expenditure	<ul style="list-style-type: none"> - Grantees making claims for grant funding on the basis of vouched expenditure are required to state formally to their funders that: <ul style="list-style-type: none"> o the invoices used to support their claims relate to activities and services appropriate to the grant scheme objectives, o the amounts invoiced have been paid, and o the invoices have not and will not be used in support of another claim for reimbursement from any other funder(s) (except as provided for in agreed joint-funding arrangements)
Financial Control	<ul style="list-style-type: none"> - Grantees should be able to confirm that they have adequate financial control systems in place to manage granted funds
Sectoral Compliance	<ul style="list-style-type: none"> - The requirements of this Circular do not override existing Statutory or sectoral requirements

Source: DPE 022/05/2013 Circular 13/2014

7.7 Charities Governance Code

A characteristic of the operating model, which raises additional governance requirements, is that most of the bodies that constitute the ELC and SAC operating model are registered charities and have a registered charity number (RCN). For this reason, these bodies need to comply with governance requirements set out in the Charities Governance Code. This code replaced the Code of Practice for Good Governance of Community, Voluntary and Charitable Organisations (CVC Code).

The Charities Governance Code (CGC) was launched on the 7 November 2018. The CGC set out the governance requirements for charities and outlined a proposed timeline for the implementation of the governance requirements. 2020 was the year that charities were expected to comply with the Code; 2021 will be the first year that charities will report on their compliance with the Code.¹¹⁶ This means that from this year nearly all of the entities within the operating model will face new obligations to report on their compliance with the Charities Governance Code.

The Charity Governance Code sets out six key principles, namely: advancing its charitable purpose; behaving with integrity; leading people; exercising control; working effectively; and being accountable and transparent. Each of these principles has a number of specific requirements that must be adhered to to meet the requirements of the CGC. The core standards that are expected of a registered charitable organisation in relation to its charitable purpose are shown in Table 7.12. These standards include requirements relating to clarity of purpose and strategic direction. There are additional requirements to consider the effectiveness of the charities' activities alongside a review of whether the charities objectives would be better served through partnership with other organisations including through mergers. Given the large number of small organisations within the operating model, this issue needs to be considered. Charities are also obliged to ensure that they have adequate resources to undertake planned activities, which could require a level of reserves for future planned activities.

Table 7.12: Core Standards relating to Charitable purpose

- Be clear about the purpose of your charity and be able to explain it in simple terms to anyone who asks.
- Consider whether or not any private benefit arises. If a private benefit arises, consider if it is reasonable, necessary and ancillary to the public benefit that your charity provides
- Agree an achievable plan for at least the next year that sets out what you will do to advance your purpose
- Make sure your charity has the resources it needs to do the activities you plan. If you don't have the resources, you need to show a plan for getting those resources
- Develop your charity's strategic plan and associated operational plans.
- Make sure there is an appropriate system in place to:
 - o monitor progress against your plans; and
 - o evaluate the effectiveness of the work of your charity
- From time to time, consider the advantages and disadvantages of working in partnership with other charities, including merging or dissolving (winding up)

Source: Charities Governance Code

The requirements in line with the integrity principle are shown in Table 7.13. These requirements set out the requirements for staff and board members of charities in terms of confidentiality, conflicts of interest and standards. The conflict-of-interest requirements are relevant to the operating model, and we note that in many cases the voluntary boards are not appointed by the Government.

¹¹⁶ <https://www.charitiesregulator.ie/media/2036/information-note-charities-governance-code-reporting-in-2021.pdf>

Table 7.13: Core Standards relating to Behaving with Integrity

- Agree the basic values that matter to your charity and publicise these, so that everyone involved understands the way things should be done and how everyone is expected to behave.
- Decide how you will deal with conflicts of interests and conflicts of loyalties. You should also decide how you will adhere to the Charities Regulator’s guidelines on this topic.
- Have a code of conduct for your board that is signed by all charity trustees. It must make clear the standard of behaviour expected from charity trustees. This includes things like maintaining board confidentiality.

Source: Charities Governance Code

The CGC sets specific standards in relation to how charitable organisations “lead” people. These standards reflect the implementation of employment and human resources practices.

Table 7.14: Core Standards relating to “Leading people”

- Be clear about the roles of everyone working in and for your charity, both on a voluntary and paid basis.
- Make sure there are arrangements in place for the effective involvement of any volunteers, including what to do if any problems arise.
- Make sure there are arrangements in place that comply with employment legislation for all paid staff including:
 - recruitment;
 - training and development;
 - support, supervision and appraisal; and
 - remuneration (money paid for work) and dismissal.
- Agree operational policies where necessary, to guide the actions of everyone involved in your charity.
- Make sure to document the roles, legal duties and delegated responsibility for decision-making of:
 - individual charity trustees and the board as a whole;
 - any sub-committees or working groups; and
 - staff and volunteers.
- Make sure that there are written procedures in place which set out how volunteers are:
 - recruited, supported and supervised while within your charity; and
 - the conditions under which they exit.
- Decide how you will develop operational policy in your charity. You also need to decide how your charity trustees will make sure that the policy is put in place and kept up to date.

Source: Charities Governance Code

Of particular significance to the operating model are the requirements relating the composition and expertise of the boards that oversees the operations of charitable organisations. These include the need to review the effectiveness and skills of the board. Advice regarding board service time limits is also relevant. The CGC suggests that the maximum length that a board member should serve should not exceed nine years. Similar issues are outlined in the Code of Governance of State Bodies.

Table 7.15: Core Standards relating to “Exercising Control”

- Identify charity trustees with the necessary skills to undertake:
 - any designated roles set out in your governing document; and
 - other roles as appropriate within the board.
- Hold regular board meetings. Give enough notice before meetings and provide prepared agendas.
- At a minimum, your board agendas should always include these items:
 - reporting on activities;
 - review of finances; and
 - conflicts of interests and loyalties.
- Make sure that your charity trustees have the facts to make informed decisions at board meetings and that these decisions are recorded accurately in the minutes.
- Consider introducing term limits for your charity trustees, with a suggested maximum of nine years in total
- Recruit suitable new charity trustees as necessary and make sure that they receive an induction.
- Make sure all of your trustees understand:
 - their role as charity trustees;
 - the charity’s governing document; and
 - this Code.
- Commit to resolving problems and emerging issues as quickly as possible and in the best interests of your charity.
- From time to time, review how your board operates and make any necessary improvements.
- Make sure you send out board packs with enough notice and include all relevant reports and explanatory papers to enable informed decision-making.
- Make sure that you have a charity trustee succession plan in place and consider how you can maximise diversity among your charity trustees.
- Put in place a comprehensive induction programme for new charity trustees.
- Conduct a regular review that includes an assessment of:
 - the effectiveness of your board as a whole, office holders and individual charity trustees;
 - adherence to the board code of conduct; and
 - the structure, size, membership and terms of reference of any subcommittees.
- Do regular skills audits and provide appropriate training and development to charity trustees. If necessary, recruit to fill any competency gaps on the board or of your charity.

Source: Charities Governance Code

The Charities Governance Code requirements relating to the transparency of the organisation are listed in Table 7.16. These transparency requirements highlight the requirements for organisation that are registered charities to make this point in their public facing website or any official correspondence. The CGC also highlights the importance of producing an annual report that is publicly available.

Table 7.16: Core Standards relating to “Being Accountable and transparent”

- Make sure that the name and Registered Charity Number (RCN) of your charity is displayed on all of your written materials, including your:
 - website;
 - social media platforms; and
 - email communications.
- Identify your stakeholders and decide how you will communicate with them.
- Decide if and how you will involve your stakeholders in your:
 - planning;
 - decision-making; and
 - review processes.
- Make sure you have a procedure for dealing with:
 - queries;
 - comments; and
 - complaints.
- Follow the reporting requirements of all of your funders and donors, both public and private.
- Produce unabridged (full) financial accounts and make sure that these and your charity’s annual report are widely available and easy for everyone to access.
- Make sure all the codes and standards of practice to which your charity subscribes are publicly stated.
- Regularly review any complaints your charity receives and take action to improve organisational practice.

Source: Charities Governance Code

7.8 Implications of Governance Requirements

The analysis by Indecon of existing governance requirements has identified a demanding set of governance obligations, which inevitably places a significant administrative burden on entities. As the operating model is comprised of a large number of organisations, there is a need to carefully consider how the Department’s role and responsibilities for the stewardship of funds can be met. There is also a need for the organisations within the model to meet the new requirements of the Charities Governance Code, as well as the principles set out in the Code of Practice for the Governance of State Bodies (it is important to highlight here that the DCEDIY already applies the principles of the code). Particular responsibilities are allocated to the Board of Directors of companies. These requirements may be challenging for some of the organisations within the operating model given the small size of the organisations. This highlights the need to consider the fragmented nature of the operating model from a governance perspective. This may also merit review in order to ensure that economies of scale are realised. The issue of the allocation of formal powers under the Code of Practice to the Parent Department is also noteworthy given that the DCEDIY is not the Parent Department for most of the organisations within the operating model.¹¹⁷ Also relevant is DPER guidance that where grants are paid through intermediary bodies the number of intermediaries should be kept to a minimum.

¹¹⁷ Note the DCEDIY does not formally allocate powers to Pobal; a contract for service provision is in place.

IMPLICATIONS OF GOVERNANCE AND BEST PRACTICE PRINCIPLES

8 Required Model Characteristics

8.1 Introduction

Indecon has analysed international practice and governance requirements nationally and have considered what are the required characteristics of a fit for purpose operating model. This has been grounded in our analysis of the structural features of the Irish ELC/SAC sector and of the challenges which the sector is likely to face, given the commitments made in *First 5*. Indecon’s assessment is that there are 12 key characteristics that a best practice operating model for Ireland should demonstrate as shown Table 8.1. A number of important considerations associated with each of these key characteristics are discussed below.

Table 8.1: What a Best Practice Operating Model would Look Like

- **Department focused on strategic issues.**
- **Allocation of roles and powers to fulfil organisational mandates.**
- **Adherence to national governance requirements.**
- **Clear organisational support strategy which avoids unnecessary fragmentation.**
- **Organisations with the necessary skills and expertise.**
- **Appropriate balance between national, regional and local structures.**
- **Mechanisms to ensure alignment of supply and demand.**
- **Meaningful involvement of children and parents, the workforce, providers and other stakeholders.**
- **Ease of access to information and resources for users.**
- **Appropriate structures to implement National Quality Framework**
- **Necessary support infrastructure for providers.**
- **Mechanisms to facilitate monitoring of outcomes.**

Source: Indecon

8.2 Department focused on strategic issues

Indecon’s assessment has highlighted the benefits of allocating responsibility to one department to drive the strategic and policy direction of all organisations responsible for the achievement of the ELC and SAC policy objectives. While we note that countries internationally have different structures in relation to policy, there are advantages of a single Department having an overall role in co-ordination. An overview of the policy responsibilities in a number of countries is presented in Table 8.2. Allocating responsibility for policy to one government department is aligned with best practice.

Table 8.2: Overview of the Government Departments in ELC/SAC System

Country	Government Department	Role/Interest
Australia	Department of Education, Skills and Employment	Responsible for overall ELC/SAC provision.
Netherlands	Minister of Social Affairs and Employment (Minister of Education, Culture, and Science for targeted preschool programmes)	Responsible for overall childcare quality.
Norway	Directorate for Education and Training (Ministry of Local gov provides funding)	An executive agency of the Ministry of Education and Research has responsibility for the development of preschool education, as well as supervision and governance.
Scotland	Early Learning and Childcare Programme Directorate	The Governmental Directorate has overall responsibility for the ELC system, including policy development and funding.

Source: Indecon analysis

Recent research by the OECD¹¹⁸ indicates that around half of OECD countries have an integrated system, where responsibility for ECEC services lies with one lead authority. Best practice is that where feasible, one government department would have responsibility for: strategic policy direction; monitoring and evaluation of governance arrangements; and ensuring consistency of approach to service provision. Allocating responsibility to one department facilitates overall accountability in terms of the functioning of the system. It also facilitates the development of coherent policy informed by evidence which is needed to ensure effectiveness and value for money. It is important that the DCEDIY, responsible for the operating model, would focus on governance and strategic issues and not on operational or administrative roles.

8.3 Allocation of roles and powers to fulfil organisational mandates

The operating model should be characterised by the allocation of roles and powers to all of the organisations which are necessary to fulfil their mandates. This includes the role and powers of central government departments. Of particular importance is that whatever operating model is chosen, the relevant government department responsible for the operating systems has the formal powers to ensure governance requirements are met. It is essential that the legislative basis enables the Accounting Officer to ensure adherence to the Code of Practice for the Governance of State Bodies and other DPER guidance. This would enable the DCEDIY to provide assurance on compliance with legal, governance and procurement requirements. The allocation of such formal powers would enable the Secretary General to fulfil the responsibilities as Accounting Officer.

¹¹⁸ OECD (2019) "How do early childhood education systems differ around the world?"

8.4 Adherence to national governance requirements

There are a wide range of detailed requirements for the management and governance of organisations funded by the Exchequer. Many of these are also aligned with wider best practice corporate governance requirements for any organisation. It is essential that all parts of the operating model adhere to these requirements. The governance requirements are identified in legislation and in guidance documents provided by DPER. These were examined in Section 7 of this report. Given the scale of public expenditure allocated to ELC and SAC and the proposed increase in the level of exchequer investment, rigorous adherence to national governance obligations is a requirement of the operating model.

8.5 Clear organisational support strategy

The operating model should be based on a clear organisation support strategy. This should identify what services are needed and who is best placed to provide such services. The organisational support strategy should then clarify what organisations provide specific functions. This should be designed in a way which minimises duplication and any unnecessary fragmentation. Any unnecessary fragmentation can place an unreasonable administrative burden on providers. This is needed to ensure coherence and to improve service delivery across the system. This would also reduce the risks of gaps in service provision and quality. Clarity on the role of organisations would increase transparency and reduce confusion for parents, providers and for other stakeholders. As part of the organisational support strategy, there is merit in having a minimum number of intermediary bodies. Ensuring the minimum number of intermediary bodies has advantages in enabling a consistency of approach and facilitating accountability for the use of funds. This is aligned with national policy in relation to the distribution of exchequer funding.

8.6 Organisations with the necessary skills and expertise

An optimum operating model is one where all organisations have the appropriate skills and expertise. Skills are needed to ensure quality standards and to adhere to national legal, regulatory and governance requirements. An optimum operating model is one which ensure that there is a high degree of professionalisation within the operating model and among providers which is supported through entry requirements and ongoing CPD. Developing skills requires a national policy framework outlining skills requirements; support services to deliver training on national requirements; incentives to undertake CPD; monitoring of CPD undertaken; identification of deficiencies in the levels or type of CPD undertaken; and evaluation of the impact of CPD on service quality and regulatory compliance. There are also a number of requirements in relation to governance including that the management and boards of directors of organisations have the appropriate skills. The distinction between the skills needed by staff within organisations in the operating model and by ELC and SAC providers is important to note.

8.7 Appropriate balance between national/regional and local structures

In considering what a best practice model would look like, there is a need to secure an appropriate balance between consolidation and local structures. A desirable model is one which links to ELC and SAC services to the community but does so in a cost-effective manner. It is also important that there are clear structures regarding regional and local supports. This requires consideration of what

functions are best organised at a national, regional and local level. An indicative outline of the supports that may be required along with a possible delivery approach is presented in Table 8.3. This is not designed to be a definitive listing or allocation but rather highlights the need for an operating model to have an appropriate balance of national, regional and local structures. In deciding on the appropriate balance, it is important that the operating model has organisations which provide the local responsiveness required to deliver effective integrated support. They should also be sufficiently scaled to justify the necessary organisational architecture, business, service capability and governance requirements. An aspect of any operating model is consideration of the potential need for a rationalisation or consolidation of the operating model. The need to evaluate the potential for partnership or mergers is also aligned with the Charities Code. The requirement for a model whereby organisations and functions are characterised by economies of scale is aligned with the objective of securing value for money. This was the driving factor behind other consolidations of public services in Ireland. An operating model with appropriately sized organisations would assist with adhering to governance requirements.

Table 8.3: Overview of Key Supports Required for Providers

Function	Local/Regional Management and delivery	Centrally Managed and Centrally Delivery	Centrally Managed, supported by local/regional presence
Programme/Admin Supports for Providers			
Scheme/Programme Information and support (customer service)		√	
Scheme/Programme Funding Management and Administration		√	
Business Supports			
Information/Advice on various schemes		√	
Supports relating to setting up a service	√		
Advice on Issues relating to HR, ICT, Audits etc.	√		
Governance and Accountability			
Compliance and Audit and Risk Management		√	
Governance		√	
Contract Management		√	
Support for Governance and Compliance			√
Quality Supports			
Training			√
Learning and Development/CPD/Mentoring			√
AIM/EDI Supports			√
NSAI			√
Quality Development and Improvement Supports			√
Qualifications		√	
(Post) Inspections Supports			√
Regulatory Supports			√
Childminding Supports			√
Critical Incident Supports			√
Development/Publication of Resources		√	

Source: DCEDIY Input to Indecon

8.8 Mechanisms to ensure alignment of supply and demand

A feature of a fit-for-purpose operating model is one which ensures alignment between supply and demand. This involves collaboration between national and local organisations. Central bodies can look at wider demographic trends and take account of national policies and planning frameworks which will influence the long-term spatial distribution of the population. Such planning in relation to service provision occurs across a number of Government Departments in relation to health and education. A similar approach should be incorporated into the operating model in the provision of ELC and SAC services. Central bodies should also monitor capacity to ensure adequate service provision. There is also a significant need for local knowledge of supply issues and the involvement of parents and other stakeholders to identify demand aspects. Mechanisms to access such knowledge should be an integral element of the operating model. The Chair of the Expert Funding Group in an input to Indecon suggested that: *“The Expert Group believes that the operating structure should also have the capacity at national and local levels to provide improved and simple planning and support functions in order to guide the development of a more fit-for-purpose sector.”*¹¹⁹ The report of the Expert Group to develop a new funding model, *Partnership for the Public Good*¹²⁰, places significant emphasis on the importance of having a supportive operating model to enable the enhanced level of public management they recommend. Indecon believes that the operating model should use robust local intelligence around supply and demand which would input into the central planning process for the sector. In cases where there is market failure, targeted state provision may be required. Monitoring current and predicted supply and demand, and reporting when supply is inadequate, are also likely to be requirements of Ireland’s response to the EU Child Guarantee.

8.9 Meaningful involvement of children and parents, the workforce, providers and other stakeholders

A best practice operating model should include the meaningful engagement of children and parents and other stakeholders including the workforce and providers. The Chair of the Funding Model Expert Group emphasised the importance of the operating model supporting families in relation to their choices about ELC and SAC and supporting providers to operate sustainable, high quality, affordable services. It is also important that an operating model supports collaboration between parents and providers to improve the quality-of-service provision. Some indication of the supports that should be available to parents in a best practice operating model are outlined in Table 8.4. Parents also should have meaningful engagement in inputting to national and local policy development. Structured engagement with childminders is also a required characteristic of a best practice model.

¹¹⁹ The Expert Group was appointed by the Minister for Children and Youth Affairs to lead the work on the development of a new funding model for early learning and care and school-age childcare, announced in 2019 - <https://www.gov.ie/en/press-release/d5dfdb-minister-zappone-announces-expert-group-to-develop-a-new-funding-mod/>.

¹²⁰ Partnership for the Public Good: A New Funding Model for Early Learning and Care and School-Age Childcare’ <https://first5fundingmodel.gov.ie/>

Table 8.4: Overview of Key Supports Required for Parents			
Function	Local/Regional Management and delivery	Centrally Managed and Centrally Delivery	Centrally Managed, supported by local/regional presence
Parental Supports			
Information/Advice on Schemes, Programmes and additional supports (e.g., AIM)		√	
Supports for vulnerable parents/families	√		
Information/Advice on local childcare provision	√		
<i>Source: DCEDIY Input to Indecon</i>			

8.10 Ease of access to information and resources for users

Indecon’s analysis has highlighted the need for the operating model to provide easy access to information and resources to providers, parents, the workforce and other stakeholders. This would improve transparency and engagement across the operating model. The information and resources available should include access to: local supports for parents/providers; ELC/SAC programmes for parents; inspection reports for parents; and online CPD or blended learning opportunities for the workforce. It is not sufficient to just have these resources available. A best practice operating model should ensure that there is significant awareness of the availability of these supports.

8.11 Appropriate Structures to Implement National Quality Frameworks

National quality frameworks should be integrated into an overall national strategic policy for ELC and SAC. The national practice should be implemented, and this requires that the operating model has the structures in place to roll out the relevant practice frameworks.

8.12 Necessary support infrastructure for providers

An appropriate operating model would be one where the necessary support infrastructure is put in place to enable providers to meet the policy objectives. The scale of providers would determine what this would involve. The key is to ensure that providers are in a position to provide a high quality and accessible ELC and SAC service to parents. A developed support infrastructure should enable providers to meet national policy objectives. Shared services are likely to be an important element of required support infrastructure.

8.13 Mechanism to facilitate monitoring of outcomes

International best practice and Irish requirements as outlined in the Public Spending Code highlight the need to invest in the evaluation of the impacts of ELC and SAC programmes and the effectiveness of public expenditures. This is needed to ensure that programmes or schemes result in the achievement of key policy outcomes. Such an approach should lead to changes in programmes, where necessary, to improve effectiveness. This requires sufficient quality data to enable meaningful

evaluation. It also requires collaboration across the operating model on data definitions, data collection and programme implementation. Counterfactual modelling and longitudinal databases would also be of merit.

EVALUATION OF OPERATING MODEL

9 Stakeholders' Views on Existing Model

9.1 Introduction

In evaluating the existing operating model, we have examined the views of stakeholders. In particular, it is informative to consider the extent to which stakeholders have identified any gaps or deficiencies in the existing model. It is also critical to examine stakeholders' assessment of the strengths of the existing operating model, as these existing strengths need to be maintained where feasible. The views of stakeholders highlight a number of areas where there are gaps in the existing model compared to characteristics identified in Section 8.

9.2 Ability of Existing Model to Accommodate Reform

In the consultation with stakeholders, there was some recognition of the challenges faced by the operating model in handling the scale of the proposed planned reforms for ELC and SAC. This reflects the scale of challenges which the model will face in meeting the objectives set in *First 5*. However, Indecon would also point out that issues were raised on the need to carefully consider how any changes would be managed and communicated.

Box 9.1: Stakeholder Views on the Ability of the Operating model to Handle the Scale of the Proposed Reforms and the Need for Careful Management of Any Changes

"The operating model should be one which ensures stability, accountability and, professional development in a comprehensive and coherent structure." - **Pobal**

"In spite of significant investment, policy developments and the employment of different personnel working to develop and implement policies, inform, train, support [and] inspect the sector, we don't have a fully cohesive, national, coordinated, integrated, systematic and equitable approach to supporting, funding, accessing nor securing the provision of quality services for all children and families." – **National Childhood Network**

"When decisions are agreed, implementation must be rigorous and speedy." – **Early Childhood Ireland**

"Early years provision has been subject to considerable reform in the last decade; any radical change could destabilise the sector." - **Tusla**

"Depending on how any transition was managed, there may be an interruption in supports to services." – **CCC**

"There is concern if change is required, how that change will be managed, communicated and the lead in time required. If not handled carefully, there is a potential for clients to lose trust in the system's ability to respond to their needs. We need to be mindful of how further change could impact on the sustainability of services and the willingness of people to become part of the profession." – **CCC**

Source: Stakeholder Consultation

The ability of the existing model to handle the scale of reforms planned is related to specific features which were raised by stakeholders. These include overall complexities, challenges in accessing information and the administrative burden arising from the current model. Issues related to accountability were also raised, most notably in relation to the duplication of certain functions as discussed further in the next section.

9.3 The Impact on Accountability of the Multiplicity of Agencies

The issue of the impact on accountability arising from the multiplicity of agencies was highlighted in the consultation process. Indecon has separately examined issues of accountability which has highlighted some areas of concern.

Box 9.2: Stakeholder Concern over Governance and Accountability due to the Multiplicity of Agencies and Providers

“Accountability is largely limited to reporting by funded organisations against a limited set of indicators or outputs, which themselves provide a selective profile of what the work involves and its impact on children and quality service development.” – Early Childhood Ireland

“Although DCEDIY has oversight of the annual implementation plans of Better Start, VCOs and CCCs, a summary of these plans is not published publicly for all interested parties to read. This is a weakness in the system as it means that outside of individual stakeholders linking with each other, there is no process for sharing of plans across the system to improve transparency and promote the efficient and effective use of resources.” – Barnardos

“The overall scheme governance framework that we operate within is uneven. Accountabilities and authorities do not align in some significant ways.” – Pobal

Source: Stakeholder Consultation

9.4 Complexity of the System and Fragmentation and Duplication

There was extensive recognition in the consultation programme of the consequences of fragmentation and duplication within the operating model. This is reflected in views outlined in the next box. Indecon's independent analysis confirms that there are complexities for providers and parents. This raises the issue of whether there should be a rationalisation and streamlining of the number of separate organisations to meet governance and accountability requirements and to improve value for money. Fragmentation can result in administrative burdens on providers and result in confusion for parents, providers and other stakeholders.

Box 9.3: Stakeholder Views on Fragmentation and Duplication

"The formulation of a State Agency for the early years sector may prove beneficial provided that it serves to streamline operations and eradicate duplication." – **Childhood Services Ireland – IBEC**

"A consequence of the current system is that there are multiple overlapping layers that often have different aims and objectives and are confusing and challenge collaborative working. The significant and positive developments in recent years need to be aligned with an operating model that can bring these functions together in a way that ensures quality outcomes for children." – **Children's Rights Alliance**

"There is fragmentation and some duplication across the ELC and SAC systems and areas of responsibility - quality, information, programme delivery, financial management, oversight and strategic planning - and the intention to ensure transparency cannot always be delivered in practice." – **Early Childhood Ireland**

"There is a lack of joined up thinking between all bodies. DCEDIY, POBAL, TUSLA, DES, CCCs and the NVCs all seem to be at cross purposes. Communications from each body on the same topic is often conflicting and providers and staff are caught in a vacuum." – **Federation of Early Childhood Providers**

"ACP proposes that all areas of duplication should be removed to enhance both efficiency and effectiveness... Streamlining should occur to eliminate duplication and privileged or exclusive supports." – **Association of Childhood Professionals**

"Utilisation of knowledge of staff to inform policy development and implementation is more difficult within a fragmented system." – **SIPTU**

"Service Providers wanted to see a streamlining of the system to improve cohesion and communication and reduce confusion, thus delivering better outcomes for all." – **CCC**

"There are too many bodies doing similar work, therefore inevitably there is duplication of work, the message can get lost, and often there is competition for the same work. Inevitably it is the ELC and SAC services who loose." – **CCC**

"The patchwork of support agencies within the sector is a challenge, particularly for the ELC services, and needs streamlining as it currently is very confusing and time consuming for all involved. The reams of documents, FAQs, announcements, updates etc., is making the sector top heavy with administration, and it is important not to lose sight of the importance of the services and their staff to children and families." – **CCC**

"Duplication of organisational structures results in increased costs due to governance requirements, auditing, administration, insurance, infrastructure." - **SIPTU**

"To comply with all legislation and regulation requires a huge amount of governance, from audited accounts to policies and procedures, this could be done for 100 people as per 6 people as XXX CCC are currently implementing. With the Charity regulation Authority having new powers, this places a greater emphasis on governance. A large amount of resources go into this process both financial and manpower." – **CCC**

Source: Stakeholder Consultation

The issue of the impact of fragmentation was also identified in late 2020 in the two rounds of focussed discussions which were convened with stakeholders by the DCEDIY to inform the development of the new funding model for ELC and SAC. These focussed discussions aimed to explore participants' perspectives on a range of thematic issues. The first round of discussions included participants identifying primarily as providers or practitioners. The second round included participants identifying primarily as parents. The approach included interactive tools including Mentimeter and Jamboards. A review of the data gathered, using both qualitative and quantitative analysis to explore the data in the context of this Review, was completed by the DCEDIY. In order to do so, qualitative analysis was undertaken and in addition, all verbatim response data in the sessions was captured and coded. Indecon is very appreciative of this work undertaken by the DCEDIY which provides additional insights into the views of stakeholders.

This analysis confirmed issues with the complexity of the system structure. Providers were critical of overall system structure, particularly in respect of the range of stakeholders and schemes. There were suggestions that the complex, multi-faceted nature and structure of the existing system could be streamlined.

“There are too many schemes, its abc and xyz and everything in between, it is actually crazy the nonsense we have to endure.”

Providers and practitioners perceived an overwhelming administrative burden, and an over expectant ask in relation to managing the increasing complexities of the schemes and administration that goes with it. It was suggested that a single, streamlined system may be less administratively burdensome and improve the overall process for providers and practitioners.

“A central body for administration would be a great help.”

Providers and practitioners were positive about the role of the CCC but felt they were underutilised and underresourced. Meanwhile, parents highlighted the need for a more national standardised model of ELC and SAC, perceiving the current model to be lacking structure.

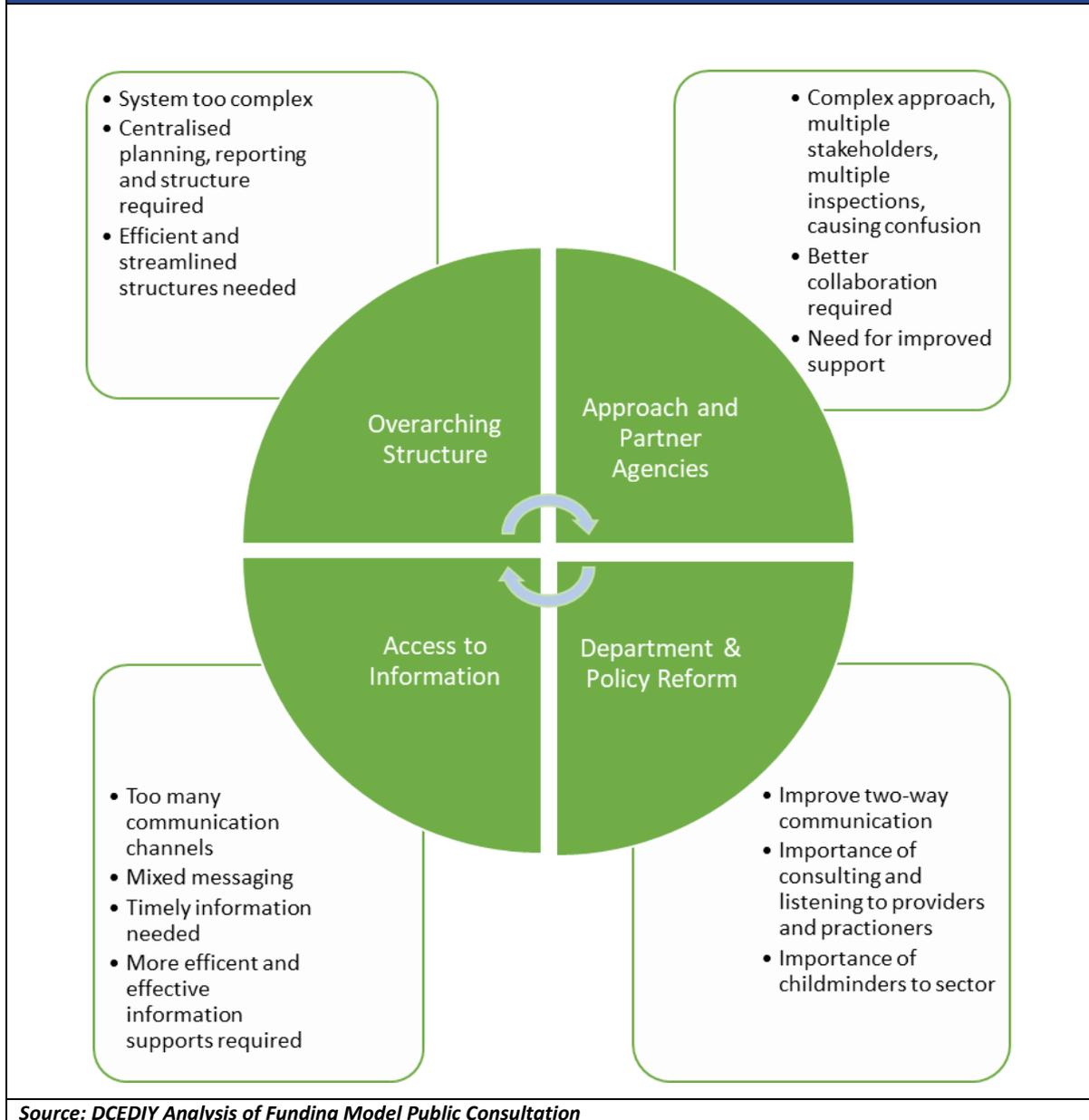
Related to the complexity of the system, a number of administrative issues were highlighted in the consultation sessions. Generally, providers and practitioners found administration to be complex, time consuming and detracting from other work. Accessing schemes was felt to be burdensome due to the prohibitive amount of administration involved, with particular reference to the National Childcare Scheme (NCS). Systems were described as complex, and not always intuitive to access or use. There was criticism of the variety of systems and stakeholders involved. In respect of systems, both HIVE and the NCS were identified as challenging.

Providers and practitioners also identified a preference to receive information in a timelier manner, particularly in respect of rules and compliance information. Participants called for consistent expectations with clear messaging from the governing bodies.

*“Trying to keep up with updates from DCYA/POBAL/HSE/NCS
at the moment is a full-time job.”*

In the consultation session, the overarching structure of the system emerged as the most frequently raised issue through the recorded verbatim responses. This theme encompassed providers' and practitioners' views on the perceived complexity of the system and structure, with calls for a more streamlined, efficient and coherent structure, reflected the qualitative findings. Indecon would like to note that the challenge in dealing with the complexities of the system will be even greater for childminders when they are incorporated as part of the proposed reforms. The verbatim responses by themes are presented in Figure 9.1.

Figure 9.1: Verbatim Responses by Theme : Consultation Views on Overall Structure and its Complexities



9.5 Levels of Parental Engagement

A key finding from public consultation undertaken as part of the development of the new funding model was that there are low levels of interaction with parents. Parents themselves indicated problems with accessing support information, in particular the NCS, with a call for greater clarity of the criteria. Some parents perceived the application process as confusing, contradictory and protracted, often with little reward. The parental administration was onerous, with one parent noting that after undertaking to apply with considerable effort, their provider did not offer the programme. The majority of comments from the parents' focused discussions fell under the theme of accessing information supports. The complexity in accessing information through multiple stakeholders and

online platforms was evidenced as a barrier to accessing quality, timely information. Specific gaps in supports were highlighted, notably a perceived lack of coherence between agencies, leading to difficulties in accessing scheme supports. Parents, like providers and practitioners, called for an overall structure that was less burdensome from an administrative perspective, promoting more straightforward access to schemes.

A weakness of the operating model in relation to parental engagement and to the need for change was also reflected in submissions received concerning this current Review. Indecon notes the lack of engagement to date with childminders and the importance of ongoing interaction and supports for the workforce.

Box 9.4: Stakeholder Views on Parental Engagement

"There remains a general lack of awareness and limited understanding of the inspection process by parents and the public particularly whilst the inspection enforcement processes are ongoing." – Tusla

"The National Parents Council would recommend a consultation strategy with the Department and the National Parents Council, so the Department can be made aware of the challenges and gaps in information for parents relating to early years care and education." – National Parents Council

"A strong, planned and sustained communication strategy would benefit the sector and the wider public, in creating awareness of the value of the sector to children and society and to reposition the profession and the work of the sector in the minds of the key stakeholders, general public, parents and the workforce." – Barnardos

"Currently the infrastructure to communicate with parents of children in ELC settings is not established to the same level as that for parents of primary school-going children; the opportunity to address this challenge would be a welcome outcome of the Review." – Department of Education

"When the decision was made to introduce the NCS, the legacy schemes would be honoured for existing users [so] as to not displace any child receiving what they previously had. However, as parents use the services of childcare for many years with all of their children, they don't understand how once their first child got a certain level of childcare and now it's not available." – Federation of Early Childhood Providers

"The local structure is copper fastened as the advice agency for parents who wish to discuss their childcare needs, fees, complaints etc. National helplines are proven not to work in this sector as scripted responses do not provide parents or service providers with answers to often complex issues that need a staff member who has experience of the sector, the county and the service itself to provide an accurate response." – CCC

"Current reporting systems do not capture the lengths and measures the Development Officers undertake to support parents, particularly parents who have moved to Ireland and struggle with the cultural variances of agencies' systems." – CCC

"Navigating through the current and various structures that support the sector present challenges for providers, parents and carers. Information to the CCC can sometimes be delayed, resulting in difficulty in dissemination of timely and accurate information." – CCC

Source: Stakeholder Consultation

9.6 Views on Alignment of Supply and Demand

During the consultation programme for this Review, it was evident from submissions that there was also recognition of the importance of new measures to ensure adequate supply. Indecon believes the operating model needs to be developed in a manner where there is a more active involvement in the management of the alignment of supply and demand. These views were also reflected in the consultation inputs from the Department of Education which pointed out the need for an increased role in the monitoring of supply and demand. Indecon understands that this need is also accepted by the DCEDIY and by the Funding Model Expert Group.

Box 9.5: Stakeholder Views on the Inconsistency in the Level of Supply

"There is no guarantee of places for children. According to Pobal, the number of children on waiting lists has increased by 41% in 2018/2019. Its profile for the year concludes that there is insufficient supply for the 0-3 age group. For children aged 3+ to 5 years, although supply is better at matching demand, there are some pockets of insufficient supply." – **Early Childhood Ireland**

"The current system approves funding for stakeholders on a year-to-year basis. This short-term funding means that stakeholders are often limited to planning only actions that can be completed in one year and creates barriers to projects that need a longer timeframe." – **Barnardos**

"The challenge in a privately owned and operated sector is to leverage or sufficiently influence provision and continuity of supply within a well-managed resource framework." – **Pobal**

"The development of physical childcare infrastructure is in decline and this needs to be further incentivised to ensure there are adequate places to meet demand." – **CCC**

Source: Stakeholder Consultation

9.7 Views of Organisations within the Operating Model

As well as wider stakeholders' views, it is important to consider the perceptions of the organisations who comprise the operating model. In this section, we review the views of the DCEDIY, the Department of Education, Tusla, Pobal, CCC and NVCO. These suggest a number of the strengths and weaknesses of the operating model. Many of these views reflect issues outlined by wider stakeholders.

Views of the DCEDIY

The views of the DCEDIY on the strengths of the current operating model are summarised in the table below.

Table 9.1: Views of DCEDIY on Strengths of Current Model
<ul style="list-style-type: none"> • Knowledge and Expertise: Great deal of corporate knowledge and expertise within the system • Continuity of experience: Knowledge built up over long period, facilitates learning from previous challenges and successes • Flexibility: Operating model has the ability and agility to be flexible and responsive as new demands emerge. Access and Inclusion Model approved in October 2015 and was operational in September 2016. Also demonstrated throughout the period of Covid-19 as the operating model responded quickly to new and emerging demands during a particularly challenging period of time • Commitment: High level of commitment within the sector to facilitating the delivery of quality, accessible and affordable ELC/SAC for the benefit of children and their families, demonstrated by high levels of dedication and support • Local structures that can support disadvantaged communities and vulnerable families, and gather information at local level
<i>Source: DCEDIY Submission to Review</i>

Indecon's summary of DCEDIY's views on the weaknesses of the current operating model is presented in the following table. Issues regarding awareness and involvement of parents were also identified.

Table 9.2: DCEDIY's Views on Weaknesses
<ul style="list-style-type: none"> • Existence of Fragmentation and Duplication, and associated concerns regarding Value for Money and efficiency, financial oversight, and difficulties in having a coordinated and aligned overall structure working as a coherent whole • Coordination challenges arising from fragmentation and duplication • Challenges in securing accurate and relevant data for policy development • Communication challenges particularly for parents and providers • Inconsistency in supply and difficulties in developing capacity • Issues re accountability/duplication of NVCO • Overly complex, particularly for providers and users • Department retaining significant operational work • Concerns around ability to cope with expanded customer base and new developments, including a new funding model and a new workforce plan • Lack of full and balanced range of representation with insufficient interaction with parents and children. • Concerns around governance, oversight and accountability responsibilities and requirements across a fragmented, multi-level structure
<i>Source: DCEDIY Submission to Review</i>

Views of the Department of Education

The Department of Education highlighted a number of strengths of the existing operating model. These include the great adaptability in the context of rapid change.

Table 9.3: Department of Education Views on Strengths of Current Model

- Rapidly modernising sector
- Great adaptability in context of rapid change
- Support services exhibit capability for innovation
- Significant flexibility particularly during pandemic

Source: Input from the Department of Education

Concerns on fragmentation were also highlighted in inputs from the Department of Education on the challenges of the current model. These do not relate to a criticism of the existing ELC and SAC structures but represent a view on how the operating model needs to change to meet the challenges over the next seven to 10 years. Indecon believes that this is important particularly given the ambitious agenda for expansion and modernisation of the sector as outlined in *First 5*.

Table 9.4: Department of Education's Views on Challenges of Current Model

- Overly complicated and fragmented support/management structures
- Scope for further development of how settings engage with early years education inspection findings
- Too limited research and scale of some supports
- Need for more directed national management of operations
- Need for increased national role in monitoring of supply and demand

Source: Indecon

Views of Tusla

The views of Tusla on the strengths of the current operating model are summarised in the table overleaf. These understandably mainly focus on Tusla's perspective on the inspection system. These include references to the nature of the inspection process and the qualifications of the workforce. The issue of an assessment of the inspection system is subject to a separate, recently published Country Policy Review by the OECD and is outside the scope of the existing Review¹²¹.

¹²¹ Strengthening Early Childhood Education and Care in Ireland' https://www.oecd-ilibrary.org/education/strengthening-early-childhood-education-and-care-in-ireland_72fab7d1-en

Table 9.5: Views of Tusla on Strengths of Current Model**Inspectorate**

- Tusla Early Years Inspectorate implements a fair, transparent, consistent and effective system of regulation.
- Registration and inspection of Early Years service provides assurance to the State that children are safe whilst attending Early Years service.
- Tusla Early Years Inspectorate has a strong governance system with clear escalatory pathways.
- Tusla inspectorate has a highly qualified professional workforce.
- The inspectorate works in partnership with Government departments, other state agencies, stakeholder's fora and providers.
- Inspection reports contribute to sector learning.

Elsewhere in the model

- There is strong government support for the sector.
- There is significant public investment for support organisations.

Source: Indecon analysis of TUSLA submission

Indecon's summary of Tusla's views on the weaknesses of the current operating model is presented in the following table. This suggests issues relating to legislation and administration. It also suggests some areas of potential overlaps. Issues relating to the awareness of parents were also identified.

Table 9.6: Tusla's Views on Weaknesses**Inspectorate**

- Early Years enforcement legislation is not sufficiently robust or comprehensive.
- The 3-year registration process results in a significant administrative burden for both registered providers and Tusla.
- There is perceived overlap between the work of the Early Years Inspectorate and the DE Inspectorate.
- There remains a general lack of awareness and limited understanding of the inspection process by parents and the public.

Elsewhere in the model

- There is some inconsistency in the quality of support from non-governmental organisations to the sector.
- There is perceived lack of clarity for registered providers regarding the different inspections.

Source: Indecon analysis of TUSLA submission

Views of Pobal

Pobal outlined its views on a number of suggested strengths of the current system which focused primarily on its role in scheme administration and oversight. These are summarised in the table below. These include aspects of internal Pobal capabilities, the quality of professional development/training supports and the flexibility to adjust resource levels.

Table 9.7: Pobal's Views on Strengths of Current Model

- Breath and long-term nature of Pobal's roles and specialism
- Cohesive national level scheme administration and implementation option
- Agile organisational culture and structure in Pobal
- Capabilities in data management and analytics
- Flexibility to adjust scale of resources
- Pobal dedicated contact and support channels
- Suggested clear lines of demarcation between policy and operational aspects
- High quality professional development/training supports
- Years of investment and development have delivered administrative infrastructure and systems
- The early years system has been proven to be agile and collaborative
- What is now in place as a delivery system offers a strong basis for moving forward
- Universal access and targeted inclusion supports (e.g. AIM) are particular developments with potential for wider application
- Scale of provision

Source: Indecon analysis of Pobal submission

Pobal also identified aspects of the current operating model which they believe need improvement and further definition. These are summarised in the following table and highlight issues such as the impact of a fragmented model. They also suggest some misalignment in accountability and unevenness in scheme governance.

Table 9.8: Pobal's Views on Weaknesses of Current Model

- Need for universal as well as targeted schemes to underpin participation
- Risks in autonomous structure where services are independently managed
- Dependence on delivery system of ELC/SAC providers to have capability to respond to changes
- Unevenness in overall scheme governance framework
- Some misalignment in accountability
- Need for national strategy to encompass diverse professional development initiatives
- Fragmented system with separate initiatives and a range of delivery agents
- Challenge of coherence in a complex system involving three government departments¹²² and multiple of structures
- ECEC still maturing as an essential service
- Minimum regulatory standards in place
- Present model of private provision
- Incomplete legislative basis
- Poor alignment with primary education system

Source: Indecon Analysis of Pobal Submission

Views of CCC

¹²² DRCD is indirectly involved in the operating model due to the role in corporate oversight of Pobal

Detailed responses were received by individual CCC on the strengths of the current models. These primarily focus on what they believed were the strengths of individual CCC and of the CCC in general. Because of the diversity of views, it is difficult to summarise the perspective of the CCC and Indecon would recommend reviewing the detailed submissions. However, in the next table, some illustrative views of CCC perspectives on the strengths of the current model are presented. These include the value of a local presence, the expertise of staff and the flexibility of the organisations. Indecon believes that maintaining a local presence and the valuable experience of existing staff are key issues for this Review.

Table 9.9: CCC Views on Strengths of Current Model
<ul style="list-style-type: none"> • A local presence for providers, parents and interagency working • Ability to grow, adapt and respond • Quality regulatory system and supporting compliance nationally and locally • Staff and local expertise • Flexibility and adaptability of support programmes • CCC as a support agency • CCC located within their communities, offering a need-led model
<i>Source: Indecon Analysis of Individual CCC Submissions</i>

Some illustrative views of CCC on their perspectives on the weaknesses of the current model are presented below. These highlight important issues of fragmentation, governance, legal structures and economies of scale as well as more operational aspects. The gaps in access to information via the 'HIVE' platform is noted as well as wider issues such as economies of scale, multiplicity of support organisations and the need for greater clarity on roles and responsibilities.

Table 9.10: CCC Views on Weaknesses of Current Model
<ul style="list-style-type: none"> • Multiplicity and Fragmentation of Support agencies • One size fits all approach to resourcing CCC • Diverse Board Composition and dependence on voluntary inputs • Underutilisation of CCC skills to support policy • Lack of communication between all stakeholders • Need for greater clarity on roles and responsibilities • Lack of economies of scale • Legal structure of CCC • Lack of access to 'HIVE' platform
<i>Source: Indecon Analysis of Individual CCC Submissions</i>

Views of CCI

Childcare Committees Ireland (CCI) also made a submission to the review and have suggested a number of potential strengths of their role within the current model. These primarily relate to their views on the strengths of the CCI structure and are summarised in the table overleaf.

Table 9.11: CCI's Views on Strengths of Current Model

- National co-ordination
- National operational Expertise
- National collaboration
- National data collection

Source: Indecon analysis of CCI submission

CCI's views on the weaknesses of their role within the current model are presented in the table below.

Table 9.12: CCI's Views on Weaknesses of Current Model

- Over-reliance on goodwill
- Exclusion from groups with oversight

Source: Indecon analysis of CCI submission

Views of the NVCO and of Representative Organisations

A number of NVCO also expressed a wide range of views on the strengths of the current operating model. Some illustrative views from a number of the NVCO and representative organisations are presented in the next table. These highlight the level of commitment, the expertise and knowledge, and the flexibility and adaptability of the operating model.

Table 9.13: NVCO and Representative Organisations' Views on Strengths of Current Model

- Commitment across different stakeholder to work together to improve service provision
- Diversity in supports and range of services provide choices
- Significant knowledge, skills and experience
- Yearly implementation plans and monitoring by Pobal and DCEDIY supports governance and accountability
- *First 5* providers clarity on vision
- Strong consultative approach
- Flexibility and adaptability
- Local knowledge

Source: Indecon's analysis of submissions of NVCO and other stakeholders

The views of NVCO and representative organisations on the weaknesses in the current model in many ways reflects the fact that the operating model for ELC and SAC is comprised of multi-level structures and the challenges of a changing environment. Some illustrative views on weaknesses are summarised in the next table. Of particular importance, given the fragmented nature of the model, is the suggested lack of clarity on the roles of different structures. Also of fundamental importance is geographic gaps in the level of accessibility to services, as well as the administrative burden on organisations, and the need for greater accountability.

Table 9.14: NVCO and Stakeholders' Views on Weaknesses of the Current Model

- Fragmented and duplication in the ELC and SAC model
- Lack of clarity on roles of different structures provide challenges for providers and parents
- Need for greater transparency/accountability
- Issues where implication of initiatives are shared across departments and agencies outside of operating model
- Complex inspection arrangements involving three types of inspections
- Administrative burden in meetings compliance requirements
- Consultation challenges between stakeholders
- Challenge of ensuring consistency among 30 different CCC bodies
- Geographic gaps in level of accessibility to services

Source: Indecon Analysis of Submissions from NVCO's and other Stakeholders

9.8 Implications of Stakeholders Views

The analysis of stakeholders' views has identified a number of key characteristics of the operating model. Many of the views outlined are aligned with Indecon's independent evaluation of the operating model, which are summarised below. These highlight a number of strengths of the existing model, which are summarised in the table below. They also confirm the value of retaining the expertise in the sector.

Table 9.15: Summary of Main Strengths of Current Operating Model for ELC and SAC

- Responsibility with one Department for the integration of ELC and SAC policies
- Existence of a national strategic policy (*First 5*)
- All of the main components to support service provision are in place
- Flexibility inherent in multiplicity of agencies and providers
- Experience and expertise
- Agility of support structures in adjusting to changing requirements
- Local knowledge
- Commitment to continuous improvement
- Investment in research and evaluation

Source: Indecon

In addition, the assessment identified a number of weaknesses of the current operating model for ELC and SAC. These are summarised in the next table and include concerns over the ability of the model to accommodate the scale of reforms envisaged. Concerns on aspects of unevenness of accountabilities were also identified. The complexity of the system and the extent of fragmentation and duplication were highlighted. The overarching structure of the system was one of the most frequently noted issues in the consultation inputs. Gaps in the extent of parental engagement as well

as gaps in the alignment of supply and demand were seen as weaknesses of the existing operating model. Indecon would highlight that the issues raised concerning the complexity and fragmented nature of the model should be considered in the context of the structure of the sector whereby many providers are operating as sole traders with only one employee and from their own homes. A central objective of any reform must be to build on the evident strengths of the current operating model and to also address the weaknesses to ensure that the model is fit for purpose and can meet the needs of families and other stakeholders.

Table 9.16: Summary of Main Weaknesses of Current Operating Model for ELC and SAC

- Concerns over the ability of the existing system to handle the scale of proposed reforms
- Fragmentation and duplication with resultant complexities for providers and parents
- Gaps in compliance with best practice governance
- Accountability concerns due to multiplicity of agencies and providers
- Insufficient public management of private provision/ Inconsistency in level of supply
- Concern over ownership and management of assets funded by Exchequer
- Impact of Department undertaking significant operation activities
- Low levels of interaction with parents
- Absence of shared services to support sole suppliers

Source: Indecon

10 Comparison of Existing Operating Model to Required Model Characteristics

10.1 Introduction

In evaluating the operating model, Indecon has compared the existing structures to what we have identified as required to meet legislative and governance codes and also to align with international good practice principles. This is designed to inform an assessment of whether the operating model is fit for purpose to implement ELC and SAC policy relating to quality, affordability and access. It is also essential to examine if the governance responsibilities of the Secretary General as Accounting Officer are best served by the existing structures. The existing arrangements for the operating model are complex, a point which was noted in the stakeholder consultations. This reflects the fact that there are a large number of agencies involved in the operating model. The existing arrangements impose requirements on policymakers and on the organisations in terms of the collation of relevant data and the monitoring and evaluation of activities. Many parts of the operating model including Pobal, CCC and NVCO are operated by private companies with independent boards of directors. The fragmented nature of such a model with over 40 separate organisations suggests a dependence on strong internal governance which is largely the responsibility of part time voluntary non-executive directors. In identifying what a fit-for-purpose model would look like, it is useful as context to consider whether the Irish model is aligned or not with international practice principles. In applying the international practice principles, it is necessary to map these against what are our suggested characteristics of a model which would be fit for purpose in an Irish context. This is summarised in the table below.

Table 10.1: Characteristics of an Operating Model in an Irish Context	
International Practice Principles	Translation of Principles into Model Characteristics
A systems approach	<ul style="list-style-type: none"> • Department focused on strategic issues • Clear organisational support strategy which avoids unnecessary fragmentation
Effective governance at all levels	<ul style="list-style-type: none"> • Allocation of roles and powers to fulfil organisational mandates • Adherence to National Governance requirements
Coherent collaborative model	<ul style="list-style-type: none"> • Clear organisational support strategy which avoids duplication and unnecessary fragmentation • Appropriate balance between national/regional and local structures
An overall national quality framework	<ul style="list-style-type: none"> • Implementation of national quality frameworks
Consistency of policy approach and expertise	<ul style="list-style-type: none"> • Necessary support infrastructure for providers • Organisations with necessary skills and resources
Stakeholder involvement and engagement	<ul style="list-style-type: none"> • Meaningful engagement of parents, workers and other stakeholders
Easily accessible resources and information	<ul style="list-style-type: none"> • Ease of access to information and resources for stakeholders
Commitment to investment in research and evaluation	<ul style="list-style-type: none"> • Mechanisms to ensure alignment of supply and demand • Mechanisms to facilitate monitoring of outcomes
<i>Source: Indecon analysis</i>	

A comparison of how the existing operating model compares to the principles of a good operating model is presented below.

Table 10.2: Features of the Irish ELC/SAC Operating Model compared to International Practice Principles	
Principles	How Irish model compares
A systems approach	The main components to support the delivery of high quality ELC and SAC are in place. However, there are some gaps in functions and some weaknesses. There is fragmentation with resultant complexities for providers and parents. The fragmentation can also represent challenges for providers and an administrative burden. Indecon also has concerns over the ability of the existing system to handle the scale of proposed reforms. There are uncertainties regarding supply and demand balance for ELC and SAC provision outside of the ECCE Programme and this is needed to ensure an effective overall systems approach.
Effective governance	One Government Department has overall responsibility however the Department undertakes significant operational activities. While this can enable the Department to understand the system, it dilutes resources from key policy, strategic and governance issues. There are concerns over the Department's formal powers relating to the operating model. Indecon has identified accountability concerns due to multiplicity of agencies and providers and the dependence on external non-profit organisations. There are gaps in compliance with best practice governance due to the multiplicity, size and nature of organisations, many of whom have part-time voluntary boards. These gaps and issues will be of increasing concern given the scale of the proposed increase in exchequer funding. There may also be potential issues regarding funding arrangements of national voluntary children organisations.
Coherent collaborative model	The fact that one Government Department has overall responsibility for ELC, SAC and childminding is a key strength. Indecon believes that this should remain regardless of the operating model. Agility of support structures in adjusting in a collaborative way to changing requirements is another strength of the Irish model which is aligned with good practice. With multiple bodies providing a wide range of services, ensuring coherence is challenging.
An overall national quality framework	Existence of a national strategic policy (<i>First 5</i>) in which the quality framework fits is a strength. Indecon notes that the operating model is part of a wider system that has national practice frameworks, Siolta and Aistear for ELC and National Quality Guidelines for SAC as well as regulatory and inspection systems. Also relevant to this review is the EU Quality Framework for ECEC which informed the development of <i>First 5</i> . Indecon has not identified any major gaps in relation to quality framework for formal provision, but we note that there are no developed mechanisms within the current operating model to ensure quality in childminding. The ability of the model to handle future developments in quality assurance mechanisms and in workforce development remains an issue. The national practice frameworks have not been fully implemented by all providers out even though they have been in place since 2006 and 2009.
Consistency of policy approach and expertise	Experience and expertise of staff in the system is essential to ensuring a consistency of approach. This is reinforced by local knowledge. Inconsistency in approach and varying levels of access to expertise is inherent due to the multiplicity and lack of scale of entities in the operating model and providers. This impacts on risk management and potentially on value for money. Indecon notes that a number of entities in the operating model perform tasks outside of service provision. The infrastructure for CPD is also fragmented. The dual inspection (though out of scope) is also relevant.
Stakeholder involvement and engagement	There are significant weaknesses in terms of parental engagement and in providing access to data to help inform decisions on the use of services or to support parental involvement in services. There is no professional register for educators and no register of engagement in CPD. The absence of shared services to support sole suppliers is a weakness given the micro size of many operators.
Easily accessible resources and information	Indecon notes the commitments in <i>First 5</i> and work underway to develop a new hub on https://www.gov.ie . However, it is not straightforward for parents, providers and other stakeholders to access key information to inform decisions. This is despite the existing access to local supports, particularly for providers and access to supports for parents.
Commitment to investment in research and evaluation	There is a commitment to continuous improvement and some investment in research and evaluation has been undertaken. Lack of state provision impacts on ability to evaluate and test new ideas. There is however a need for investment in research and data availability to ensure the effectiveness and value for money of services.
Source: Indecon analysis	

10.2 Focus of Department of Children, Equality, Disability, Integration and Youth

The allocation of responsibilities for the overall co-ordination of policy on ELC/SAC to one department, in this case the DCEDIY, is aligned with best practice. However, it is critical that the DCEDIY focuses on strategic and governance issues. Indecon understands that currently the DCEDIY has retained significant involvement in operational matters. This includes interaction with providers on a range of issues regarding different schemes. This may reflect the fact that the DCEDIY had a much larger role in the administration of schemes prior to the expansion of ELC/SAC schemes. The DCEDIY also manages applications for exemptions to the upper age limit of the ECCE Programme and is involved in the Oversight of the Case Management process through which the CCC and Pobal work together to assess and provide support to ELC/SAC services in difficulty. Our analysis suggests the need for the DCEDIY to be less involved in operational matters and to focus on policy development and on the implementation of the systems needed to ensure the proposed reforms are implemented. There is also a need for the DCEDIY to be more actively involved in ensuring that all parts of the operating model meet best practice governance requirements.

10.3 Allocation of role and powers to fulfil organisational mandates

The evidence has highlighted the fact that the DCEDIY is not the Parent Department for Pobal and as a result, it would appear that Pobal does not have statutory responsibility towards the Department's Accounting Officer. This is problematic from a governance perspective as the DCEDIY is the largest funder of Pobal. Indecon believes that the relevant Department should have formal powers to ensure compliance with governance requirements. The provisions of the Public Financial Procedures and Code of Practice for the Governance of State Bodies do not provide for a governance relationship between a body and Department under whose aegis it does not fall. Governance arrangements, oversight requirements and guidelines are focused on the relationship between the body/agency and its parent or lead Department in the holding to account of the body/agency and in ensuring their implementation of the Code as appropriate. In this regard, the Accounting Officer of the DCEDIY has no formal role in holding to account most of the organisations within the operating model in respect of adherence to the Code of Practice.¹²³ However, there are arrangements in place to manage this issue.

¹²³ Crowe Report to DCEDIY 2019- Development of Control Environment for the National Childcare Scheme: Financial Governance and Accountability Requirements

10.4 Adherence to national governance requirements

The issue of accountability and compliance with national governance requirements is of fundamental importance. The detailed governance requirements were documented in Section 7 of this report. In view of the significance of this, it is important to examine how the current governance arrangements in each of the organisations in the operating model adhere to the requirements which have been set. Indecon's analysis suggests gaps in this area that should be addressed. These include deficiencies concerning the Service Level Agreement with Pobal, the absence of a full suite of Performance Delivery Agreements for Pobal, and potential issues regarding funding arrangements of the NVCO. Additionally, although not a requirement of the CCC, there is a level of non-compliance with certain aspects of the Code of Practice for the Governance of State Bodies that should be addressed.

10.5 Clear organisational support strategy which avoids unnecessary fragmentation

There is currently no clear organisational support strategy. This is necessary to avoid fragmentation and duplication across the sector. There are a number of entities that undertake similar functions. This results in complexity for providers and parents and some inconsistency in service provision. It also results in governance and accountability challenges and impacts on value for money. The need for an organisational support strategy reflects the fact that the Irish ELC and SAC model operates across multi-level structures and has developed incrementally over time. As previously noted, many of the entities which comprise the operating model operate as independent companies. This means that each entity has a requirement to prepare operational plans, risk management, audit, HR policies and business processes that may be better suited to more centralised provision. The current organisational model is more fragmented than many public services and may lead to inefficient use of resources. There is also a danger of duplication or gaps in services. The fact that the roles of the entities have developed without a clear overall organisational strategy, is problematic. As noted by one submission to Indecon as part of this review. *"The current system with more than one agency in a support role is disjointed and would benefit from streamlining."*

10.6 Organisations with the necessary skills and expertise

Indecon has been impressed with the skills and expertise evident in the operating model. There is however need for the operating model to be developed so that it can play a greater role in meeting the skill needs of providers including childminders. The operating model is not currently structured to undertake this role. Indecon also identified significant gaps in terms of the skills needed within organisations to meet governance requirements.

10.7 Appropriate balance between national/regional/local structures

In order to secure economies of scale, there is a need for the model to demonstrate an appropriate balance between national, regional and local structures. In many other areas of the provision of state-funded services there has been a rationalisation in order to enhance governance, improve services and improve value for money. For example, there has been consolidation of Education Training Boards (ETBs) and Community Health Organisations (CHOs). The number of ETBs in Ireland is now 16, consolidating the previous 33 VECs. Another example of a rationalisation of a fragmented operating model is the case of the CHOs, which replaced the 17 Integrated Service Areas (ISAs). An illustration of how other public services are structured to provide local services compared to the CCC is shown in Annex 1. This suggests the merits of considering changes to reduce the number of organisations in the operating model while retaining local knowledge and expertise.

10.8 Mechanisms to ensure alignment of supply and demand

There is a need for mechanisms to ensure alignment of supply and demand. Indecon notes that the State already plays a significant role in public management, but a greater role may be required. This needs to be carefully planned and should address areas where there is market failure, which includes costs to parents and insufficient provisions of specific types of services. An analysis of the number of FTEs, services and children per county presented in Annex 2, shows that there is significant variation in the number of children per service across counties. Unless there is an involvement of the operating model to facilitate access to services, the system will fail to deliver on the ambitious national commitments set out in *First 5*.

Specifically, the operating model should be modified to involve more active involvement in ensuring the adequate supply of services. Change in the operating model is needed to address this issue. The current operating model is not sufficiently actively involved in the public management of private provision. This is a weakness of the current model which suggests the need for change. There is currently limited direct state provision,¹²⁴ although the state has a significant role in supporting the sector. This impacts on the provision of services for disadvantaged groups and in the ability to test and evaluate new ideas.

10.9 Meaningful involvement of parents and other stakeholders

The low levels of interaction with parents are a notable feature of the current operating model. This results in a deficiency in parental engagement in inputting to decisions that impact on their children. Best practice suggests that parents need to be fully informed and to have access to detailed information on options. Parents need to have information and involvement regarding the levels of vacancies, fees, quality, and type of service provision. They also need to input to assessments of future demand. It is clear to Indecon that there are gaps in information and parental engagement. With the proposed regulation of childminders, the challenge for the model of addressing low levels of engagement with parents and families will increase.

¹²⁴ This includes some small Department of Education schemes for children aged 3-5

10.10 Ease of access to information and resources for users

The operating model is complex and there are significant deficiencies in the current model in meeting the objective of ensuring ease of access to information resources for users. This is in part related to the complexity of the system. The views of stakeholders consulted highlighted these areas as a significant deficiency. There is often confusion among users of what services are available, what are the eligibility criteria and what organisations in the operating model should be contacted. The National Parents Council noted in their submission to this review that: “During the National Parents Council’s engagement with parents, it has become apparent that the current childcare model can cause confusion. The disparities between state-funded and privately funded early years care and education services can be challenging for parents to navigate.

10.11 Appropriate Structures to Implement National Quality Frameworks

While there are well developed National Quality Frameworks, the infrastructure for CPD is also fragmented. There are no developed mechanisms within the current operating model to ensure quality in childminding. The ability of the model to handle future developments in quality assurance mechanisms and in workforce development remains an issue. The national practice frameworks have not been fully rolled out even though they have been in place since 2006 and 2009.

10.12 Necessary support infrastructure for providers

Indecon’s assessment has highlighted the need for the operating model to change in order to provide supports that recognise the challenges faced by private providers. In our consultation with the Chair of the Funding Model Expert Group on future funding, it was indicated that the Group recognised the importance of a systematic quality support infrastructure to help service providers implement quality improvement initiatives; developing and supporting shared service initiatives, including accounting, IT, HR and legal services, and developing and supporting other forms of collaboration, e.g., for training, shared employment, with childminders, with parents and with other services. The absence of shared services to support micro suppliers is in Indecon’s assessment an important gap in the current operating model. This impacts the ability of providers to deliver the increased levels and quality of services envisaged in national plans. It would also assist in the best management of public resources. A significant driver of the need for shared services is the size profile of ELC and SAC providers. The majority of staff work in microenterprises, i.e., in very small organisational units. Details are presented in Annex 3. An important consideration for the operating model is therefore to provide shared service facilities given the size and structure of the sector. Research carried out on behalf of the DCEDIY suggested that there are potential benefits of shared services linked with improvements in auxiliary services such as administration rather than in frontline care.¹²⁵ Economies of scale could improve affordability for parents while economies of scope have the potential to enhance quality (in terms of the child’s experience and convenience or reliability for parents). Economies of scale and of scope can support risk-sharing and innovation, offering services greater protection against disruptions to their operations and enhancing the capacity to expand.¹²⁶ Indecon’s

¹²⁵ Frontier Economics, *Working Paper 8: Shared Delivery Models for Early Learning and Care and School-Age Childcare*, February 2021.

¹²⁶ Ibid.

analysis of the size and stage of development of providers suggests the need for the operating model to change to provide shared services.¹²⁷

10.13 Mechanisms to facilitate monitoring of outcomes

There is merit in additional investment in the monitoring of outcomes. While useful work has been undertaken by the DCEDIY on research and evaluation, there are gaps in data availability to enable rigorous evaluation of impacts and of value for money. Indecon recognises that there is a commitment in *First 5* to continuous improvement in evaluation and research. The collection and analysis of additional information and research would enable the DCEDIY/DPER to monitor the value for money of the Exchequer's investment and to inform policy. Counterfactual modelling to evaluate the net impacts and the development of longitudinal databases would also be of value.

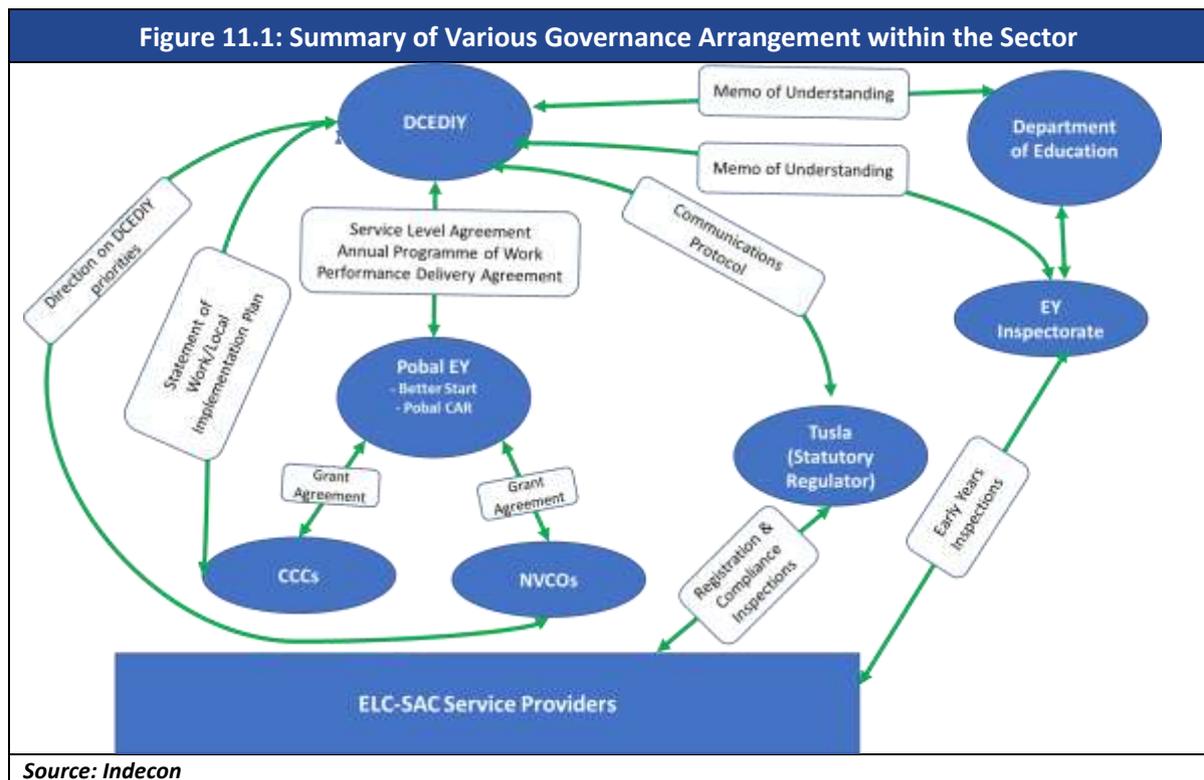
¹²⁷ Ibid.

11 Comparison of Existing Model with Governance Requirements

11.1 Introduction

In view of the scale of public expenditure allocated to ELC and SAC services, it is essential that the organisations in the operating model are fully compliant with national governance requirements. This was identified by Indecon as one of the critical characteristics of a fit-for-purpose model. As background, it is useful to recap on the formal governance arrangements in place across the sector as shown in Figure 11.1. The fragmented nature of the model is evident, and this has administrative and operational implications for providers and parents as well as for policymakers. In examining how the Irish model aligns with legislative and guidance requirements, it is useful to consider each of the agencies within the operating model.

A separate OECD Country Policy Review has recently been published, which included review of the inspection system, and this aspect is therefore excluded from our analysis. In relation to the inspection system, the OECD recommend that the Irish Government: “Take steps to streamline and integrate the processes of regulation and inspection experienced by ECEC providers as committed to in the First 5 strategy. In the short term, deepen collaborative working between Tusla’s Early Years Inspectorate and the DE Inspectorate. In the longer term, consider bringing their functions within a single body that provides integrated care and education inspections.”¹²⁸



¹²⁸ OECD, 2021, *Strengthening Early Childhood Education and Care in Ireland*, p.20.)

11.2 Governance Arrangement with Pobal

Pobal is a registered company limited by guarantee and a charity. It was originally established in 1992 as an Area Development Management Limited company (ADM) to work on behalf of the Government to manage a Global grant. This role evolved significantly over time and the company was renamed Pobal in 2005. Today Pobal continues to support social and economic development by providing management and support services to circa 34 programmes.

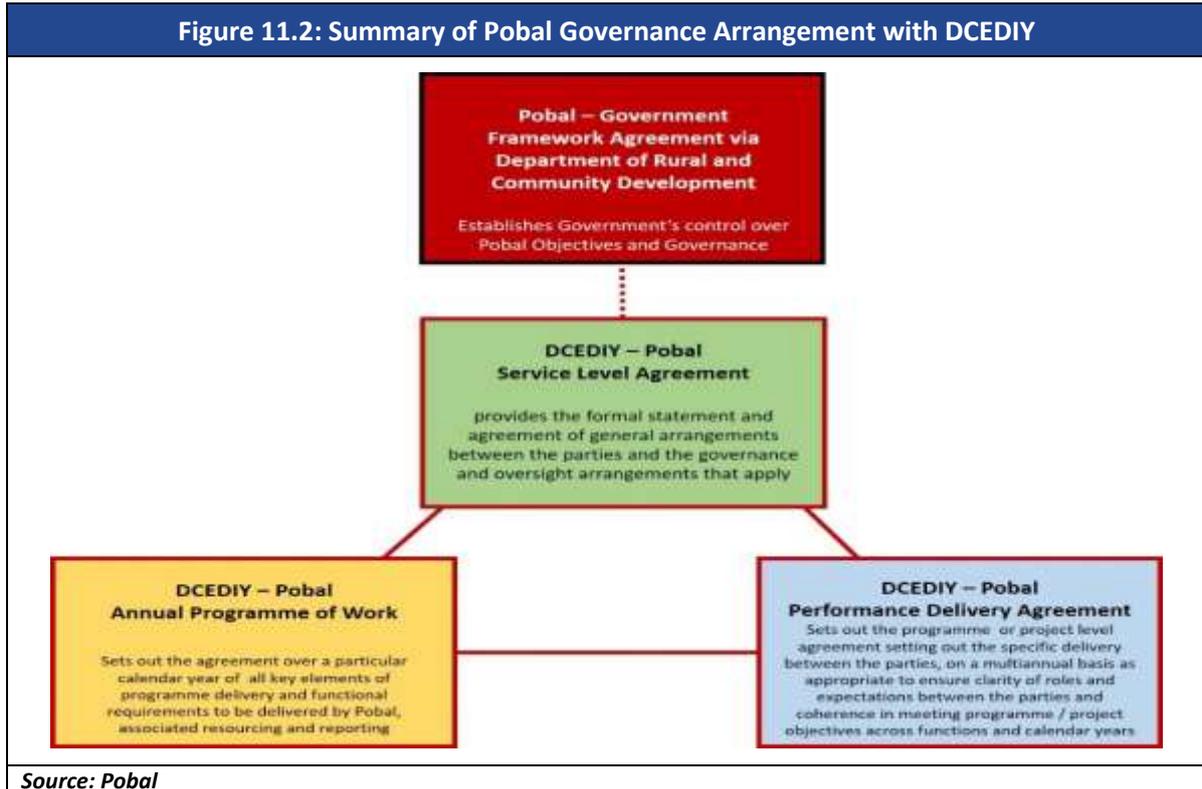
Pobal operates under the aegis of the Department of Rural Community and Development, which has an oversight and co-ordination role in respect of the company and its corporate governance. Pobal's financial statements are audited by the Comptroller and Auditor General.

The governance requirements for Pobal and other parts of the operating model were identified in Section 7.

In relation to the ELC/SAC Programmes, the DCEDIY has given responsibility for the administration of programmes, including compliance to Pobal. Pobal acts as an intermediary for the administration of ELC and SAC schemes and supports on behalf of the DCEDIY and acts the funding administrator for the CCC and NVCO. In 2020 Pobal administered €467.3m of payments on behalf of DCEDIY (this figure rises to over €500m when funding in respect of youth services is included). The funding is part of the DCEDIY vote allocation and is transferred to Pobal weekly on a needs basis, in line with the DCEDIY payment procedures. The DCEDIY obtains weekly payment reports, weekly bank account statements, and Pobal monthly management accounts. DCEDIY pay Pobal a service delivery fee to administer and manage the schemes. The agreed service delivery costs for Pobal in 2021 amount to €47.3m, which includes funding for Better Start and Abtran (an external provider who run the parents help centre in respect of the NCS).

The governance relationship between the DCEDIY and Pobal is summarised in Figure 11.2. This highlights the role of the DCEDIY Service Level Agreement (SLA) with Pobal which sets out the high-level understanding of the purpose, context, objectives, terms and conditions of the relationship between Pobal and the DCEDIY. The scope of the SLA is broad and relates to overall governance rather than programme-specific governance. The duration of the current SLA is to 31 December 2022. In addition to this, there is an annually agreed Programme of Work and Cost Agreement. The Programme of Work is an integral part of the governance framework. It currently outlines, on a programme-by-programme basis, the annual deliverables, timelines, and associated Pobal Service Delivery Costs (fees) for a majority of services provided by Pobal. This agreement also outlines the agreed Reporting Framework, Schedule of Meetings and Interfaces, as well as multi-annual milestones ICT Development requirements, and broad performance metrics.

Figure 11.2: Summary of Pobal Governance Arrangement with DCEDIY



In 2018 the Comptroller and Auditor General report carried out a review of the delivery of early learning and childcare programmes.¹²⁹ The review indicated that there were some gaps relating to the SLA in place between Pobal and the DCEDIY as it “does not satisfy a number of key good practice requirements.” Gaps included lack of quantified objectives, quantified output targets are not set, and a lack of periodic critical review of the SLA.

The C&AG recommended that the Department “should ensure that the service level agreement with Pobal was revised to include specific objectives, planned outputs and key performance indicators for all early years funded programmes.”

Indecon understands that the DCEDIY accepts the findings of the C&AG review and acknowledges that there is a requirement for continued strengthening of its oversight of Pobal. The DCEDIY indicated to C&AG that there has been an evolution of oversight, governance and reporting arrangements with Pobal in line with the increased delegation of responsibility to Pobal and the increased level of State investment in recent years. This comprised:

- A regular review of the service level agreement to enhance the terms of the overall relationship between the two organisations;
- A detailed annual Programmes of work, which specify the annual outputs that Pobal is to deliver;
- Development of a suite performance delivery agreements in respect of individual programmes;
- Strategic and operational meetings between the two organisations;

¹²⁹ Report on the Accounts of the Public Services 2018

- An agreed reporting framework, and a suite of key performance indicators; and
- Quarterly performance reports.

The Department recognises that its early learning and childcare programmes have undergone rapid expansion over recent years, which have been accompanied by incremental improvements in governance and oversight. Adequate oversight and accountability arrangements are essential in circumstances where a department delegates responsibility for programme delivery to an external entity. The Department acknowledges the requirements under the 2016 Code of Practice for the Governance of State Bodies, examined in Section 7 of this report, that each Parent Department is required to agree a Performance Delivery Agreement with the relevant body and to review this annually. The PDA is an important governance requirement and should set out the agreed level and standard of service to be delivered, indicative timelines and the operational delivery method. The document should also define the responsibilities, obligations/expectations and any associated actions that must be fulfilled by both parties to the agreement. It should be noted that the three other Departments on whose behalf Pobal work (DRCD, DoH and DEASP) have programme specific Performance Delivery Agreements (PDAs) in place with Pobal.

Acknowledging the C&AG's recommendation, the requirement to enhance its current oversight arrangements, a submission was approved at Assistant Secretary General level for the implementation of a suite of PDAs across Early Years programmes, ultimately reducing the PoW to minimal requirements.

An initial pilot phase to roll out the suite of PDAs commenced in Q4 2020, in order to test the PDA template on one of the Early Years Programmes, which has been chosen for its diversity - Capital. Learnings have been incorporated into a revised iteration of the PDA template as part of a Review process in 2021.

Hence, a suite of multi-annual performance delivery agreements (PDA) is in progress for several ELC/SAC areas of work. Currently one PDA has been signed for the National Childcare Scheme. The Department is committed to moving from an annual Programme of Work covering the majority of services provided by Pobal (to Early Years), to individual Performance Delivery Agreements (PDAs) per programme. This commitment was made in response to recommendations within the C&AG Special Chapter (2018) and DCEDIY Internal Audit of Pobal SLAs. It is expected completion of the remaining PDAs is to occur in 2022, after which these documents will be reviewed on an annual basis with additional Agreements being developed alongside the introduction of any new programmes or initiatives.

The DCEDIY ELC and SAC performance management of Pobal are set out in the annual Programme of Work. These include quarterly oversight meetings in respect of performance and are chaired by the Secretary General of the DCEDIY and attended by the CEO of Pobal alongside senior officials from both organisations; quarterly strategic planning meetings chaired by the DCEDIY at PO level; and monthly operational meetings also chaired at PO level. As part of the oversight arrangements between the DCEDIY and Pobal, there is a reporting framework which sets out the types and frequency of reporting to the DCEDIY on different programmes administered by Pobal. These reports look at operations, compliance, payments and various progress updates on the performance of the CCC and NVCO.

Within this governance system, flexibility is provided through adjustments in the Annual Programme of Work. One notable aspect of governance is in relation to ICT governance. Any new scheme or changes to existing schemes may need changes to the existing ICT system that is maintained by Pobal and used by providers and parents. This process is governed by an Early Years Systems Development Board which consists of Pobal and DCEDIY representatives. It also includes one independent, external

ICT expert. While high quality IT systems and information are critical for the future operating model, it should be noted not all changes either to existing schemes or new business requirements have IT implications.

It is also important to note that Pobal as a registered company Limited by Guarantee and also a registered charity and is therefore also obliged to comply with the Charities Governance Code. Internal governance within Pobal is overseen by a Board of Directors. The Board is responsible for internal controls and risk management procedures. Each member of the board is appointed by the Minister of Rural and Community Development. Members of the Board serve in a voluntary capacity. At the time of undertaking this analysis, there were 15 members of the Pobal board including a chairperson. The majority of members had some background in local and community development. In terms of governance of ELC and SAC, we noted that specific ELC/SAC expertise was not identified for most board members. Indecon believes that this represented a gap in governance requirements as specified in the respective Codes.

Table 11.1: Summary of Pobal's Board of Directors Skills profile							
	Local Development	Public Policy	Organisation Development	Childcare/Early Years	Accountancy/Legal/Governance/HR	Education	Health
Member 1	✓	✓					
Member 2	✓		✓				
Member 3	✓						
Member 4				✓			
Member 5				✓	✓		
Member 6	✓						✓
Member 7	✓						
Member 8	✓				✓		
Member 9		✓					✓
Member 10				✓		✓	
Member 11					✓		
Member 12	✓					✓	
Member 13	✓						
Member 14					✓		✓
Member 15					✓	✓	

Note: This reflects the composition of the Pobal Board as of 1st March 2021
Source: Indecon analysis of Pobal website

While the C&AG indicated the absence of a Periodic Critical Review, Indecon notes that a Periodic Critical Review of Pobal was undertaken by DRCD in 2021, which looks at various aspects of Pobal's internal governance and service delivery. Indecon understands that some of the issues raised in this review include: the Memorandum of Association and Articles of Association are outdated and need to be updated; Pobal is a private company (and a charity); and this creates some anomalies around governance/financial issues such as reserves. It is also suggested that there is scope for further streamlining of meetings between Pobal and its clients. It is recognised that oversight and accountability agreements are more challenging where a government department delegates responsibility for programme management and compliance to an external entity with no founding legislation. This requires a series of governance documents setting out the department's goals and objectives, programmes of activities, measurement of outputs, targets, review of costs and formal review of performance and overall agreements. Indecon believes the governance and accountability challenges of the existing model will increase in the future given the scale of increased resources planned and the additional roles and responsibilities which are planned for the operating model.

In evaluating the governance arrangements with Pobal it is informative to compare these with the governance and oversight arrangements in place with Tusla, an agency that comes under the aegis of the DCEDIY. These are summarised in the next table. This comparison suggests some issues in the DCEDIY's governance of Pobal, and it would appear that there are weaker overarching governance documents and arrangements compared to what has been put in place in Tulsa.

Table 11.2: Main Elements of the Governance and Performance Arrangements between DCEDIY and Tusla

Overarching Governance Documents	Formal Monthly Reporting	Main Governance and Performance Meetings
<ul style="list-style-type: none"> • Child and Family Agency Act, 2013 • Code of Practice for the Governance of State Bodies • Oversight Agreement including the Performance Delivery Agreement • Performance Framework • Performance Statement 	<ul style="list-style-type: none"> • Financial • Human Resources • Performance Activity 	<ul style="list-style-type: none"> • The Minister will meet with the Chairperson of the Tusla Board on a quarterly basis, or more frequently as required, to provide an update on developments and the achievement of targets. • The Secretary General will meet with the Tusla Chief Executive on a monthly basis. • Bi-monthly meetings (every two months) between Tusla (Director of Services and Integration) and DCEDIY (Assistant Secretary General, Child Policy and Tusla Governance Division) and senior officials, with key interactable or developmental issues being elevated to this agenda. • DCEDIY's Head of Units will have bilateral meetings with their respective counterparts in Tusla. • Bi-annual meetings with the Tusla Executive Governance Group. • At least annual meeting between Minister and full Tusla Board. • Monthly meetings held with members of the Tusla Senior Management Team on monthly reports.

Source: DCEDIY

In terms of wider accountability, Indecon understands that despite the scale of Pobal activities in ELC and SAC, the Memorandum of Articles of Association for Pobal is focused on non-ELC/SAC issues. However, we believe these could be amended and this is not an area of particular concern. A more fundamental issue is the appropriateness of governance arrangements which need to be in place given the delegation of the management and compliance of programmes with an expected annual exchequer cost of €1 billion to a non-statutory organisation. This is related to the challenges faced by the Secretary General in meeting governance responsibilities in a model where there is fragmentation and multiple intermediaries. These responsibilities include the safeguarding of public funds, economy and efficiency of expenditures, and ensuring a clear framework for control and accountability of funds.¹³⁰ The issue of the absence of formal powers for the DCEDIY was noted previously and this reflects the fact that DCEDIY is not the Parent Department for most of the organisations in the operating model.

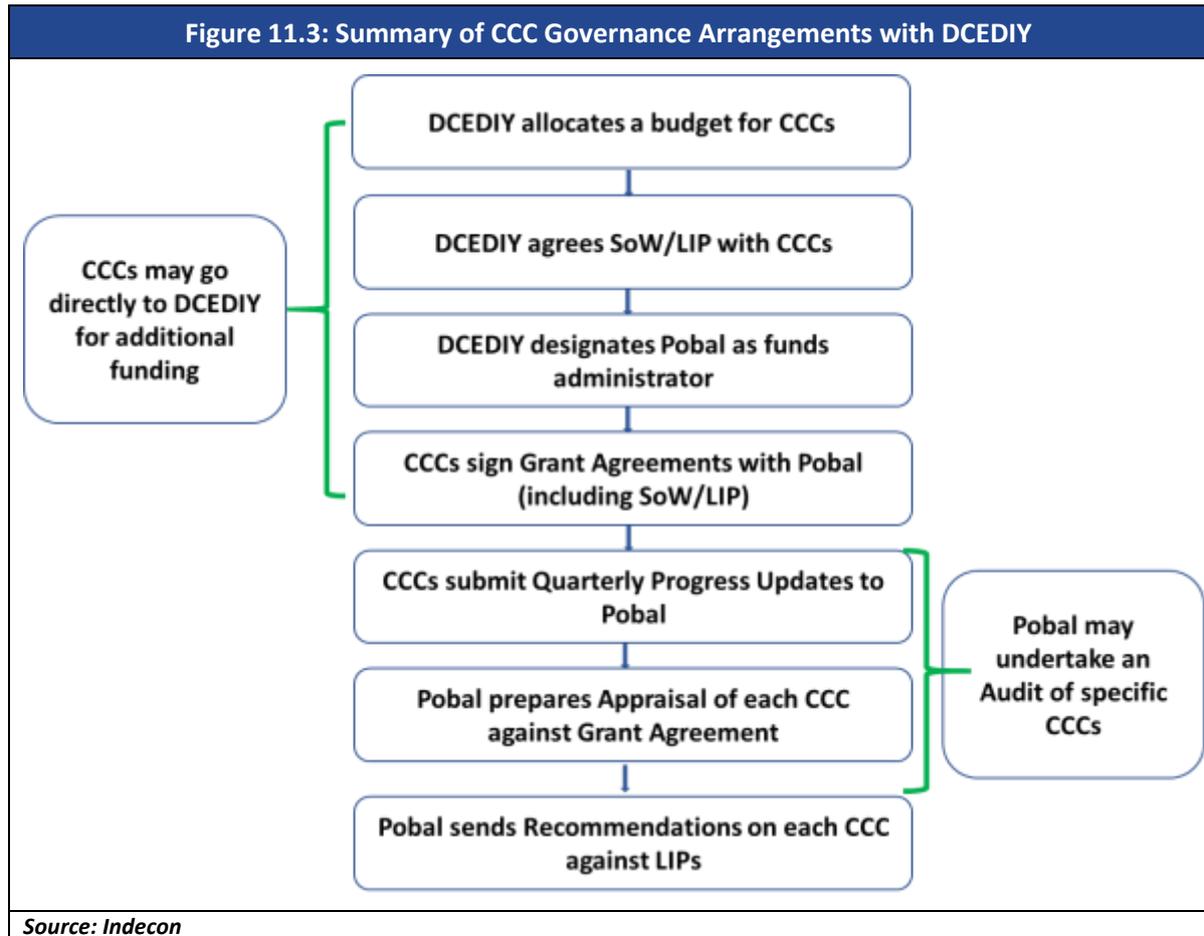
11.3 Governance Arrangements with CCC

The role of the CCC is to provide support and guidance to local service providers and parents in relation to the various ELC and SAC programmes, and support quality in keeping with national frameworks and policy objectives. Core funding of approximately €10m annually is provided to the CCC by the DCEDIY to act as its local agent in the delivery of the national ELC and SAC programmes and the implementation of Government policy at CCC level. Each Committee has a voluntary board of directors. They comprise local representatives from the statutory, community and voluntary sectors, ELC and SAC providers and parents.

The governance arrangements between the CCC and the DCEDIY is illustrated in Figure 11.3 overleaf. The DCEDIY provides the funding and Pobal, as an intermediary, is the funding administrator. The DCEDIY sets the work priorities for the CCC. Statements of Work and Local Implementation Plan (LIP) are included in the grant agreement that is signed between Pobal and the CCC. As part of its role as managing agent for the DCEDIY, Pobal conducts annual verification visits in respect of a percentage (33%) of the CCC. The verifications do not include a review of CCC annual performance outputs. Since 2020, there has been an increase in the use of indicators and metrics to monitor the performance of the CCC. The CCC provides quarterly updates on progress to Pobal against a number of performance metrics. The CCC can also submit requests to the DCEDIY for additional funding which is then subsequently administered by Pobal. Funding is also channelled through the CCC, such as the Parent and Toddler Grant, Childminding Development Grant, First Aid Response (FAR), and the Learner Fund Grant. In these roles the CCC act as intermediary bodies for the distribution of the grants.

¹³⁰ See Department of Public Expenditure and Reform. The Role of Accounting Officers, A Memorandum for Accounting Officers, September 2011.

Figure 11.3: Summary of CCC Governance Arrangements with DCEDIY



The majority of CCC are set up as Companies Limited by Guarantee.¹³¹ This means that they are subject to a number of governance requirements including the Charities Governance Code.¹³² As the CCC are funded by the Exchequer, Indecon also believes it is appropriate that they should meet the main governance requirements set in the Code of Procedures for Governance of State Bodies. An analysis of the internal governance of the CCC by Indecon, based on new evidence from responses of the CCC to Indecon's information request, is presented in Table 11.3 overleaf. This indicates that while most of the organisations have an annual statement of what type of decisions are taken by the Board, this is not the case for every CCC. Similarly, not all of the boards have formally reviewed the controls and procedures to ensure compliance with statutory and governance arrangements. Most of the CCC indicated they did not have a strategic plan approved by the Board. This may reflect the fact that services provided are agreed between Pobal and the CCC.

¹³¹ Mayo CCC is the only exception where the staff are employees of the Local Authority

¹³² <https://www.charitiesregulator.ie/en/information-for-charities/charities-governance-code>

Table 11.3: Internal Governance of CCC		
	Yes	No
Is there an annual statement prepared of how the Board operates including a high-level statement of what types of decisions are to be taken by the Board and which are to be designated to Management?	78%	22%
Has the Board of your CCC formally reviewed the controls and procedures in your organisation to ensure compliance with all statutory and governance objectives?	89%	11%
Does your CCC have a strategic plan which has been approved by the Board?	26%	74%
<i>Source: Indecon information request to CCC</i>		

As the CCC are independent companies, significant responsibility remains with the part-time voluntary boards of directors for governance. A key issue in such cases is the skills of the Board members. Many of the CCC have not undertaken any formal assessment of skills and have not provided formal training of Board members.

Table 11.4: Assessment of Board Skills		
	Yes	No
Has your organisation undertaken any formal assessment of the skills required for Board Members who are involved in overseeing the CCC's activities?	59%	41%
Has any formal training been provided to Board Members over the last 3 years?	55%	45%
Has any formal evaluation of the effectiveness of your Board been completed over the last 3 years in relation to its role overseeing your CCC's activities?	68%	32%
<i>Source: Indecon information request to CCC</i>		

An important issue is the length of tenure of Board members. Indecon's analysis suggests that over half of Board members were on the Board for over five years. This suggests long experience but the fact that over 20% of directors were on the boards for more than 10 years is noteworthy and is not in compliance with the Charity Code or the Code of Practice for the Governance of State Bodies.

Table 11.5: Analysis of Current CCC Board Members, by tenure	
Length of Service	% of CCC boards
20 years+	3.6%
10-19 years	20.3%
5-10 years	27.0%
3-5 years	19.4%
1-3 years	23.4%
<1 year	6.3%
<i>Source: Indecon information request to CCC</i>	

On the issue of risk, most of the CCC have a Board Risk Register but 25% of the CCC indicated the Board did not have a finance or audit sub-committee.

Table 11.6: Risk Assessment by CCC Boards		
	Yes	No
Has your company a Bord Risk Register	90%	10%
Does your Board have a Finance/Audit Sub-Committee	75%	25%
<i>Source: Indecon information request to CCC</i>		

Indecon’s analysis suggests some gaps in governance arrangements concerning the CCC and some non-compliance with elements of the Code of Practice for the Governance of State Bodies. Indecon notes that the very small scale of CCC organisations makes it difficult for such organisations to allocate the level of resources needed to meet the significant governance requirements specified in the existing Codes.

11.4 Governance Arrangements with NVCO

The DCEDIY currently funds seven NVCO,¹³³ with this funding remaining largely static since its commencement in 2000. During the 2000s, when the major capital investment was underway, there were concerns as to how ELC and SAC could be supported to improve quality. A decision was made to fund a small number of voluntary organisations whose members consisted of ELC and SAC providers who had the ability to provide quality support within the sector. Initially, these NVCO were funded under the Quality Sub Measure of the Equal Opportunities Childcare Programme 2000-2006 (EOCP) and the National Childcare Investment Programme 2006-2010. It should be noted that the NVCO were already established prior to the introduction of the EOCP, and each has its own remit. The supports provided by the NVCO include professional development training, information and mentoring on quality practice, guidance on DCEDIY national ELC and SAC funding programmes, and informing policy to improve standards in the ELC/SAC sector.

Each NVCO must submit an Implementation Plan to Pobal which sets out the actions they intend to undertake to meet the high-level priorities and objectives as set by the DCEDIY. Pobal acts as a managing agent on behalf of the DCEDIY in relation to the performance of each NVCO, appraising and subsequently monitoring the local planning and implementation of activities and outcomes, including via verification visits. In this regard, as part of its role as managing agent for DCEDIY, Pobal, through its Compliance Audit Risk (CAR) team, undertakes verification visits of the NVCO to ensure the investment by the DCEDIY is appropriately spent and accounted for and to provide the DCEDIY with reasonable assurance regarding the programme expenditure. Each NVCO receives such a verification visit approximately every three years. Funding provided to the NVCO amounts to approximately €3m annually (inclusive of funding for two organisations in respect of Garda vetting services). NVCO, unlike

¹³³ Early Childhood Ireland, Barnardos, National Childhood Network, National Parents Council, St. Nicholas Montessori Society of Ireland, Childminding Ireland, Bláthú Steiner Early Childhood Association

the CCC, are not funded solely by the DCEDIY and have other sources of income, including membership fees.

The DCEDIY currently funds seven National Voluntary Childcare Organisations (NVCO) that sit outside of the core system and structures. Around €2.5m per annum has been allocated to VCOs for a number of years.¹³⁴ These organisations employ a total of 45 staff in relation to the ELC and SAC sector, carrying out 1,228 hours of work per week, with a third of these staff at managerial level.¹³⁵ The functions of these organisations include advocacy, professional representation, community representation, and academia and other areas.

Most of this funding is legacy funding. While these seven organisations have strong expertise and experience, an issue of accountability arises with regard to the basis and mechanism for the funding provided. There may be a case for more or less funding, based on what functions and services are required by the DCEDIY. Indecon notes also that there are a number of other community, voluntary and representative bodies that do not currently receive funding from the DCEDIY. In terms of compliance with all legal obligations and with best practice, it is likely that the provision of some of the services provided by the NVCO, if required, should be subject to appropriate procurement or commissioning principles. Indecon also understands that a review of the funding of NVCO and of the services provided was not undertaken when the DCEDIY established Better Start which provides some of the work previously undertaken by NVCO.

In planning the role of National Community and Voluntary organisations within the operating model, Indecon would envisage that this should reflect the key principles of the strategy *Sustainable, Inclusive, Empowered Communities: A five-year strategy to support the community and voluntary sector in Ireland 2019-2014*.¹³⁶ These principles include Respect, Collaboration, Subsidiarity, Harmonisation and Value for Money. The issue of accountability in relation to the NVCO suggests that there is a need to have regard for these principles. There is also a need to recognise the valuable contribution of the NVCO to current sectoral development. There is a case for change of the role played by the NVCO in the operating model and their interaction with the DCEDIY. In particular, consideration should be given to ensuring that any administrative services being performed externally which are not unique to any external body within the operating structure should be obtained on a needs basis, in line with public service procurement guidelines. Functions that are uniquely suited to a certain type of external service should continue to be commissioned. Key to this should be the establishment of criteria to pre-identify organisations that can perform such functions. The ongoing engagement and added value offered by shared working through key Early Years fora should be recognised and developed through a payment for services to “support participative and deliberative approaches for developing public policy.”¹³⁷ Such payments should be subject to prior agreement and clear measurable outputs. Eligibility for such payment should be open to interested parties. This suggests that the relationship between the DCEDIY (the funder) and the NVCO needs to be re-evaluated from a governance perspective and this change in the operating model should be implemented.

¹³⁴ Pobal data

¹³⁵ Pobal VCO Report, Q3 2020.

¹³⁶ Department of Rural and Community Development, *Sustainable, Inclusive, Empowered Communities: A five-year strategy to support the community and voluntary sector in Ireland 2019-2014*, August 2019 - <https://assets.gov.ie/26890/ff380490589a4f9ab9cd9bb3f53b5493.pdf>.

¹³⁷ Action 1.4 of *Sustainable, Inclusive and Empowered Communities: A Five-Year Strategy to support the Community and Voluntary Sector in Ireland*.

CASE FOR CHANGE

12 Rationale for Changes to Model

12.1 Introduction

Section 1 described the context for this Review, including the recent developments in ELC and SAC and reforms planned. It is against this background that there is a need to review whether changes are required to the operating model. The current operating model for ELC and SAC was put in place over two decades ago and has evolved incrementally without any overarching plan. This has resulted in a very significant increase in the scale of resources and new responsibilities allocated to non-statutory organisations. The operating model was put in place prior to the development of the recent policies, schemes and investment and predates the latest regulatory and governance requirements. In reviewing the operating model, Indecon has carefully considered whether there is a need for any changes in the operating model to ensure optimal governance, efficiency, and effectiveness. We specifically considered whether the existing model is the most appropriate model to cost effectively deliver on the national objectives for ELC and SAC. This is important given the need to ensure the best use of exchequer resources and the associated importance of adequate accountability for the scale of expenditures that will be incurred. Indecon does not, however, believe that changes should be made unless they improve outcomes and address any identified weaknesses of the current model. We also recognise that there are strengths in the current model which should be maintained in any reforms. However, our independent analysis suggests a number of areas where the current model is not aligned with international practice and with existing governance requirements. These were outlined in Sections 6 and 7 of this report. These constitute the main rationale for changes to the model. There are also concerns that these features of the existing model will impact on the effective delivery of ELC and SAC. While any changes should be very carefully considered, and there is a range of options available, Indecon believes that without reform, the existing model is not fit for purpose to meet the national objectives set for ELC and SAC. As background context, Indecon notes that the Government committed to establishing a dedicated agency, Childcare Ireland, which was outlined in the Programme for Government. It was envisaged that Childcare Ireland will assist in expanding high quality ELC/SAC, best practice and innovation in community and private ELC/SAC settings. Childcare Ireland is also to be tasked with developing career paths for ELC/SAC staff and for expansion of the Early Years Curriculum, Síolta.

12.2 Need for change to address current weaknesses

Our analysis of how the Irish operating model compares with good practice¹³⁸ suggests there are strengths in the current operating model which should be protected under any reforms of the operating model. However, aspects of the current model are not aligned with good practice or with regulatory and governance requirements. In order to identify why change is required, it is important to analyse how the gaps impact on the ability of the model to offer effective, efficient and well-governed services. To do this, it is important to focus on the precise weaknesses and gaps outlined in Sections 9 and 10 which represent the foundation for the case for change to the existing model. Many of these changes are required regardless of the specific choice of future operating model envisaged. The key weaknesses and gaps of the existing operating model are outlined in the next table. The impact of many of these gaps were also highlighted by stakeholders in Section 9 of this report. The details on how the existing operating model compared to what is required was presented in Sections 9 and 10 and the listing in the table represents a summary of key issues identified.

¹³⁸ Good practice is informed by the review of international practice along with national governance requirements

Table 12.1: Key Weaknesses and Gaps of Existing Operating model

- | |
|---|
| <ul style="list-style-type: none"> <input type="checkbox"/> CONCERN OVER THE ABILITY OF THE EXISTING MODEL TO HANDLE THE SCALE OF PROPOSED REFORMS <input type="checkbox"/> GOVERNANCE AND ACCOUNTABILITY CONCERNS DUE TO MULTIPLICITY OF AGENCIES AND PROVIDERS <input type="checkbox"/> FRAGMENTATION AND DUPLICATION WITH RESULTANT COMPLEXITIES FOR PROVIDERS AND PARENTS <input type="checkbox"/> LOW LEVELS OF ENGAGEMENT WITH PARENTS AND OTHER STAKEHOLDERS <input type="checkbox"/> INSUFFICIENT PUBLIC OVERSIGHT OF PRIVATE PROVISION/INCONSISTENCY IN LEVEL OF SUPPLY <input type="checkbox"/> ABSENCE OF SHARED SERVICES TO SUPPORT MICRO SUPPLIERS |
|---|

Source: Indecon

A number of major reform projects are currently in the development or early implementation stages and there are concerns over the ability of the current operating model to handle this. An agile, responsive and well governed operating model will be required to maximise the impact of the wider reforms for children, their families, those who work in the sector and service providers. It is anticipated that the proposed reforms will be accompanied by significant increases in public funding for the sector, as committed to in *First 5*. It will be essential that these additional resources can be allocated and accounted for to ensure that they meet ambitious policy objectives. Indecon’s analysis raises concerns about the ability of the current operating model to deliver the high-level objectives for ELC and SAC committed to in *First 5*. Because of the gaps in the existing model compared to what was identified as required characteristics of a fit-for-purpose model, Indecon has concerns about the ability of the existing model to accommodate and support a number of future developments, including:

- Commitment to Double Investment in ELC and SAC between 2019 and 2028;
- Implementation of the National Action Plan for Childminding;
- Implementation of the Workforce Plan;
- Implementation of the new Funding Model;
- Full national rollout of Sólta and Aistear;
- Introduction of comprehensive regulations for SAC; and
- Potential extension or expansion of AIM to other age groups and/or other groups of children, following the AIM evaluation.

Commitment to Double Investment

The commitment to at least double investment in ELC and SAC between 2019 and 2028 will require major adjustments in the operating model given the predicted expansion in the numbers of children, families, workers and providers interacting with the system. This commitment will result in annual exchequer investment in 2028 of approximately €1bn. This will lead to more children, more families, more workers and more services interacting with the model. Against this background, we have concerns over governance and accountability as well as responsiveness and agility for an operating model to handle such a rapid expansion in investment given its current fragmented nature and dependence on external entities outside of the aegis of the funding department. Also relevant is the ability of the current operating model to accommodate such change given that most of the existing operating model is comprised of a large number of intermediary bodies which are private limited companies with part-time non-paid voluntary boards of directors. As noted earlier there are concerns over the number of intermediary bodies which are not aligned with DPER guides on the management and accountability of exchequer funds.¹³⁹ With a doubling of investment, there is a requirement for enhanced governance and control procedures. In cases where there are many separate companies, it is critical that the Board of Directors have the appropriate balance of skills and knowledge to enable them to ensure that governance and controls are aligned with best practice. It is also essential that the governance model has sufficient risk management and internal control procedures.¹⁴⁰ In Section 9 we presented evidence on some gaps in the existing governance within the operating model. Doubling of investment requires that these gaps are addressed as a priority. It may be deemed that this would be best achieved via change to the existing system to reduce the number of intermediaries and to ensure that the scale of organisations involved are sufficient to justify the required levels of investment in governance and controls. There are legitimate concerns over the capacity of the system to handle the level of increase in investment, and accompanying complexity attached to the additional investment, in a manner where accountability use of the funds can be assured. There will also be a need for the operating model to support the effective management of NDP funding. Also relevant will be the need to monitor ESF funding.

Implementation of National Action Plan for Childminding

The National Action Plan for Childminding 2021-2028¹⁴¹ was published in 2021 with the objective of improving access to high quality and affordable ELC and SAC through childminding. The specific objectives of the plan are outlined below and there are concerns over the capacity of the current operating model to implement this plan.

¹³⁹ See DPE 022/5/2013. Circular 13/2014 issued to Accounting Officers, Finance Officers and Heads of Internal Audit, 26 September 2014 'Management of and Accountability for Grants from Exchequer Funds'.

¹⁴⁰ See Code of Practice for the Governance of State Bodies. Department of Public Expenditure and Reform, August 2016.

¹⁴¹ <https://www.gov.ie/pdf/?file=https://assets.gov.ie/132300/5d403d61-a868-488c-9766-5b1e42f1e408.pdf#page=null>

Table 12.2: Objectives Outlined in National Action Plan for Childminding

Enable a far greater number of parents who use childminders to benefit from subsidies under the National Childcare Scheme estimated to be around 60,000 children and families.
Support quality assurance of childminders and safeguarding of children through extending the scope of regulation and inspection to an estimated 15,000 paid, non-relative childminders.
Provide greater recognition of childminders and develop appropriate childminder regulations and inspection processes to reflect the home environment in which childminders work.
Develop bespoke resources to support the quality of childminding provision, including through the development of staffed local childminding networks. This will require the design and delivery on new training for an estimated 15,000 childminders.
Allow access to financial supports and training opportunities for childminders including an expanded Learner Fund to assist childminders to meet training requirements. This will require the design and operationalisation of a new CPD system.
Provide a supportive, phased transition process, to facilitate the largest possible number of childminders to enter the regulated sector, the sphere of quality assurance, and access to Government subsidies, while recognising the time and supports required for this reform.
Support retention and recruitment of childminders.
Source: National Action Plan for Childminding 2021-2028

Over the course of the plan, up to 15,000 childminders will be brought within the scope of regulation and childminders will require a new range of supports (including development of a new structure of staffed local childminding networks) and access to all elements of the operating model. These childminders will need to engage with all functions of the operating model. This will require development of structures to provide supports for childminders, who up until now have received few state supports. Additionally, there would be an impact on parents who use childminders, who will be brought within the scope of the National Childcare Scheme for the first time and would be eligible for subsidies. The existing operating model is not currently focused or experienced in the regulation of childminders or in the provision of supports to this group. This will place significant challenges on the operating model. The need to incorporate such a large number of childminders into the operating model is a high-risk point. This will have implications for funding administration, CPD and regulatory compliance. Currently, there are around 4,600 services that receive public funding under various schemes. Parents who use paid childminders may be eligible for these schemes and this would further increase the demand on various aspects of the operating model. Childminders may also need additional support to comply with various administrative and regulatory requirements. Given the type of supports which childminders will require is likely to involve investment in training programmes and advice on regulatory requirements. The existing operating model is not currently involved in providing such supports to childminders. Modifications to the model to provide such services will be required. It is unclear at this stage how many of the 15,000 childminders will need to be supported and in what way. However, it is clear that the operating model will need to change so that an organisation structure is developed to work proactively and supportively in engaging with childminders who have previously had no engagement with State systems. Even if a relatively small proportion of childminders are supported, this will lead to significant additional workload on the operational model. New structures for childminders will need careful development and piloting within the operating model.

Workforce Plan

*Nurturing Skills: The Workforce Plan for ELC and SAC 2022-2028*¹⁴² was published by DCEDIY in December 2021. *Nurturing Skills* sets out actions for reaching the commitments in *First 5* related to the workforce, particularly under Goal D – Building Block 3 which aims for “an appropriately skilled and sustainable professional workforce that is supported and valued and reflects the diversity of babies, young children and their families.”¹⁴³ The Workforce Plan is designed to support an overarching theme of *First 5*, namely, to increase the professionalisation of the sector. This will involve increasing the formal education requirements of new and existing staff along with significant CPD for existing staff (including significant expansion of supports for Síolta and Aistear- see below). At present, there are multiple organisations that support this CPD. These supports are provided at a local and regional level. There are inherent problems with the co-ordination of multiple organisations delivering national policy in relation to CPD. Unless an operating model is structured to accommodate such changes, there is a risk of inconsistency in the administration of CPD which could lead to differing quality standards across counties and regions. The Workforce Plan will require reform of the existing CPD infrastructure, with new commitments, including a single national ‘gateway’ to access quality-assured CPD resources and supports, and development of an online system to enable the recording, tracking and viewing of CPD engagement. More broadly, it commits to a ‘whole system’ approach to CPD, coordinated by one agency, to integrate and align current structures and any newly developed structures. In addition, the Workforce Plan reflects the fact that the workforce will increase in size over the coming years, as a result of the regulation of school-age childcare and the National Action Plan for Childminding. This highlights another challenge for the operating model as there will be a need for enhanced CPD supports and access to a much larger workforce and the inclusion of childminders.

In addition to the expansion of the sector, expansion and annual staff turnover (as a result of which 3,000-4,000 new staff enter the workforce each year), the introduction of qualification requirements and CPD for School-Age Childcare practitioners and childminders will extend the scope of the workforce development measures to cohorts of staff (including in “stand-alone” school-age childcare services) that have not previously engaged with State-provided workforce supports.

The New Funding Model

First 5 included a commitment to develop a new funding model for ELC and SAC. An Expert Group led this work between 2019 and 2021. It was supported by a research partner and engaged in an extensive programme of stakeholder consultation and engagement. The recommendations of the Expert Group were accepted by Government in December 2021 and its report, *Partnership for the Public Good*¹⁴⁴, was published.

The recommendations of the Expert Group will be implemented on an incremental basis in the coming years and the introduction of the new funding model is expected to place further demands on the operating model. The guiding principles to underpin the new funding model stipulate that it should minimise short-term disruption but also allow for and support long-term changes. The principles are also clear that funding should be subject to robust regulation and accountability for

¹⁴² *Nurturing Skills: The Workforce Plan for Early Learning and Care and School-Age Childcare (2022-2028)*
<http://www.gov.ie/nurtingskills>

¹⁴³ https://first5.gov.ie/userfiles/pdf/5223_4966_DCYA_EarlyYears_INTERACTIVE_Booklet_280x215_v1.pdf#view=fit

¹⁴⁴ *Partnership for the Public Good: A New Funding Model for Early Learning and Care and School-Age Childcare*
<https://first5fundingmodel.gov.ie/>

public funds. The anticipated implementation of the new funding model will undoubtedly have a significant impact on the functions required of the operating model. This will include the collection of additional data from services, administration of additional funding beyond the existing schemes, and accounting for that funding. The changes in funding arrangements will also represent a substantive shift in the funding and accountability relationship with providers. The report of the Expert Group to develop the new funding model recommends that DCEDIY engage in more pro-active public management of the sector, particularly relating to issues of supporting quality, including staff pay, qualifications, services' fees and greater management of supply and demand of different types of services. All of these areas will require the operating model to develop the capacity to adapt and respond as required.

In addition, the recommendations include additional funding and in kind supports for services operating in the context of concentrated disadvantage.

The Expert Group report highlights the importance of co-ordinated local provision, integrated working with other services for children and families and support for parents. Such provision and support are particularly important for areas of disadvantage where there is most benefit to be gained from more integrated responses to families' needs. The implementation of the new funding model will result in pressure points for the operating model. At present, the operating model has only a limited level of co-ordination of local provision, and this is a specific weakness which must be addressed. This will also require co-ordinated supports and greater integration, co-operation in providing integrated services and co-ordinated local supports.

As expressed in our consultations with the Chair of the Expert Group, and the report of the group, the underlying purpose of a funding model is to support the optimal delivery of the Government's policy objectives in relation to early learning and care quality, affordability, accessibility and contributing to addressing disadvantage as well as wider objectives related to labour market participation, gender equality and social inclusion. There is also recognition that changes in the way ELC and SAC settings are funded will not, of themselves, suffice in achieving optimal delivery of these policy goals, and that the operating model must also be effectively aligned.

The Expert Group report outlines that the provision of ELC and SAC serves the public good and is a public responsibility which requires a strong, pro-active, and supportive public management approach. It cannot be assumed that the development of an optimal sector will happen organically, nor can this simply be "left to the market". Indecon agrees with this and believes this will require changes to the operating model. This might include DCEDIY taking a role in managing fees and taking a more nuanced approach to the way it resources different types of service provision. This is not an area where the existing operating model is currently involved to any significant extent and will require change. What is also currently missing from the current operating model is the capacity to gather rigorous, up-to-date data on existing and predicted supply and demand, including planned/potential expansion and closures, at a local, sub-county level. This will require modifications to the operating model to effectively plan for the development of the sector. There is a need for an organisation to be responsible for working with policymakers, parents, local providers and the workforce to extend or expand local services and to ensure reasonable choices of parents are available.

The operating model may also, in due course, need to consider a more direct involvement of the State in provision. The Expert Group recommendation examination of whether some element of public provision should be introduced alongside private provision. Indecon believes that State intervention should be considered where there is market failure, such as in relation to affordability. The current system also does not provide wider shared services supports to providers which will be needed to ensure they develop to meet demand. Given that the sector is characterised by a very large number

of very small providers, the Expert Group has noted that there may be advantages in offering some types of shared services to better support provision.

In planning, guiding and supporting the development of an optimal ELC and SAC sector, the Expert Group considers that it is important to recognise not just the challenges posed by the diversity of service providers in terms of organisational structure, size and service offering, but also the other inherent challenges involved in dealing with this sector. This includes the fact that the ELC and SAC sector is at a relatively early stage of development and whether children participated in ELC and SAC, and if so, how much varies significantly.

There is also recognition in the planning for the new funding model that ELC/SAC services need to try to meet the reasonable needs of parents. The needs of parents relate to issues such as the type of service requirements, opening hours and other aspects of service requirements. The low levels of involvement with parents within the current model are discussed later in this section. Greater interaction with parents than the existing model accommodates is required to inform demand assessment.

The Expert Group indicated to Indecon that the operating structure should have the capacity at national and local levels to provide improved planning and support functions in order to guide the future development of the sector.

Rollout of Síolta and Aistear

First 5 commits to the national rollout of Síolta (National Quality Framework) and Aistear (National Curriculum Framework), through the National Síolta Aistear Initiative (NSAI). *First 5* commits to “develop and implement a national plan for the phased, supported and simultaneous implementation of Síolta, the National Quality Framework, and Aistear, the Early Childhood Curriculum Framework, in all ELC settings for babies and young children, including making the application of these frameworks a contractual requirement of Department of Children and Youth Affairs funding schemes and give consideration to, over time, making adherence to the frameworks a statutory requirement.”¹⁴⁵ The full national implementation of the two frameworks will require a significant expansion in provision of CPD / training / mentoring supports, as well as increased coordination between services delivering CPD / training / mentoring, to ensure that this commitment is met by the end of the *First 5* Strategy. The NSAI Implementation Office has been established within Better Start, with some initial progress made towards the action laid out in *First 5*.¹⁴⁶ However, the scale of delivery of supports has so far been slow, and a step-change in scale and pace of delivery will be required from 2022 onwards, which will create increased demand for coordination of CPD supports.

The review of Aistear was delayed due to COVID-19 and commenced in May 2021. This review will lead to an updated framework. Work will also commence shortly on review of Síolta and development of a single self-evaluation framework (in line with commitments in *First 5*). This is likely to create further requirements for coordinated roll-out of CPD supports.

The current gap relates to need for an organisation to provide systematic quality support infrastructure and to accelerate the implementation of the practice frameworks and to engage with the increased numbers in the workforce. This is required to help providers implement the scale of quality improvements envisaged.

¹⁴⁵ Ibid

¹⁴⁶ https://first5.gov.ie/files/DCEDIY_AnnImRep2019_EN.pdf

Extension of Regulation to all School-Age Childcare Providers

Childcare services must register with Tusla, with this regulation extended to all SAC providers in February 2019. This development has led to an increase of approximately 600 centre-based services engaging with the operating model, more than 4,700 from 4,200 services previously. Additionally, these services are engaging with the operating model for the first time and are likely to require more guidance or assistance. They will also be engaging with training supports for staff for the first time, an area that may itself be undergoing development due to the WDP. This will result in increased demands on the operating model and will require an expansion of support services.

AIM Reform and Extension, and supports for families with additional needs

An evaluation of AIM is due to be completed by the end of 2021, with the review expected to inform consideration of options for the reform and extension of AIM. These options could potentially include extension to other age groups and/or children with additional needs other than a disability. Additionally, consideration will be given to the scope for consolidating and streamlining wider supports for children with disabilities in ELC, including specialist provision currently funded through other Departments/agencies. The review aims to investigate the effectiveness of AIM in delivering objectives, as well as examining its wider impacts and assessing whether its current practices are fit for purpose. The operating model will need to support any reforms or extension of AIM programme. While this does not imply a specific weakness of the current operating model in providing existing services, there will be a need for the system to change to accommodate this policy development. The existing fragmented operating model may, however, not be the best approach to ensure the efficient co-ordination and streamlining of supports for children with disabilities.

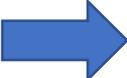
Indecon believes that while there is a case for rationalisation of the operating model to reduce fragmentation and duplication, it is critical that a local presence is retained providing a defined range of supports and services. This is needed to ensure that those more marginalised or disadvantaged families have access to much needed direct support and assistance, for example with filling out applications and understanding the various national schemes. A local presence can, however, be managed and governed from a more consolidated structure, ensuring a more robust and simplified governance structure than that which currently exists. A less fragmented system could also enhance supports for both intermediaries and for service providers.

12.3 Overall Areas in Need of Change

The analysis and evidence presented in this report, have highlighted the areas where change needs to happen. Continuing with the current operating model would hinder the achievement of the strategic targets set and would not be adequate to have assurance over the management of the scale of exchequer resources envisaged. The changes required in the operating model, are summarised diagrammatically in the next chart. While different options merit consideration on how to achieve these changes, it is important that the model delivers on the outcomes required. The current operating model has many strengths but is characterised by a fragmented system with multiple intermediary bodies, many of which are very small in scale and have voluntary part-time boards. This does not appear to be aligned with the principles for the effective management of, and accountability

for exchequer funds.¹⁴⁷ This requires increased attention in a context where a doubling of significant levels of public expenditure is proposed. There is also evidence that the existing model is not aligned with the requirements of the Code of Practice for the Governance of State Bodies investing in increased resources to meet these requirements in each of the companies involved would likely be an ineffective use of resources. The existing model with intermediaries in every county is unlikely to be able to realise the benefits of economies of scope and scale. Meeting governance and accountability requirements will also require clarification of what services are needed from the NVCO and the use of public procurement to secure these services where appropriate. It is significant that the existing operating model is not actively involved in the alignment of supply and demand. Without this role, the ambitious targets set in *First 5* and the new funding model, would be compromised. The existing operating model is not focused on childminders. The model will need the change to provide training and advisory supports for this large group of individuals. An organisation will be needed to have overall responsibility for infrastructure to support the Workforce Plan and to extend quality improvements. In addition, there is a requirement for the operating model to be modified to involve greater interactions and engagement with parents, families and other stakeholders. A system whereby an organisation can provide shared services to providers would also enhance overall effectiveness.

¹⁴⁷ See DPE 022/05/2013, Circular 13/2014.

Figure 12.1: Impacts of Changes on Characteristics of Existing Operational Models		
Aspects of Existing Operational Model	Change	Characteristics of Model Addressing Weaknesses
Concern over the ability to handle the scale of reforms		<ul style="list-style-type: none"> • Model with sufficient scale of organisations with experience, governance and resources to accommodate <ul style="list-style-type: none"> – Doubling investment – Implementation of the National Childminding Action Plan – Implementation of the Workforce Plan – Implementation of the new funding model – Rollout of Síolta and Aistear
Governance and accountability concerns due to multiplicity of agencies and providers		<ul style="list-style-type: none"> • Department to have formal power to ensure accountability of the use of State funds • Structure with high level of expertise at board level • Scale of organisations to justify investment in governance • Less involvement of Department in operational areas • Clarity on functions provided by all organisations in operating model
Fragmentation and duplication		<ul style="list-style-type: none"> • Rationalised model • Smaller number of organisations • Reduced number of intermediary bodies
Low level of involvement with parents		<ul style="list-style-type: none"> • Parental engagement in planning of services • Parental access to detailed information
Insufficient public oversight of private provision		<ul style="list-style-type: none"> • Active engagement with planning of local provision • Intervention to address gaps in supply • Selected targeted state provision to provide for disadvantaged groups and to test best new ideas. This should also take place where there is market failure. However, this is outside the scope of this review
Absence of shared services to support micro-suppliers		<ul style="list-style-type: none"> • Supports for providers • Shared services in a range of areas
<i>Source: Indecon</i>		

12.4 Change Objectives

Indecon has identified an outline of possible change objectives. These are focused on the overall objective of determining the optimum approach to the governance of ELC and SAC system. These are designed to secure improvements in accountability, efficiency and effectiveness. Effectiveness in the context of this review is about delivering effective, affordable and quality ELC and SAC services to children and families. Indecon believes the operating model should be structured in a way that supports increased national planning and the provision of support measures to address structural challenges facing providers. In this context, we agree with the valuable input from the Chair of the Expert Group on the Funding Model who noted that: “The Expert Group believes that the operating structure should also have the capacity at national and local levels to provide improved and simple planning and support structures in order to guide the development of a more fit-for-purpose sector.” The proposed change objectives are based on addressing the identified weakness in the operating model while also retaining the many strengths of the current model. We would also highlight that high weighting should also be given to avoiding any short-term disruptions. There is, however, a strong case for reform to ensuring that the operating model is not compromised in the ability to accommodate the ambitious scale of wider long-term policy reforms which are proposed.

Table 12.3: Proposed Change Objectives	
Area	Outline of Change Objectives
Policy and Regulatory Function	<ul style="list-style-type: none"> • Maintain responsibility for overall co-ordination of ELC and SAC policy with one Government Department. • Ensure Department has formal powers concerning operating model • Align with <i>First 5</i> objectives. • Facilitate Department to prioritise policy development. • Enhance research and evaluation. • Ensure local alignment of provision with requirements. • Implement and communicate any required legislative changes.
Systems, Structures, People	<ul style="list-style-type: none"> • Retain expertise and experience including retention of skilled employees and enhancing skills. • Ensure continuation of critical services. • Maintain agility and flexibility. • Ensure high levels of commitment are retained. • Build skills in governance. • Develop model to handle scale of proposed reforms. • Develop local and regional inputs.
Governance/ Accountability	<ul style="list-style-type: none"> • Greater clarity on roles and responsibilities. • Reduce duplication and fragmentation. • Reduce complexity for parents and providers. • Improve public management of private provision. • Address gaps in best practice governance. • Ensure use of intermediaries is kept to the minimum in line with DPER guidance. • Enhance control of publicly funded assets. • Improve measurability on outcomes.
Functional Areas	<ul style="list-style-type: none"> • Develop shared services to support sole traders and other small providers. • Enhance interaction with parents. • Promote enhanced public provision, where needed, to address market failures • Enhance training. • Enhance management of supply and demand.
<i>Source: Indecon</i>	

APPRAISAL FRAMEWORK AND EVALUATION OF OPTIONS

13 Design Outcome and Implementation Criteria

This section describes the two-stage appraisal process.

The first stage considered the issue of design principles and characteristics and how these contribute to well-functioning operating model. The key principles/characteristics of a well-functioning system are weighted by relative importance and scored on a 1-10 scale. In the first instance, the current operating model is appraised to establish a baseline score. In order for an option to proceed to final recommendations, it must match or score higher than the current operating model under each criterion. The scoring legend is:

- 1 - Model entirely unaligned with principles/significant negative impact on operating model.
- 2 – Model significantly unaligned with principles/substantial negative impact on operating model.
- 3 – Model poorly aligned with principles/highly negative impact on operating model.
- 4 - Model marginally aligned with principles/negative impact on operating model.
- 5 – Model moderately aligned with principles/moderately negative impact on operating model.
- 6 – Model moderately aligned with principles and moderately positive impact anticipated on operating model.
- 7 – Model well aligned with principles and positive impact anticipated on operating model.
- 8 – Model strongly aligned with principles and strong positive impact anticipated on operating model.
- 9 – Model significantly aligned with principles and highly positive impact anticipated on operating model.
- 10 – Model exceptionally aligned with principles and significantly positive impact anticipated on operating model.

The second stage considered the issue of implementability. The implementability criteria are examined independently of which model scores highest based on the above-outlined key principles/characteristics appraisal. The implementability appraisal will not form part of the overall scoring but will provide context to the challenges in implementing the new model. The implementability criteria are scored as follows:

- Low - Low likelihood of implementation challenges.
- Medium - Medium likelihood of implementation challenges.
- High - High likelihood of implementation challenges.

13.1 Key principles of well-functioning systems and structures supporting ELC and SAC

The appraisal criteria related to the key principles/characteristics, and their associated weightings, are shown in Figure 13.1 and are elaborated upon in the remainder of this section. The characteristics of a best practice model were outlined previously. It is not feasible to undertake a detailed scoring assessment for each characteristic and Indecon believes that a parsimonious approach should be taken, where the number of appraisal criteria is kept to a minimum.

Figure 13.1: Principles Assessment – Proposed Appraisal Criteria, Weighting and Scoring

Principles Assessment				
	Effectively governed, with clear roles and responsibilities	Effective and efficient; integrated at local/regional and national level	Supports providers in service delivery	Involving all stakeholders, including children, families and practitioners
Weighting	30%	30%	20%	20%
Options				
1				
2				
3				
7				

Source: Indecon

Key factors in the assessment

Each of the model characteristics directly align with the broad assessment principles. The table overleaf outlines how these principles can be aligned with the model characteristics that were used to evaluate the current operating model. The model characteristics are elaborated upon overleaf.

Table 13.1: Translation of Model Characteristics into Appraisal Criteria

Appraisal Criteria	Translation of Model Characteristics into Appraisal Criteria
Effectively governed, with clear roles and responsibilities	<ul style="list-style-type: none"> • Department focused on strategic issues, including issues of supply and demand within the system • Clear organisational support strategy which avoids unnecessary fragmentation • Allocation of roles and powers to fulfil organisational mandates • Adherence to national governance requirements • Mechanisms to facilitate monitoring of outcomes
Effective and efficient; integrated at local/regional and national level	<ul style="list-style-type: none"> • Appropriate balance between national/regional and local structures • Agile, flexible model, capable of adapting to changing requirements • Reduced complexity of the system/model
Supports providers in service delivery	<ul style="list-style-type: none"> • Necessary support infrastructure for providers, including workforce development • Organisations with necessary skills, resources and shared services supports • Ease of access to information and resources for providers
Involving all stakeholders, including children, families and practitioners	<ul style="list-style-type: none"> • Meaningful engagement of parents, workers and other stakeholders characterised by a culture of partnership between all parties • Capable of developing centralised IT systems accessible for parents and providers at local level • Capable of facilitating local knowledge in strategic policy and capacity analysis
<i>Source: Indecon analysis</i>	

Each of the above-described four assessment principles is underpinned by a number of characteristics. These are detailed below and feed into the definition of what a “best” model would look like under each of the principles. These are consistent with the model characteristics that were used to evaluate the current operating model.

Effectively governed, with clear roles and responsibilities

- Enables the Department to focus on key policy and strategic issues, including needs assessments, outcome management and scrutiny, financial forecasting and reviewing funding models. This provides a clear separation with day-to-day operations.
- Provides for a clear organisational support strategy which facilitates the avoidance of unnecessary fragmentation and duplication.
- Adheres to national governance requirements and provides assurance to the Secretary General in line with their role as Accounting Officer for DCEDIY.
- Provides for clear line of sight in the governance thread through an efficient and centralised governance structure cascading through regional and localised extensions of that governance structure.
- Provides comprehensive financial and performance information clearly underpinning decisions, anticipating changing circumstances and managing financial risk.
- Provides a mechanism for the collection of data to facilitate the forecasting and alignment of supply and demand.
- Provides appropriate mechanisms for the monitoring of outcomes.

Collaborative and integrated working at local/regional and national level

- Provides a cohesive and integrated system which renders standardised communications, services and supports to stakeholders reducing fragmentation and eliminating duplication, including strengthened transitions for children into the school system.
- Provides for the appropriate and necessary balance between local, regional and national structures and service delivery.
- Provides an integrated systems-based framework which supports new or revised activities and enhanced activities and is not programme focussed.
- Is agile, responsive and flexible, and has the capacity to adjust/adapt to changing requirements.
- Facilitates innovation and the testing of new initiatives.
- Supports delivery of the commitments in *First 5* and from other system reforms including changes to service funding under the funding review. In this regard, the system should support non-disruptive expansion and growth in administration, expertise and ICT.
- Reduced complexity of the systems and processes to maximise accessibility of advice, support, funding and IT.
- Provides a mechanism to cascade clear information in a structured and cohesive manner from the Department to stakeholders and includes appropriate feedback mechanisms in a well-functioning two-way communication system.
- Provides for the implementation of national quality frameworks.

Supports ELC and SAC providers in delivery of effective and efficient services

- Provides an infrastructure to deliver timely and knowledgeable supports to services on matters of practice and operations, including workforce development and mentoring.
- Enables the provision of shared services which are responsive and knowledgeable at regional level under nationalised direction.
- Leverages the skills, capacity and capability of professionals and key stakeholders to act collaboratively to further improve services.
- Capable of co-ordinating and streamlining the various support and oversight functions required for the sector in a way that enables quality service provision.
- Can effectively support and foster integrated ways of working with services operating in a disadvantaged context.
- Facilitates a framework that enables measuring the effectiveness of the system through routine embedded outcomes measures at each of the levels (local, regional and national).

Provides for effective engagement with and support of all stakeholders

- Provides a basis for structured engagement with providers and the workforce including ELC, SAC and childminders.
- Provides an infrastructure to deliver timely and expert support and advice to parents/families.
- Provides an infrastructure to support formal and informal consultations/engagement with providers and families in a culture of partnership.
- Provides enabling mechanisms for parents/families to access current and future funding and/or schemes including those within “hard-to-reach” categories.

- Provides for accessible and user-friendly systems and structures, which minimise any barriers to access. In particular, can develop and support centralised IT systems including reducing the administrative burden on stakeholders.
- Supports the collation and analysis of local service provision and quality-of-service information through data collection and local knowledge.

13.2 Definition of Appraisal Criteria

‘Effectively governed, with clear roles and responsibilities’

Best model

An operating model that adheres to all national governance requirements and provides assurance to the Secretary General as Accounting Officer. The model would also be appropriately structured so that national governance structures follow through to local and regional level with clear roles and responsibilities at each level. The model should be capable of measuring performance and impact outcomes, and of monitoring supply and demand.

Effective and efficient; Integrated at local/regional and national level’

Best model

An operating model that provides clear and coherent communication, with a clear cascading structure. The model would also be appropriately structured, with a small number of dedicated, well integrated organisations, each with a clear functional role in the overall operating model. The model would be adaptable to changes and new/emerging priorities and would be capable of supporting scaling of operations as required. The operating model would also provide services at national, regional and local level in a consistent and efficient manner.

Supports providers in service delivery

Best model

An operating model that provides an infrastructure (including shared services) to support providers, which is appropriately structured with a small number of dedicated, skilled organisations, each with a clear functional role. The model would support workforce development and be adaptable to undertake different programmes without need for significant new resources. The operating model would provide services at national, regional and local level in a consistent and efficient manner. The operating model should also facilitate monitoring of outcomes to measure effectiveness.

Involvement of all stakeholders

Best model

An operating model, characterised by a culture of partnership, that provides a clear basis for structured engagement with all key stakeholders, including providers, parents and workers. The model would also have a clear means to integrate the views of parents into the system. The model would have centralised IT systems which can be easily understood and accessible by providers and parents.

The operating model should facilitate local knowledge in informing strategic policy and capacity analysis.

13.3 Implementability Appraisal

The implementability criteria and are shown in Figure 13.2 and are described below.

Figure 13.2: Implementability Appraisal				
	Implementability Appraisal			
	Stakeholder openness/resistance to change	Issues in relation to change (incl. HR issues)	Relative cost	Transfer challenges (incl. knowledge and systems)
Options				
1				
2				
3				
7				

Source: Indecon

Stakeholder response to the changes

- Staff within the current system will be supportive/neutral/resistant to the option.
- Organisations will be supportive/neutral/resistant to the option.
- Representative bodies will support/be neutral/challenge or oppose the option.

Issues in relation to changes (including HR issues)

- Option gives rise to potential legal or contractual issues that may need to be resolved.
- Option might include transfer of undertakings or staff within these undertakings.
- Option gives rise to legacy commitments in the system that may need to be managed.
- Option will potentially have implications for contracted services in organisations in the current system.

Relative Cost/Value for Money

- Option gives rise to significantly higher operating system costs.
- Option represents poorer value for money.
- Option does not support overall system growth in a financially efficient manner.
- Provides for administrative and managerial human resource efficiencies of scale.

Transfer/transition issues (incl. knowledge and systems)

- Option gives rise to significant disruption during the transition.
- Option is likely to need a significant lead-in time.
- Organisational knowledge transfer capacities are challenging.
- Specialist knowledge will be lost.
- Existing systems, in particular IT systems and IT supporting resources, cannot be transferred.

14 Overview of Options

14.1 Introduction

This section describes each option in terms of its potential benefits, weaknesses and challenges. It is notable that Option 1 involves the most detailed discussion, which reflects the fact that it proposes the most radical reform of the current operating model. Options 2-7 would also serve as standalone solutions.

It is further important to highlight that while the option descriptions and scoring presented in this appraisal assume that each option would be implemented in full, there is the potential to scale back (or expand on) any of these proposals. This could be achieved in two ways: the first would see Pobal's Early Years division retain responsibility for funding administration throughout each option, while the second would see the staff within CCC consolidated into a unified entity with local and/or regional offices, rather than the staff being integrated into a wider statutory agency. Such variations would mitigate some of the weaknesses of the current system, but less so than the primary options presented hereunder.

What is evident from the following discussion is that there would be a transfer of staff from within the CCC, irrespective of which of the new options are examined. This is worth bearing in mind, particularly in the context of change management, with it being essential to clearly communicate the rationale for change. Throughout each option, it is also envisaged that funding arrangements for the NVCO would change. It must be noted that while this review recognises the importance of the role of the NVCO, this review also highlighted the need for that role to be redefined. Functions that are uniquely suited to a certain type of external service should continue to be commissioned. It is therefore envisaged that, under each of the above options, funding arrangements for the NVCO would change and specific functions like Garda vetting would be transferred to other organisations.

14.2 Current Operating Model

This review is focused on the national, regional and local operating models and associated organisational structures, and not on the providers of ELC and SAC services. It is nevertheless important to highlight that provision in Ireland is mainly dependent on private providers, which has implications for the appropriate operating model. At a very high level, the current roles and responsibilities of the various stakeholders are as follows:

- The DCEDIY has overall responsibility for the provision of ELC and SAC services including budgeting and is responsible for policymaking, as well as legislation and regulation.
- The Department of Education has responsibility for the curriculum and for inspecting the educational element of provision, as well as for providing inputs to the workforce plan on matters relevant to its own areas of responsibility.
- Tusla's Early Years Inspectorate is the independent statutory regulator for the registration and inspection of ELC and SAC services.
- Pobal is the funding administrator for the various programmes and provides financial administration in respect of the CCC and NVCO.

- ❑ Better Start supports AIM, provides mentoring for services, and provides training to practitioners to assist them in delivering quality early learning and care.
- ❑ The CCC act as co-ordinating bodies between local providers and other agencies in the sector, as well as offer support and advisory services to providers and parents.
- ❑ Childcare Committees Ireland provides a national network for the CCC and acts as the information conduit between the DCEDIY and the CCC.
- ❑ The NVCO provide professional development, training and mentoring on quality practice and guidance on ELC and SAC funding programmes, as well as contribute to policy to improve quality standards. Many of the NVCO are membership organisations.

A number of organisations are involved in a range of tasks that underpin the operating model. Indecon's analysis suggests that around eight different types of organisations are involved in training offered to providers. This training covers compliance, IT systems and child protection, as well as other aspects of professional development. There are also three organisations involved in inspections but an examination of the area of inspection is outside the scope of this Review.

Many of the organisations are engaged in some level of data collection or in communications to providers or the general public. Overall, the review identifies a lack of clarity on the precise roles and responsibilities of some of the organisations within the current operating model, underscoring the motivation for this important Review and the need for a comprehensive analysis of alternative options for an effective operating model.

14.3 Options Identified

Indecon has considered seven potential alternatives to the current operating model. Each option incorporates various degrees of change to accommodate different trade-offs in terms of functions, responsibilities, costs and staffing. A summary of the options considered is shown in Table 14.1.

Table 14.1: Main Options for Reform of Operating Model

1. Creation of a new dedicated statutory agency under the remit of the Minister for Children, Equality, Disability, Integration and Youth responsible for functions currently undertaken by Pobal Early Years, Better Start and CCC.
2. Creation of a dedicated statutory agency without the funding administration function. Responsible for high quality childcare, workforce development, and expansion of Síolta. The status quo would be maintained for other functions.
3. Creation of non-statutory organisation as a separate legal non-profit limited company responsible for functions currently undertaken by Pobal Early Years, Better Start and CCC.
4. Establishment of an executive arm within the DCEDIY dedicated to functions currently undertaken by Pobal Early Years, Better Start and CCC.
5. Expansion of Tusla’s statutory responsibilities to include functions currently undertaken by Pobal Early Years, Better Start and CCC.
6. Reform of existing model with changes to the role of the DCEDIY and consolidation of CCC into a unified entity. The status quo would be maintained for other functions.
7. Transfer of some of the ELC and SAC operating model to local authorities/Department of Education or its agencies.
<i>Source: Indecon</i>

14.4 Option 1 – Creation of a new dedicated statutory agency

Option 1 proposes to establish a statutory agency with overall responsibility for the implementation of the ELC and SAC programmes, including funding administration. This streamlined approach would significantly reduce duplication of activities and simplify the operating model via the integration of Pobal Early Years and Better Start into the new agency.

With this option, it is envisaged that the staff of the CCC would come under the remit of the statutory agency. This agency might also acquire the existing offices of the CCC, which would be disbanded and reformulated as a unified entity that may undertake the functions previously carried out by the CCC. Indecon would avoid being overly prescriptive of the exact structure at this stage, but one of the objectives would be to establish direct engagement between local communities and the DCEDIY. These staff would undertake many of the functions that are best delivered at the local level.

The Department itself would continue to provide strategic direction to the sector, remaining responsible for policymaking, legislation, standards, regulation and budgeting. Its governance and compliance arrangements would centre on the statutory agency, which would take on the operational functions currently performed by the DCEDIY. The Department would also retain responsibility for the provision of services, assisting with supply and demand, while the new agency would support quality improvements and undertake workforce planning.

Notable advantages of this option include the facilitation of internal collaboration across the agency and effective internal governance via the use of employment contracts and defined roles. One of the potential drawbacks is that the new agency may lack agility in terms of staffing, due to the rigidity of public sector contracts and rules on additional recruitment. This means the agency would be restricted in its ability to expand and contract its workforce in response to the level of demand at a particular point in time. These risks of being under- or over-resourced have implications for individual workloads and public sector expenditure.

Better Start (through Pobal) and the CCC currently operate as private companies and receive funding from the DCEDIY. Integrating staff into the public sector could be a more costly option, particularly in the long term (although this point should not be overstated, since staff would be required to operate these functions irrespective of the organisational structure). Within this context, it is important to consider the Transfer of Undertakings (Protection of Employment), or 'TUPE' regulations. These ensure employees' contractual terms and conditions are maintained when they are transferred to another organisation. Any movement of staff may involve matching their contractual terms with the equivalent public sector conditions, including pay scales, which are not always aligned. This might, for example, result in less experienced staff who have been transferred into the new agency being paid the same, or higher, salaries than more senior staff already working in the public sector.

Indecon notes that the establishment of the new agency is likely to involve the transfer of a significant number of personnel. The transfer of staff is likely to result in changes to contractual arrangements. There may be potential HR implications of such a move, including changes in employment policies and practices which would need to be communicated to staff. Employees would need to be set up on some form of HR platform consistent with the public sector, which may require additional resources either via the purchase of software or expansion of same. This would likely involve training of staff on any new IT infrastructure, as well as general costs associated with adding a HR team to the existing public sector. However, these would likely be offset by the resources currently required in the various organisations to undertake various non-ELC/SAC functions such as HR.

Another challenge concerns the requirement for new legislation to establish and empower the statutory agency. While recent legislation to establish the National Childcare Scheme only took a year to enact, the legal requirements allowing the Teaching Council to undertake its functions took a number of years to come into effect. The speed at which the necessary legislation would be enacted is difficult to predict, but it would be contingent on factors including political priorities and the complexities involved. Given that the proposed statutory agency would be absorbing the staff from multiple organisations and functions, Indecon would expect the legislative process to be relatively complex and on the more time-intensive end of the spectrum as a result.

More widely, as well as funding and staff, any new statutory agency would require various infrastructural inputs, including office space and IT systems, etc. The establishment of this infrastructure would involve external stakeholders such as the OPW and DPER, with the process adding to the length of time it would take to operationalise the organisation. The new organisation may also need to recruit a senior management team before the transfer and acquisition of other staff can materialise. This raises the important question of how the operating model would be managed in the interim and what transitional options might be appropriate for facilitating the set-up of the new agency.

The reformulation of the CCC into a unified entity might be perceived as suggesting a loss of local independence. Nevertheless, Indecon would highlight that much of this independence has already been reduced in recent years due to Statement of Work (SoW) agreements with the DCEDIY.

Considerations in relation to Pobal concern the specific activities that would be transferred over – in particular, whether the entire Early Years unit should be subsumed by the statutory agency. It would also be important for a review of Pobal’s IT systems to be undertaken at an early stage of the implementation phase. This review should identify any interdependencies within various IT systems that are currently maintained by Pobal. This review would also need to examine staffing requirements for the different systems, and which Pobal staff would need to transfer over to the new agency to ensure the integrity of IT systems. The review would also examine Pobal’s contractual relationships with external IT providers.

A final consideration relates to change management and acknowledging the importance of understanding, planning, implementing and communicating the change. Striking the right balance in this respect would be crucial for achieving buy-in, both internally and externally, for the new operating model in whatever guise it ultimately takes. While this option would demand significant reform with the accompanying complications and costs, Indecon views this as the necessary level of reform required to deliver a much more integrated, cohesive and streamlined operating model.

The key features of Option 1 can be summarised as follows:

- The statutory agency would undertake the functions currently implemented by Pobal Early Years, Better Start and CCC, as well as the operational functions currently undertaken by the DCEDIY.
- The new agency would be responsible for the administration of funding within the sector and the maintenance of the Early Years infrastructure. The agency would be responsible for the implementation of the workforce plan and would need to take into account emerging developments concerning the new funding model.
- The agency would be responsible for the implementation of all the main ELC and SAC programmes.
- The Board of the new statutory agency would be appointed under the standard public service board appointments system. As a statutory body, it would not require direct ministerial involvement.

A summary of the possible changes to each of the organisations within the operating model that would apply under Option 1 is summarised in Table 14.2.

Table 14.2: Summary of Proposed Changes to Existing Roles (Option 1)

	Description of Changes to Functions
DCEDIY	Maintains overall oversight of system and policy functions; additional responsibility for the monitoring of supply and demand of ELC and SAC places; removal of all operational responsibilities re specific programmes; governance arrangements to focus on the statutory agency.
Statutory Agency	Organisation would be responsible for the funding administration of programmes; provide organisational support to improve quality standards in service provision; support local providers and parents. Also responsible for workforce development.
DE (including DE EY Inspectorate)	No Change (Indecon notes that the inspection and monitoring regime was subject to a recently completed OECD Country Policy review).
Tusla	No Change (Same comment as per above under DE).
Pobal (ex. Better Start)	Pobal's role in the ELC and SAC sector would be reduced; Pobal may continue to support the sector through administration of EU funded schemes. Staff in Pobal Early Years section may transfer to new agency.
Better Start	Staff may become part of the new agency.
CCC	Reformed as a unified entity with staff becoming part of the statutory agency. Increased role to facilitate supporting and obtaining views of parents and targeted outreach.
NVCO	NVCO role to be redefined. Defined functions to be undertaken by NVCO or other relevant bodies and the mechanism by which they are undertaken to be revisited once decisions are made on the operating model.

14.5 Option 2 – Creation of dedicated, standalone agency without funding administration function

Option 2 proposes the establishment of the statutory agency as discussed above, but excluding the responsibility for funding administration, which would remain with Pobal. This approach may limit fragmentation and simplify the system through the integration of Better Start and the staff of the CCC into the statutory agency. In particular, the agency would act as the quality development service for providers via the implementation of *Síolta* and *Aistear* and would deliver continuous professional development for early years practitioners. Under this approach, Pobal Early Years would continue to manage the Early Years IT infrastructure and undertake performance appraisals, among its other existing functions in this area. However, there are also potential weaknesses associated with this option. Although the merging of functions of Better Start and the CCC into a single entity may reduce fragmentation, this option will also mean that Better Start is taken out of Pobal. Currently Pobal and Better Start are co-located. Separating these organisations could exacerbate issues with fragmentation. It will increase complexity in relation to AIM and higher capitation assessment and funding.

In absorbing the staff of the CCC, the new agency would be responsible for delivering support and advice to parents and providers across the country. This is a fundamental aspect of the work of the CCC and is vitally important to retain. For this reason, Indecon proposes the establishment of this new

agency with direct internal links between local and national level. This may help to clarify the current role of CCC and integrate them into the wider system. However, this option does not assume that all functions currently undertaken by CCC would come into the agency. CCC also provide funding support so subsuming CCC into this agency would leave a gap in relation to funding administration. Subsuming part but not all of CCC into the agency would increase fragmentation and complexity. Under this option, any funding support function would remain with Pobal (or move to Pobal if they are currently undertaken by CCC). This is consistent with national governance requirements in terms of reducing the number of funding intermediaries.

Option 2 may improve the system's level of economies of scale, consolidating the administrative burden and facilitating specialist expertise. It would also ensure direct accountability to the DCEDIY through a detailed Oversight Agreement, which would be of particular advantage in terms of the CCC who are currently somewhat removed from the central management system. This would lead to significant benefits in terms of the implementation of national quality frameworks.

The benefits, weaknesses and challenges associated with Option 2 mirror those of Option 1. This option would still involve new primary legislation to underpin the establishment of the statutory agency. This option minimises the implementation of required sweeping reforms that might cause undue stress to the system, taking a more incremental pathway to a new operating model. Yet it still incorporates a substantial level of reform, which would be required for delivering a more cohesive and joined-up operating model whether it was implemented as a standalone option or for facilitating a transition to Option 1. There are potential weaknesses with this option which may have some unintended consequences regarding reducing fragmentation. Better Start is currently co-located with Pobal and under this option any benefits of this current co-location arrangement would be lost. Similarly, this option envisages the CCC becoming part of the statutory agency and performing certain local functions in relation to advice and quality development. CCC currently undertake some funding administration functions and these functions would be transferred to Pobal. This may create complexity with the system. However, such an approach would address the governance issues that have been highlighted previously.

The key features of Option 2 can be summarised as follows:

- The funding administration role and associated compliance work would remain with Pobal.
- All other functions of Pobal would fall under the new statutory agency (including Better Start), and the staff of the CCC could be subsumed by the body.
- Any funding administration functions currently undertaken by CCC would be transferred to Pobal.
- The new agency would take on all operations activities currently performed by the DCEDIY.
- Such a model might represent a transitional model and other functions could be included over time, although it still represents substantial reform as a standalone option.

A summary of the possible changes to each of the organisations within the operating model under Option 2 is summarised in Table 14.3.

Table 14.3: Summary of Proposed Changes to Existing Roles (Option 2)

	Description of Changes to Functions
DCEDIY	Maintains overall oversight of system and policy functions; additional responsibility for the monitoring of supply and demand of ELC and SAC places; removal of all operational responsibilities re specific programmes; governance arrangements with the new agency and with Pobal.
Statutory Agency	Organisation would support improved quality standards in service provision; supports for local providers and parents. Responsible for promotion of high-quality childcare workforce development and expansion of Síolta.
DE (including DE EY Inspectorate)	No Change (Indecon notes that the inspection and monitoring regime was subject to a recently completed OECD Country Policy review).
Tusla	No Change (same comment as DE).
Pobal (ex. Better Start)	Pobal would remain as funding administrator and have a direct governance arrangement with DCEDIY re administration of Early Years schemes.
Better Start	Staff may become part of the new agency.
CCC	Staff would become part of the new agency, with the CCC consolidated into a single, unified entity. Increased role to facilitate supporting and obtaining views of parents. Any funding administration work currently undertaken by CCC would be transferred to Pobal.
NVCO	NVCO role to be redefined. Defined functions to be undertaken by NVCO or other relevant bodies and the mechanism by which they are undertaken to be revisited once decisions are made on the operating model.

14.6 Option 3 – Creation of non-statutory organisation as a separate, non-profit limited company

Option 3 proposes the establishment of a non-statutory organisation as a standalone, non-profit limited company. It would take on responsibility for funding administration and would incorporate the functions and staff of Pobal Early Years, Better Start and the CCC. This non-statutory body would provide organisational support to improve quality standards in service provision and would deliver support to ELC and SAC providers and parents, among other activities.

Unlike Options 1 and 2, Option 3 would avoid any additional costs involved in transferring staff into a public body, as well as some of the contractual and industrial relations issues discussed previously. One of the main challenges, however, involves the transfer of employees into a new private company.

Nevertheless, Indecon notes that non-profit limited companies reserve the right to increase their administration fees as necessary. As not-for-profits, these fees are only intended to cover costs, so we would not anticipate any undue increase in costs associated with this option. The downside compared to Options 1 and 2 is that the governance arrangement would be less clearly defined because, as a private company, the organisation would not be reporting directly to the DCEDIY. Instead, it would report to its own board. This board could be appointed by the Minister as is the case with Pobal and the Minister for Rural and Community Development. There is also the option that this new non-profit

limited company has direct links with Pobal which may facilitate staff transfers. However, at this stage, the analysis is undertaken on the basis that a new non-profit company is established.

There are two significant advantages to establishing a non-statutory body. The first is that it would be quicker to set up and operationalise, as it would not need to be underpinned by primary legislation. The second is that it would have much more agility, as its terms and conditions would be very different to those of a statutory body, and it would not be subject to the same type of public expenditure sanction as a public body. It would have more flexibility in terms of managing staffing, which would assist in preventing the organisation from becoming under- or over-resourced along with the related issues in terms of individual workloads and staff costs. This option would also reduce fragmentation, establish a clear link between the operating system and services, and produce economies of scale.

The key features of Option 3 can be summarised as follows:

- The new body would undertake the functions currently implemented by Pobal Early Years, Better Start and CCC, as well as the operational functions currently undertaken by the DCEDIY.
- The new body would be responsible for the administration of funding within the sector and the maintenance of the Early Years infrastructure and would need to take into account emerging developments concerning the new funding model.
- The new body would be responsible for the implementation of all the main ELC and SAC programmes.
- The new body would be established as a non-profit limited company.
- The new company would be responsible for high quality ELC and SAC, workforce development and the implementation of Síolta.
- A new Board of Directors would be required (appointed by the Minister), with specialist expertise in childcare and in governance. As a result, governance would become less transparent because the company would not be reporting to the Department.

A summary of the possible changes to each of the organisations within the operating model under Option 3 is shown in Table 14.4.

Table 14.4: Summary of Proposed Changes to Existing Roles (Option 3)

	Description of Changes to Functions
DCEDIY	Maintains overall oversight of system and policy functions; additional responsibility for the monitoring of supply and demand of childcare places; removal of operational responsibilities re specific programmes. Enhanced governance arrangements with new non-statutory organisation.
Non-Statutory Organisation	Organisation would be responsible for the funding administration of programmes; providing organisation support to improve quality standards in service provision; supports for local providers and parents.
DE (including DE EY Inspectorate)	No Change (Indecon notes that the inspection and monitoring regime was subject to a recently completed OECD Country Policy review).
Tusla	No Change (same comment as DE).
Pobal (ex. Better Start)	Pobal's direct role in the ELC and SAC sector would be reduced; Pobal may still support the sector through administration of EU funded schemes.
Better Start	Staff may become part of the new Non-Statutory Organisation.
CCC	Staff may or may not become part of the new Non-Statutory Organisation. An alternative would be to consolidate the CCC into a unified entity with local and regional offices. Increased role to facilitate supporting and obtaining views of parents and targeted outreach.
NVCO	NVCO role to be redefined. Defined functions to be undertaken by NVCO or other relevant bodies and the mechanism by which they are undertaken to be revisited once decisions are made on the operating model.

14.7 Option 4 – Establishment of an Executive Arm

Option 4 proposes the establishment of an executive arm of the DCEDIY, with responsibility for the funding administration of programmes. Similar to Options 1 and 3, it would absorb the staff and functions of Pobal Early Years, Better Start and the CCC, with these employees becoming civil servants of the agency. In this way, it would take ownership of workforce planning, training and continuous professional development, and management of the Early Years Platform and Hive, among other activities. Importantly, there would be a very clear governance structure, whereby the executive arm would report to, and be held accountable by, the DCEDIY. Operational issues such as resource allocation and service provision may also come under the purview of the Minister.

It is envisaged that the headcount of this executive agency would be somewhere in the region of 500-600, which is a substantial addition to the civil service. This would also be substantially larger than the current size of the DCEDIY. In this context, it is worth highlighting that the staff of Pobal Early Years, Better Start and the CCC were effectively being paid by the public purse via funding and fees charged to the DCEDIY. Any additional costs may therefore occur through the equivalisation of contracts as staff are transferred from these organisations into the executive agency, and in providing civil service pensions. As with Options 1 and 2, the executive agency would be limited in its ability to appropriately manage staffing in response to periods of low/high levels of demand.

As discussed under Option 1, the executive arm would require its own funding, staffing and infrastructure, including office space and IT systems, etc. The process involved in providing these

supports, such as engagement with the OPW and DPER, would slow down the establishment of the agency. Nevertheless, we would expect the overall process to be speedier than in the case of setting up a statutory body because it would not encounter the potential delays associated with passing and enacting primary legislation. However, a detailed implementation plan may mean that the overall time needed to establish the new agency may be similar between Options 1 and 4. This depends on whether key implementation tasks are advanced in parallel or sequentially. Significant work will be required in relation to industrial relations and ICT and any new legislation could be progressed while these issues are being advanced.

A downside of this option is that the DCEDIY may become directly involved in day-to-day operational issues, as the new executive arm would be part of the DCEDIY. There may also be confusion in the distinction between the two bodies and the roles involved. Typically, the responsible Minister has no direct influence in the day-to-day operations of organisations designated to provide particular services.

With this model, it may also be more difficult to build up a cohort of specialists. Although staff joining from Pobal Early Years, Better Start and the CCC would be specialists, the civil service largely recruits on a generalist basis. That means the level of specialism may decrease as staff retire. In addition, there may be some conflicts of interest with regards to DCEDIY's oversight role and the executive arm acting as service provider. This may transpire where the DCEDIY undertakes reviews and evaluations of the services provided. However, other executive agencies exist across the public service and this distinction has been established.

The key features of Option 4 can be summarised as follows:

- Establishment of an executive arm within the DCEDIY dedicated to ELC and SAC.
- There is also the possibility that the funding administration role and associated compliance remains with Pobal.¹⁴⁸
- This option would not require new primary legislation and the executive agency would not be statutorily independent of the DCEDIY.
- This option may lead to additional operational responsibilities for the DCEDIY.
- There may be a loss of specialist knowledge as the agency matures and some conflict of interest between the DCEDIY as regulator and the executive arm as service provider.

A summary of the possible changes to each of the organisations within the operating model under Option 4 is summarised in Table 14.5.

¹⁴⁸ However, all scoring has been undertaken on the basis that the Option is implemented in full.

Table 14.5: Summary of Proposed Changes to Existing Roles (Option 4)

	Description of Changes to Functions
DCEDIY	Maintains overall oversight of system and policy functions; additional responsibility for the monitoring of supply and demand of ELC and SAC places. Governance arrangement with executive arm.
Executive Arm of the DCEDIY	Executive arm of the DCEDIY would be responsible for the funding administration of programmes; providing organisation support to improve quality standards in service provision; supports for local providers and parents. Also responsible for workforce development.
DE (including DE EY Inspectorate)	No Change (Indecon notes that the inspection and monitoring regime was subject to a recently completed OECD Country Policy review).
Tusla	No Change (same comment as DE).
Pobal (ex. Better Start)	Pobal's role in the ELC and SAC sector would be reduced; Pobal would continue to support the sector through administration of EU funded schemes; staff in Pobal Early Years section may join executive arm.
Better Start	Staff may become part of the executive arm of the DCEDIY.
CCC	Staff may or may not become part of the executive arm. An alternative would be to consolidate the CCC into a unified entity with local and regional offices. Increased role to facilitate supporting and obtaining views of parents.
NVCO	NVCO role to be redefined. Defined functions to be undertaken by NVCO or other relevant bodies and the mechanism by which they are undertaken to be revisited once decisions are made on the operating model.

14.8 Option 5 – Increased Functions for Tusla

Option 5 proposes assigning statutory responsibility for funding administration, as well as the functions and staff of Better Start and the CCC, to Tusla. The state agency would also take on workforce development and the implementation of the new funding model and would manage the Early Years Platform and the Hive. Part of its remit would also include the provision of advice and support to service providers and parents, as well as the delivery of training and continuing professional development, among other responsibilities.

Many of the challenges associated with this option mirror those of Option 1, since Tusla is an independent statutory agency. It is likely that additional legislation would be required to integrate these new responsibilities into the agency. This would potentially draw out the process over a longer period of time. Since Tusla was established in 2014 (under the Child and Family Agency Act 2013), it is also a relatively young agency and may not be in a position to absorb the level of change involved. On the other hand, a lengthy legislative process might afford the agency the additional time it needs to prepare for any new responsibilities.

The remit of Tusla is set out in the Child and Family Act 2013. Key responsibilities include “supporting and promoting the development, welfare and protection of children and the effective functioning of families”. These key responsibilities are wider than just child protection and also include the

development of children. It is clear that the current ELC/SAC system plays an important role in child development and there may be a justification for further involvement of Tusla in the system.

Beyond these considerations, it is worth highlighting that Tusla is a large organisation, with the capacity to potentially integrate a high number of staff from Pobal Early Years, Better Start and the CCC. Nevertheless, the section of Tusla that deals with registrations and inspections only forms a small part of Tusla's overall operation. It is further unclear if the management of a ELC and SAC model is consistent with its typical operational model, which deals with child protection. As such, there would be an obvious adjustment process required to ensure an effective transfer of responsibilities.

Alongside this, it would be necessary to explore the appropriateness of assigning operational functions to a regulatory body. Under this option, one part of Tusla may be responsible for assisting providers in improving compliance with regulations. Another part of the agency would be responsible for undertaking inspections to evaluate this compliance. This situation may create confusion among providers.

On the other hand, this may produce complementarities. Inspections are not limited to compliance and also seek to enhance quality among service providers. As such, close integration between the two functions may help to ensure the findings of inspections lead to the delivery of appropriate supports that assist with quality improvement and compliance via training, mentoring and/or advice. In addition, lessons gathered through inspections may be used to inform future development of policy and quality support services.

Indecon would also highlight that Tusla has existing infrastructure and a local presence that could be very helpful in delivering support and advice to providers and parents nationwide. Indecon also notes that Tusla was involved in the transfer of the CYPSCs from the non-profit sector to the public sector. Existing staff of the CYPSCs are now part of Tusla. This process involved detailed stakeholder consultation and negotiation and could be useful example to consider for the options that involve the movement of staff.

The key features of Option 5 can be summarised as follows:

- Assigning statutory responsibility for funding administration, as well as the functions and staff of Better Start and the CCC, to Tusla.
- This option may require additional legislation, which may lengthen the time taken to complete the transition.
- It is unclear if the management of a ELC and SAC model is consistent with Tusla's typical operational model, which deals with child protection and development.
- Bringing operations alongside inspections may produce complementarities whereby the findings of inspections enhance quality improvement and are integrated into future policy developments.

A summary of the main structural characteristics of Option 5 is presented in Table 14.6.

Table 14.6: Summary of Proposed Changes to Existing Roles (Option 5)

	Description of Changes to Functions
DCEDIY	Maintains overall oversight of system and policy functions; additional responsibility for the monitoring of supply and demand of ELC and SAC places; removal of all operational responsibilities re specific programmes. Updating governance arrangements between the DCEDIY and Tusla.
DE (including DE EY Inspectorate)	No Change (Indecon notes that the inspection and monitoring regime was subject to a recently completed OECD Country Policy review).
Tusla	Tusla would be responsible for the funding administration of programmes; providing organisation support to improve quality standards in service provision; supports for local providers and parents. An issue under this option would be whether Tusla would also be responsible for workforce development and the implementation of the new funding model. Tusla would also remain as the statutory regulator for the sector.
Pobal (ex. Better Start)	Pobal's role in the ELC and SAC sector would be reduced; Pobal would continue to support the sector through the administration of EU funded schemes.
Better Start	Staff may become part of Tusla.
CCC	Staff may or may not become part of Tusla. Increased role to facilitate supporting and obtaining views of parents.
NVCO	NVCO role to be redefined. Defined functions to be undertaken by NVCO or other relevant bodies and the mechanism by which they are undertaken to be revisited once decisions are made on the operating model.

14.9 Option 6 – Reform of existing model with changes to the role of the DCEDIY and consolidation of CCC

Option 6 proposes consolidating the staff of the CCC into a unified entity and establishing formal links with Better Start. This organisation would be a national organisation, but with regional and local offices. It is envisaged that each local office would have a local advisory group, which would act as a conduit with an overarching National Board of Management. This Board would, in turn, report to the DCEDIY.

The advantage of this option is that it would help to consolidate and harmonise the CCC structure, with the National Board acting to ensure policies and procedures were consistently applied across the network. It may be difficult to achieve buy-in from all CCC, who may view this as an erosion of their independence. However, the local advisory groups would channel community needs and concerns upwards, helping to ensure these are represented at a national level. (As highlighted previously, much independence has already been reduced via the SoW agreements with the DCEDIY).

This option would likely result in some level of improvement in services provision and in governance via a more consolidated model. It would not address some of the concerns regarding the current model.

The key features of this option can be summarised as follows:

- The DCEDIY would relocate some operational responsibilities to Pobal.
- The role of the CCC would be modified to improve governance and reporting structures. This would involve the establishment of CCC as a unified entity with regional boards. Local offices would continue.

A summary of the possible changes to each of the organisations within the operating model under Option 6 is summarised in Table 14.7.

Table 14.7: Summary of Proposed Changes to Existing Roles (Option 6)	
	Description of Changes to Functions
DCEDIY	Maintains overall oversight of system and policy functions; additional responsibility for the monitoring of supply and demand of childcare places; removal of operational responsibilities re specific programmes.
DE (including DE EY Inspectorate)	No Change (Indecon notes that the inspection and monitoring regime was subject to a recently completed OECD Country Policy review).
Tusla	No Change (same comment as DE).
Pobal (ex. Better Start)	Pobal would remain as the funding administrator; responsibility for operation of various programmes; governance arrangements to be reviewed with the DCEDIY.
Better Start	No change and would remain responsible QDS, AIM and CPD supports; establish formal links with the CCC.
CCC	Consolidate the CCC into a unified entity with local and regional offices; increased role to facilitate supporting and obtaining views of parents and targeted outreach.
NVCO	NVCO role to be redefined. Defined functions to be undertaken by NVCO or other relevant bodies and the mechanism by which they are undertaken to be revisited once decisions are made on the operating model.

14.10 Option 7 - Transfer of some of the ELC and SAC operating model to Local Authorities and agencies of the Department of Education

Option 7 proposes incorporating the CCC into the Local Authority structure and establishing formal links with Better Start. It also suggests reallocating certain functions related to AIM to the National Council for Special Education, as well as transferring ELC and SAC-related functions currently performed by outside organisations to existing agencies within the Department of Education. It is envisaged that each CCC would have a local advisory group, as in Option 6, which would act as a conduit with an overarching National Board of Management. The Board would, in turn, report to the DCEDIY. The individual CCC would be governed within the Local Authority structure in similar ways as the Local Enterprise Offices.

The advantage of this option is that it would help to consolidate and harmonise the CCC structure, with the National Board acting to ensure policies and procedures are consistently applied across the

CCC network. As with Option 6, it may be challenging to achieve buy-in from the CCC. However, again, it is likely that local advisory groups would channel community needs and concerns upwards, helping to ensure these are represented at a national level. We note that one CCC is currently under the local authority structure.

This option would also bring the Irish system closer to other models across Europe, with local authorities playing a key role in the delivery of ELC and SAC in Scotland, Norway and the Netherlands as discussed in the International Review. Nevertheless, these countries go much further, with local authorities responsible for funding administration and ensuring sufficient provision for their communities. It is notable within this context that Scotland's local authorities are similar in size to Ireland's, albeit there are variations in young child population densities – with Cork and Dublin particularly densely populated by comparison.

The main downside of this option is that it may not be sufficiently radical and may lead to further fragmentation. The consolidation of certain ELC and SAC functions into agencies of the Department of Education is unlikely to assist in reducing fragmentation across the operating model. The system would still be subject to a lack of cohesion given the distribution of tasks across a large number of organisations. This continued fragmentation would limit efforts to improve efficiency and effectiveness. There might also be resistance at the local level to maintain the status quo, which could ultimately prohibit its implementation while using up valuable time and resources in the interim.

The key features of this option can be summarised as follows:

- Local authorities would play a more involved role in the ELC and SAC operating model. This would be aligned with the experience in other countries. However, Indecon notes that the role and funding of local authorities are very different than in other countries but for completion, this is presented. It is unclear whether this option would address the scale of reforms needed.
- Key role envisaged is that local authorities would assume governance responsibilities for CCC. There is already one case where this has applied. These functions would typically relate to the administration duties that CCC currently undertake.
- We also consider functions that may be transferred to the various agencies under the remit of the Department of Education. Some of these agencies perform functions that are related to the ELC and SAC operating model.

A summary of the possible changes to each of the organisations within the operating model under Option 7 is summarised in Table 14.8.

Table 14.8: Summary of Proposed Changes to Existing Roles (Option 7)	
	Description of Changes to Functions
DCEDIY	Maintains overall oversight of system and policy functions; additional responsibility for the monitoring of supply and demand of ELC/SAC places; removal of operational responsibilities re specific programmes.
DE (including DE EY Inspectorate)	No Change in relation to inspection (Indecon notes that the inspection and monitoring regime was subject to a recently completed OECD Country Policy review). Relevant functions are transferred to various existing educational agencies.
Tusla	No change.
Pobal (ex. Better Start)	Pobal would, under this option, remain responsible for scheme administration and would take over some of the operational functions of the DCEDIY.
Better Start	Some functions relating to AIM could be transferred to NCSE.
CCC	Staff may become part of the Local Authority structure with governance, administration, HR and IT coming under the Local Authority structure. An alternative would be to consolidate the CCC into a unified entity with local and regional offices. Increased role to facilitate supporting and obtaining views of parents.
NVCO	NVCO role to be redefined. Defined functions to be undertaken by NVCO or other relevant bodies and the mechanism by which they are undertaken to be revisited once decisions are made on the operating model.

15 Costs of different organisational structures

15.1 Overview of Cost Implications

As any structural reform will have cost implications and in evaluating the options, it is important to take account of the main categories of potential cost impacts. These should be considered within the context of the wider policy objectives and how the reforms may assist in enhancing overall effectiveness. The cost implications will depend on how the reforms are implemented and policy decisions that have as yet not been made. For example, if a new organisation is being established, would the requirements for office accommodation be met by a new integrated property solution or would existing office accommodation be utilised? Similarly, there are issues relating to the salary structures and pension contributions that are likely to be determined, in part, by negotiation, taking account of the legal rights of existing employees. There will also be cost differences depending on whether staff become public servants and whether a new statutory agency is established.

As well as ongoing annual cost differences, there will be some upfront once-off costs. Under certain options, these could include any costs of exiting from office leases if new premises are required. In such circumstances, there would be fit-out costs of any new accommodation. Depending on the implementation plans, an issue is whether existing technology and systems could be utilised. If not, there would be the upfront costs of investment in IT. Such investments would also have benefits in terms of improved services and regulatory compliance. The costs of enhanced technology and administrative systems could potentially be recouped, at least in part, over time in resultant efficiencies. If a new organisation was established, there would also be marketing/legal and advisory costs during the implementation and start-up phases. A detailed implementation plan which would set out the different cost implications of implementation decisions is outside the scope of this study. These aspects of implementation should be carefully evaluated once the strategic policy decisions are made. Implementation plans should focus on minimising any additional costs and in realising the potential benefits. In examining the categories of costs, the potential for operating cost savings and improved efficiencies is noted. The implications for how costs could change when wider policy reforms and investments are made are also relevant. At this stage, Indecon can only estimate preliminary costs in comparison to the current operating model.

The main categories of costs which should be taken into account are presented in Table 15.1 overleaf. In subsequent sections of this note, some very indicative estimates of potential cost impacts for these cost elements are presented. These are commercially sensitive as many of the cost impacts will be determined by subsequent negotiations and by implementation decisions that have yet to be decided. It was, however, believed that including some indicative estimates of potential costs could be helpful to the Oversight Group.

Table 15.1: Main Areas of Potential Cost Differences

Table 15.1: Main Areas of Potential Cost Differences			
Capital Costs	Annual Operating Cost Differences		
<ul style="list-style-type: none"> • Once-off establishment costs including marketing/legal and advisory costs. • Cost of exits from existing property leases. • Fit-out costs of new office accommodation. • Technology/system costs 	<ul style="list-style-type: none"> • Differences in salaries if employees become public servants. • Costs of any higher differential salaries in public service. 	<ul style="list-style-type: none"> • Differences in pension costs if employees become public servants. • Costs of higher public service pensions. 	<ul style="list-style-type: none"> • Potential operating cost savings due to economies of scale. • Potential savings from reductions in number of staff. Any redundancy costs also need to be taken into account. • Operational/procurement savings.
<i>Source: Indecon</i>			

In addition to the different potential costs mentioned previously, Indecon would like to note that Pobal operates applying a management fee representing 20% of the direct delivery costs which is “charged to cover the cost of providing corporate services such as human resources, internal compliance & corporate governance, internal financial control, procurement, business planning, freedom of information, data protection and communication.”¹⁴⁹ Indecon understands that savings related to management fee underspend are also used for non-staffing purposes. The costs associated with this management fee are not included in the estimated costs as it is likely that these costs would be necessary to cover the costs of the different functions outlined above across the different options. However, for context, the management fee for 2021 was €4.5m.

For the more fundamental change, such as the creation of a new agency or body, it is likely that the full management fee would transfer to the cost of maintaining central corporate functions as described above. For other options which utilise existing structures, it is possible that savings could be made as the above functions are already in place in those organisations.

15.2 Annual Salary Costs

The following table sets out a summary of the indicative potential salary and employer PRSI costs for each of the new options identified, as well as the costs associated with the existing model. The underlying assumptions in these indicative estimate costs are outlined subsequently. These estimates assume existing employee numbers and if numbers increase or decline this will impact the cost differentials.

¹⁴⁹ <https://www.pobal.ie/app/uploads/2021/10/Periodic-Critical-Review.pdf>

Table 15.2: Estimated Annual Cost of Options – Direct Staff Costs (Salary and Employers PRSI) (€ Million)

	DCEDIY	New Agency	DE (inc. DE EYI)	Tusla	Pobal (ex. Better Start)	Better Start	CCC	LAs	Total
Existing operation model	4.95	0.00	1.04	5.97	11.53	7.64	8.73	0.00	39.87
Option 1 - Creation of new dedicated statutory agency, under the remit of the Minister for Children, Equality, Disability, Integration and Youth. Responsible for functions currently undertaken by Pobal Early Years, Better Start and the CCC.	4.95	29.34	1.04	5.97	0.00	0.00	0.00	0.00	41.31
Option 2 - Creation of dedicated statutory agency (without the funding administration function). Responsible for high quality childcare, workforce development, and expansion of Sólta. The status quo would be maintained for other functions.	4.95	17.13	1.04	5.97	11.53	0.00	0.00	0.00	40.62
Option 3 - Creation of non-statutory organisation as a separate legal non-profit limited company responsible for functions currently undertaken by Pobal Early Years, Better Start and CCC.	4.95	27.90	1.04	5.97	0.00	0.00	0.00	0.00	39.87
Option 4 - Establishment of an executive arm within the Department dedicated to ELC and SAC.	34.30	0.00	1.04	5.97	0.00	0.00	0.00	0.00	41.31
Option 5 - Expansion of Tusla's statutory responsibilities to include functions currently undertaken by Pobal Early Years, Better Start and CCC.	4.95	0.00	1.04	35.34	0.00	0.00	0.00	0.00	41.33
Option 6 - Reform of existing model with changes to the role of the Department and consolidation of the CCC. The status quo would be maintained for other functions	4.95	0.00	1.04	5.97	11.53	7.64	8.73	0.00	39.87
Option 7 - Transfer of some of the ELC and SAC operating model to Local Authorities/Department of Education or its agencies *	4.95	0.00	3.07	5.97	11.53	5.73	0.00	8.73	39.98
* For Option 7, we assume that all CCC staff remain on their current salary. We assume that 25% of Better Staff would move to D/Education									
Source: Indecon									

15.3 Pension Costs

In examining the costs of different organisational options, the calculation of pension contributions is an important one given the differences in public sector pension employee costs under certain operating models. Subject to the Department obtaining legal advice, we have in our estimates assumed that if employees transfer to a statutory agency or department, public sector pension provisions will apply. Public sector pension costs are significant, with a recent DPER review of pension costs indicating that over €3.3 billion was paid to former public service employees in 2016.¹⁵⁰ There have, however, been changes in recent years to the cost of pensions, with new entrants to the public service since January 1st, 2013, joining the Single Public Service Pension Scheme. The average cost to the Exchequer of pensions for the pre-2013 cohort is estimated to be 29% of pensionable salary, compared to 9% for the post-2013 cohort.¹⁵¹

As part of any implementation plan, it will be necessary to obtain legal advice on whether any transfer of staff to a department or state agency would involve providing public sector pensions and the rate

¹⁵⁰ <https://paycommission.gov.ie/wp-content/uploads/DPER-pensions.pdf>

¹⁵¹ "The overall notional employer rate is calculated as a percentage of pensionable salary and is net of employee contributions but not Pension Related Deduction ("PRD"). PRD, which operates progressively, equates to approximately 5% of pensionable salary for the average public service employee" (Ibid)

at which pension provisions would apply. In our analysis, we consider a mid-point between the rate for new entrants and for existing employees which are 9% and 29%, respectively. This assumes a 19% uplift in annual salary costs for employees transferring to a state employer, to take account of higher public sector pensions. We also model a 9% and a 29% uplift as sensitivities. The 29% rate would only apply if all staff transferring were eligible for the 29% rate. Our preliminary indicative estimate of pension costs of each option under the specified assumptions is presented in the next table.

Table 15.2: Estimated Annual Cost of Options –Pension Costs (€ Million) Based on 19% Assumption¹⁵²									
	DCEDIY	New Agency	DE (inc. DE EYI)	Tusla	Pobal (ex. Better Start)	Better Start	CCC	LAs	Total
Existing operating model	0.85	0.00	0.18	1.02	0.86	0.57	0.71	0.00	4.20
Option 1 - Creation of new dedicated statutory agency, under the remit of the Minister for Children, Equality, Disability, Integration and Youth. Responsible for functions currently undertaken by Pobal Early Years, Better Start and the CCC.	0.85	5.03	0.18	1.02	0.00	0.00	0.00	0.00	7.09
Option 2 - Creation of dedicated statutory agency (without the funding administration function). Responsible for high quality childcare, workforce development, and expansion of Síolta. The status quo would be maintained for other functions.	0.85	2.94	0.18	1.02	0.86	0.00	0.00	0.00	5.86
Option 3 - Creation of non-statutory organisation as a separate legal non-profit limited company responsible for functions currently undertaken by Pobal Early Years, Better Start and CCC.	0.85	2.15	0.18	1.02	0.00	0.00	0.00	0.00	4.20
Option 4 - Establishment of an executive arm within the Department dedicated to ELC and SAC.	5.88	0.00	0.18	1.02	0.00	0.00	0.00	0.00	7.09
Option 5 - Expansion of Tusla's statutory responsibilities to include functions currently undertaken by Pobal Early Years, Better Start and CCC.	0.85	0.00	0.18	6.06	0.00	0.00	0.00	0.00	7.09
Option 6 - Reform of existing model with changes to the role of the Department and consolidation of the CCC. Status quo would be maintained for other functions.	0.85	0.00	0.18	1.02	0.86	0.57	0.71	0.00	4.20
Option 7 - Transfer of some of the ELC and SAC operating model to Local Authorities/Department of Education or its agencies.	0.85	0.00	0.53	1.02	0.86	0.43	0.00	1.50	5.19
Source: Indecon									

¹⁵² Under the existing model Indecon assume use the Employer Contribution figure from Pobal's Annual Report which Indecon have allocated to The Early Years and Better Start elements based on the percentage of staffing expenditure in each of these. Pension costs are estimated using the 19% parameter when staff are moved into civil service or LA pay grades. However, where the function remains with Pobal or moves to a non-statutory agency as a non-profit the existing pension estimates are used. Additionally, 9% is the parameter used in the existing model for CCCs as the existing expenditure structure suggests a lower pension cost than would be the case is staff moved into the civil service of LA structure.

As a sensitivity, we consider the pension costs among an additional 9% and an additional 29%, but only where staff move from a non-public sector employer to a public sector organisation.

Table 15.3: Estimated Annual Cost of Options – Pension Costs (€ Million) (Sensitivities)			
	Pension Costs		
	9% (Post-2013)	19%	29% (Pre-2013)
Existing operating model	3.12	4.20	5.28
Option 1 - Creation of new dedicated statutory agency, under the remit of the Minister for Children, Equality, Disability, Integration and Youth. Responsible for functions currently undertaken by Pobal Early Years, Better Start and the CCC.	3.36	7.09	10.82
Option 2 - Creation of dedicated statutory agency (without the funding administration function). Responsible for high quality childcare, workforce development, and expansion of Síolta. The status quo would be maintained for other functions.	3.23	5.86	8.48
Option 3 - Creation of non-statutory organisation as a separate legal non-profit limited company responsible for functions currently undertaken by Pobal Early Years, Better Start and CCC.	3.12	4.20	5.28
Option 4 - Establishment of an executive arm within the Department dedicated to ELC and SAC.	3.36	7.09	10.82
Option 5 - Expansion of Tusla's statutory responsibilities to include functions currently undertaken by Pobal Early Years, Better Start and CCC.	3.36	7.09	10.82
Option 6 - Reform of existing model with changes to the role of the Department and consolidation of the CCC. The status quo would be maintained for other functions.	3.12	4.20	5.28
Option 7 - Transfer of some of the ELC and SAC operating model to Local Authorities/Department of Education or its agencies.	3.14	5.19	7.24

Source: Indecon

15.4 Upfront Costs

There are likely to be upfront costs associated with the structural reform and organisational changes under different options. These will be determined by decisions made during the implementation phase of the reform programme and may also be influenced by staff negotiations. Some of the likely upfront costs may include:

- Once-off establishment costs including marketing/legal and advisory costs
- Cost of exits from existing property leases
- Fit-out costs of new office accommodation
- Technology/system cost

If as part of an implementation plan, the decision is made to integrate office accommodation for any organisation, there could be costs associated with exiting of leases and office rental and fit-out costs. There are currently 31 offices registered to the CCC. There are also eight different Better Start offices currently in use. While a detailed legal review of contractual obligations on existing leases would be required to consider if there would be any costs of exiting leases, we have in our preliminary modelling included an indicative once-off cost of €1.5 million. If as part of an implementation plan there was a decision made to lease new offices, there would also likely be fit-out costs involved. Some estimates of fit-out costs per square metre are presented below.

Table 15.4: Indicative Estimates of Fit-out Costs	
	Cost range (€) per Metre Squared
Basic open plan	500-850
High end	1,250-1,650
Corporate HQ	1,600-2,300
Open plan workstation	1,360-3,400
<i>Source: O'Leary Sludds Architects</i>	

The levels of any office fit-out costs will be determined by the average space that is required by each employee. Research by Savills¹⁵³ indicates that the average space required for office employees is estimated to be 10.3 square metres per person. We estimate the overall workforce of the new agency will be 656 in line with existing staff numbers. The exact number of staff will depend on a number of issues that will be resolved during implementation. Based on assuming that the fit-out costs would be at the lower end of the Open plan workstation range indicates an upfront cost of around €9.2 million.

There may also be additional rental costs involved in any move to new office buildings. The costs will depend on the location of the buildings and how rental costs may vary compared to exiting leases. It may be appropriate to assume an additional annual rental cost of €0.5 to €1.0m. Where an integrated agency is proposed we assume additional annual costs of €0.75m in rental expenses.

Any new agency may require staff to work with the same IT system. This is likely to involve additional costs in terms of new IT hardware and software. However, there be cost efficiencies achieved here as for example, software licences may be acquired through central government procurement. The

¹⁵³ <https://pdf.euro.savills.co.uk/ireland-research/offices-mim-q1-2019-web.pdf>

typical costs involved could include €100 per software licence and close to €1,000 if new hardware is needed. Assuming a staffing level of around 656 would indicate start-up IT costs of around €0.72 million. It is also likely that the new agency will need a dedicated website and secure domain. There are also likely to be some costs involved in the transfer of existing IT systems into the new agency. This is likely to be a specific project which may take 18 months to complete. There will be significant time costs for staff or advisors in implementation. An indicative assumption of once-off upfront IT costs of €2m is assumed, but further work on this is needed during the implementation phase.

Other once-off establishment

There are also likely to be other set-up costs involved in the establishment of a new agency. These include legal marketing and administrative costs. There may also be recruitment costs involved in the appointment of the senior management team of the new agency. However, these decisions will be made during the implementation phase, and it is not possible to put exact figures on these types of costs at this stage. However, our modelling assumes indicative upfront costs of €1m.

15.5 Potential Cost Savings

The proposed reforms are likely to lead to potential cost savings. These relate to the benefits of economies of scale and scope. Some estimates suggested that the reforms of the ETB sector were expected to have led to cost savings of around €2.1 million per year. These reforms resulted in the reduction of 33 VECs to 16 ETBs. These savings, however, are related to organisations with much larger budgets. If an adjustment was made for differences in staff numbers in the childcare operating model it would imply potential annual cost savings of €43,000.^{154,155} However, there may be potential for a higher level of savings relating to staff or other efficiency gains which could be realised. These may require redundancy payments and would be subject to negotiations. Cost savings are, however, likely to be achieved due to savings in relation to shared service type functions like HR, ICT, Audit and Compliance which are undertaken by each of the organisations within the operating model. Under a more centralised structure, these functions would be undertaken by specialist divisions within the consolidated organisation. This could result in both cost savings and improvements in the quality of service. Given the uncertainty on potential costs savings, it is prudent to not include an estimate of potential cost savings in the modelling.

¹⁵⁴ Indecon notes that a subsequent presentation to the Public Accounts Committee (Periodic Report November – December 2017) included information provided by the Department of Education and Skills on estimates of savings made by ETB since their establishment in 2013. This included an estimated saving of €1.7m in ETB Chief Executive Officer salaries arising from the decrease in number of CEOs from 33 to 16. It was not evident if this involved any redundancy costs or if the estimate was savings over a number of years. Similarly, it was estimated cost savings of €7.66m in administrative and maintenance staff pay for all ETB consultants over the three years 2013 – 2016 suggesting an annual savings of approximately €2.55m. Joint procurement through ETBI was estimated at €3.88m over the period. In addition, annual savings of €680,000 annually was estimated for the surrender of leases on 3 former head offices of VECs. There were also estimated payroll savings in Education Shared Business Services and in ESBS Finance. These, however, involved upfront costs. For example, €16.5m had been paid to establish ESBS payroll system and it was anticipated that the cost of this would be recouped in savings over 8 years after its launch. In addition, upfront costs of €7.8m had been paid to establish ESBS Finance and it was anticipated that the cost would be recouped 5 years after launch.

¹⁵⁵ There are approximately 32,000 employees in the ETBs across the country (<https://www.etbi.ie/etbs/>).

15.6 Overall Indicative Cost Estimates

In the table below a breakdown of the estimated once-off upfront costs of different options is presented.

Table 15.5: Indicative Potential Once-Off Establishment Costs				
	Cost of exit from existing property leases	Fit-out costs of new accommodation	Technology /systems costs	Other establishment costs including marketing, legal and advisory costs
Existing operating model				
Option 1 - Creation of new dedicated statutory agency, under the remit of the Minister for Children, Equality, Disability, Integration and Youth. Responsible for functions currently undertaken by Pobal Early Years, Better Start and the CCC.	1.5m	9.9m	2m	1m
Option 2 - Creation of dedicated statutory agency (without the funding administration function). Responsible for high quality childcare, workforce development, and expansion of Síolta. The status quo would be maintained for other functions.	1.5m	5.6m	0.4m	0.5m
Option 3 - Creation of non-statutory organisation as a separate legal non-profit limited company responsible for functions currently undertaken by Pobal Early Years, Better Start and CCC.	1.5m	9.9m	2m	1m
Option 4 - Establishment of an executive arm within the Department dedicated to ELC and SAC.	1.5m	9.9m	2m	1m
Option 5 - Expansion of Tusla's statutory responsibilities to include functions currently undertaken by Pobal Early Years, Better Start and CCC.	1.5m	9.9m	2m	1m
Option 6 - Reform of existing model with changes to the role of the Department and consolidation of the CCC. The status quo would be maintained for other functions.	0.75m	2m	0.5m	0.2m
Option 7 - Transfer of some of the ELC and SAC operating model to Local Authorities/Department of Education or its agencies.	0.38m	1m	0.5m	0.2m
Source: Indecon				

In the table below the indicative estimates of potential annual cost differences is presented.

Table 15.6: Indicative Potential Annual Cost Differences		
	Differences in salary costs (€m)	Differences in pension costs (€m)
Existing operating model	-	-
Option 1 - Creation of new dedicated statutory agency, under the remit of the Minister for Children, Equality, Disability, Integration and Youth. Responsible for functions currently undertaken by Pobal Early Years, Better Start and the CCC.	1.44	2.89
Option 2 - Creation of dedicated statutory agency (without the funding administration function). Responsible for high quality childcare, workforce development, and expansion of Síolta. The status quo would be maintained for other functions.	0.75	1.65
Option 3 - Creation of non-statutory organisation as a separate legal non-profit limited company responsible for functions currently undertaken by Pobal Early Years, Better Start and CCC.	0.00	0.00
Option 4 - Establishment of an executive arm within the Department dedicated to ELC and SAC.	1.44	2.89
Option 5 - Expansion of Tusla's statutory responsibilities to include functions currently undertaken by Pobal Early Years, Better Start and CCC.	1.47	2.89
Option 6 - Reform of existing model with changes to the role of the Department and consolidation of the CCC. The status quo would be maintained for other functions.	0.00	0.00
Option 7 - Transfer of some of the ELC and SAC operating model to Local Authorities/Department of Education or its agencies.	0.11	0.99
Source: Indecon		

In the table below we outline a summary of overall indicative cost estimates of the different options.

Table 15.7: Overall Indicative Potential Cost Differences		
	Once-Off Costs (€m)	Annual Costs Differences** (€m)
Existing operating model	-	-
Option 1 - Creation of new dedicated statutory agency, under the remit of the Minister for Children, Equality, Disability, Integration and Youth. Responsible for functions currently undertaken by Pobal Early Years, Better Start and the CCC.	14.44	4.50
Option 2 - Creation of dedicated statutory agency (without the funding administration function). Responsible for high quality childcare, workforce development, and expansion of Síolta. The status quo would be maintained for other functions.	8.04	2.58
Option 3 - Creation of non-statutory organisation as a separate legal non-profit limited company responsible for functions currently undertaken by Pobal Early Years, Better Start and CCC.	14.44	0
Option 4 - Establishment of an executive arm within the Department dedicated to ELC and SAC.	14.44	4.50
Option 5 - Expansion of Tusla's statutory responsibilities to include functions currently undertaken by Pobal Early Years, Better Start and CCC.	14.44	4.48
Option 6 - Reform of existing model with changes to the role of the Department and consolidation of the CCC. The status quo would be maintained for other functions.	3.45	0
Option 7 - Transfer of some of the ELC and SAC operating model to Local Authorities/Department of Education or its agencies.*	2.08	1.23
<p>*Under this it is assumed that staff would transfer at their existing pay and pensions levels but there would be an integration of office accommodation and technology/systems integration.</p> <p>**This figures do not account for any potential cost savings</p> <p>Source: Indecon</p>		

16 Appraisal of Options

16.1 Recap on Appraisal Options

Indecon has outlined seven alternatives to the current operating model for ELC and SAC, with each option involving varying degrees of reform. These options range from establishing a new statutory agency to take on the staff, roles and responsibilities of Pobal Early Years, Better Start and the CCC, and to the transfer of certain aspects of the operating model to local authorities and/or the Department of Education. Throughout this appraisal we take account of the benefits and drawbacks of each option and weigh these against the current operating model, as well as the other options.

16.2 Appraisal against Best Practice Principles and Characteristics

The first phase of the appraisal examined each option against the best practice principles and characteristics. These criteria, which were outlined in the appraisal framework are as follows:

- Effectively governed, with clear roles and responsibilities;
- Effective and efficient; integrated at local/regional and national level;
- Supporting providers in service delivery; and
- Involving all stakeholders, including children, families and practitioners.

16.2.1 Appraisal of the Current Operating Model

The estimated performance of the current operating model against these criteria is presented in Table 16.1. These scores reflect the analysis of the model that was undertaken in previous sections. The rationale for the various scores is presented in Section 1.

Table 16.1: Indecon Appraisal of Current Operating Model					
	Effectively governed, with clear roles and responsibilities	Effective and efficient; integrated at local/regional and national level	Supports providers in service delivery	Involving all stakeholders, including children, families and practitioners	Weighted Score (out of 10)
Options	30%	30%	20%	20%	
Current Operating System	5	6	6	5	5.50

The rationale for the various scores for each criterion is presented below.

Effectively governed, with clear roles and responsibilities

The allocation of responsibilities for the overall co-ordination of policy on ELC and SAC to one department (in this case the DCEDIY) is aligned with best practice. However, it is critical that the Department focuses on strategic and governance issues. Indecon understands that currently, the Department has retained involvement in operational matters. Ideally, the DCEDIY would be focussed

on more strategic matters, and as such its involvement in operational matters has been part of the reason for a lower score against this criterion.

The evidence has also highlighted the fact that the DCEDIY is not the parent Department for Pobal and as a result, it would appear that Pobal does not have statutory responsibility towards the Department's Accounting Officer. This is problematic from a governance perspective as the Department is the largest funder (client) of Pobal.

The issue of accountability and compliance with national governance requirements is of fundamental importance. It must be noted that governance arrangements are in place with all organisations within the operating model which provides some degree of assurance to the Accounting Officer regarding their obligations. However, Indecon's analysis identifies gaps in this area that should be addressed. These including deficiencies concerning the Service Level Agreement with Pobal, the absence of a full suite of Performance Delivery Agreements, non-compliance by some CCC with aspects of the Code of Practice for the Governance of State Bodies and potential issues regarding funding arrangements for the NVCO.

Additionally, there is a commitment in *First 5* to continuous improvement in evaluation and research. The collection and analysis of additional information and research would enable the DCEDIY/DPER to monitor the value for money of the Exchequer's investment and to inform policy.

Overall, we believe that there is evidence of a level of governance within the current model but the arrangements in place are not fully consistent with various guidelines and that improvements can be made in this area with some options receiving a much higher score on this criterion.

Effective and efficient; integrated at local/regional and national level

The current model does have a local/regional and national structure with different organisations filling these roles across the model. However, the organisation of these bodies is fragmented, and a clear organisational strategy is missing. Different organisations provide similar services to providers, and this creates complexity and inefficiencies within the operating model. In order to secure economies of scale, the model must demonstrate an appropriate balance between national, regional and local structures. In many other areas of the provision of state-funded services, there has been a rationalisation in order to enhance governance, improve services and improve value for money. Previous rationalisation of regional public services suggests the merits of considering changes to reduce the number of organisations in the operating model while retaining local knowledge and expertise.

While there are well developed quality assurance mechanisms, some of these are focussed only on regulated provision. The infrastructure for CPD is also fragmented. There are no developed mechanisms within the current operating model to ensure quality in childminding. The ability of the model to handle future developments in quality assurance mechanisms and in workforce development remains an issue. The national practice frameworks have not been rolled out even though they have been in place since 2006 and 2009.

Unless there is an involvement of the operating model to facilitate access to services, the system will fail to deliver on *First 5* commitments. Specifically, the operating model should be modified to secure more active involvement in ensuring the adequate supply of services.

The operating model is complex and there are significant deficiencies in the current model in meeting the objective of ensuring ease of access for information resources for users. This is in part related to the complexity of the system.

Supports providers in service delivery

Indecon's appraisal has highlighted the need for the operating model to change in order to provide supports that recognise the challenges faced by private providers. The importance of a systematic quality support infrastructure to help providers implement quality improvement initiatives; developing and supporting shared service initiatives, including accounting, IT, HR and legal services; and developing and supporting other forms of collaboration, e.g., for training, shared employment, with childminders, with parents and with other public services.

The absence of shared services to support micro suppliers is in Indecon's assessment an important gap in the current operating model. This impacts the ability of providers to deliver the increased levels and quality of services envisaged in national plans. It would also assist in the best management of public resources. A significant driver of the need for shared services is the size profile of ELC and SAC providers. The majority of staff work in microenterprises, i.e., in very small organisational units. An important consideration for the operating model is therefore to provide shared service facilities given the size and structure of the sector.

Additionally, economies of scale could improve affordability for parents while economies of scope have the potential to enhance quality (in terms of the child's experience and convenience or reliability for parents). Economies of scale and of scope can support risk-sharing and innovation, offering services greater protection against disruptions to their operations and enhancing the capacity to expand.

There are significant skills and expertise evident in the operating model. There is a need for the operating model to be developed so that it can play a greater role in meeting the skills needs of providers including childminders. The operating model is not currently structured to undertake this role. Gaps concerning the skills needed to meet governance requirements have been identified in the current model.

Involving all stakeholders, including children, families and practitioners

The current system involves a large number of bodies which leads to fragmentation and duplication of effort. This creates confusion amongst parents due to the perceived complexity of different schemes. The current system has limited ways for parents to interact with the operating model.

The low levels of interaction with parents are a notable feature of the current operating model. This results in a deficiency in parental engagement in inputting to decisions that impact their children. Parents need to have information and involvement regarding the levels of vacancies, fees and quality and type of service provision. They also need to input to assessments of future demand. It is clear to Indecon that there are gaps in information and parental engagement. With the proposed regulation of childminders, the challenge for the model of addressing low levels of engagement with parents and families will increase.

16.2.2 Appraisal of Option 1 - Creation of new dedicated statutory agency

The estimated performance of Option 1 against the various appraisal criteria is presented in Table 16.2. The rationale for the various scores is presented overleaf. It is important to note that the scores for each criteria depend on how well they are implemented.

Table 16.2: Indecon Assessment of Creation of new dedicated statutory agency (Option 1)					
	Effectively governed, with clear roles and responsibilities	Effective and efficient; integrated at local/regional and national level	Supports providers in service delivery	Involving all stakeholders, including children, families and practitioners	Weighted Score (out of 10)
Option	30%	30%	20%	20%	
1	10	10	8	8	9.20

Effectively governed, with clear roles and responsibilities

This option would significantly improve the level of governance across the system with a reduced number of governance arrangements in place. This option would also improve the direct accountability to the Department through a detailed Oversight Agreement. This type of governance arrangement would be consistent with other statutory bodies such as Tusla. As discussed in Section 7 there would be a range of overarching governance documents and arrangements under such a structure, such as the Oversight Agreement (including Performance Delivery Agreement), Performance Framework, Performance Statement, Code of Practice for the Governance of State Bodies. As is currently the case with Tusla, there would be monthly formal reporting in relation to financial, HR and performance activity matters. The Minister would meet with the Chairperson of the board of the agency on a quarterly basis, whilst there would be regular meetings between members of the Department and the board and staff of the new agency, in a similar format to those meetings currently occurring between DCEDIY and Tusla. These improved governance structures would support the forthcoming changes to the sector, with the commitment to at least double expenditure in the sector between 2019 and 2028.

This new agency would be designed so that it conforms to all current governance requirements and there would be no gaps in relation to governance. The new body would also have a clear strategic plan and a detailed outline of required functions. Internal governance within the new agency would be based on employment contracts and role definitions. This would support collaboration within the new agency which would be easier to facilitate than it would be across multiple organisations. The new agency would have a clear strategic plan.

The DCEDIY would retain overall oversight for the sector including monitoring and design of governance with the new statutory agency. The DCEDIY would be responsible for the design of policy in relation to ELC and SAC and would also be responsible for the drafting of any legislation that is needed to support the sector. The Department would also act as the conduit between the Minister and the new statutory agency in terms of Oireachtas oversight in relation to answering parliamentary

questions. The Department would have overall budgetary oversight for the statutory body and represent the statutory body in the annual budgetary discussions process as part of the overall management of the DCEDIY vote. The DCEDIY would input to the strategic direction of the sector and undertake analysis to inform supply and demand decisions within the sector and would lead on the evaluation of existing programmes or interventions in the sector.

This option would significantly reduce the number of organisations within the model which would in turn reduce the number of different governance agreements that need to be agreed and monitored. However, the significant reduction in the number of organisations may lead to a loss of flexibility and agility in the system due to the more rigid nature of public sector contracts but it is likely that would be manageable. It is also envisaged that funding arrangements for the NVCO would change under this option.

Effective and efficient; integrated at local/regional and national level

As noted previously, under this option, there would be a significant reduction in fragmentation and duplication, with a clear organisational strategy in place. This option would also enable the design of an optimum model that has an appropriate national, regional and local structure that achieves the most effective and efficient service provision. Local offices would provide support at the local level providing information to a regional/national office to provide a thorough picture of service provision. These local offices would come under the remit of the new agency and would be part of this agency. This would reduce the complexity for parents as they would now only need to deal with one agency. The consolidation of the various organisations under one agency would lead to improved supports for the implementation of the quality assurance mechanisms across the country. This option would also support improved quality and ensure a consistency of service.

There may be some potential loss of some local independence with the absorption of the staff of the CCC into the new statutory agency which might hinder community-specific activities. However, such independence has been greatly reduced in the current operating model as the CCC entered into Statements of Work (SOW) with the DCEDIY which outline the specific individual actions that must be completed by the CCC on an annual basis.

Supports providers in service delivery

An important point under this model is that the considerable expertise that has been developed over a large number of years would be retained under this option, but with the staff moved into the new statutory agency. Staff would have the choice as to whether to move to the new agency, but the functions would become part of the new agency. This may lead to some implementation challenges which will be discussed subsequently. There would be significant benefits associated with bringing the expertise from a range of different organisations into one agency. The establishment of a new agency creates an environment for internal collaboration with staff having critical mass to develop specialities with regards to different elements. These economies of scope and scale enable improvements in the levels of service delivery.

The consolidation of organisations that provide training and professional development would lead to a more centralised CPD offering. A more centralised CPD offering would support providers in a more cohesive and efficient manner, although these may be easier for larger providers to avail of. These CPD services would be supported by local offices as required.

Whilst not unique to this option, the development of shared services (for HR/administration/accounting functions, etc.) would enable smaller providers in the delivery of their services. The provision of such services would enable smaller providers to focus on the provision of ELC and SAC rather than split their time between this and accounting and other functions in which they may not be specialists.

Involving all stakeholders, including children, families and practitioners

As noted previously, under Option 1 there would be considerable restructuring of the model which would simplify the system for all stakeholders involved. This would reduce the confusion amongst all stakeholders (including children, parents and practitioners). There may be some initial confusion as it may take some time for stakeholders to come to grips with the new system but as brand recognition develops and stakeholders come to realise the benefits of the lack of fragmentation across the system there will be less confusion due to the lower level of complexity in the model. It is important to note that there have been a number of significant changes in the model in recent years and additional changes in the sector may lead to a period of confusion amongst parents and providers as they adapt to the new model, particularly given the changes that have already been made in recent years.

A further benefit of this option is that it would enable clearer communications between the various agencies in the operating model and key stakeholders such as parents and practitioners. The reduced number of agencies would mean that there are not as many different voices trying to reach families and providers, and as such clear lines of communication should be facilitated. Additionally, the support provided locally would allow for engagement across different stakeholder groups, with individuals knowing that the local supports are being coordinated at a regional and national levels.

16.2.3 Appraisal of Option 2 - Creation of dedicated statutory agency (without the funding administration function)

The estimated performance of Option 2 against the various appraisal criteria are presented in Table 16.3. The rationale for the various scores is presented below and overleaf.

Table 16.3: Indecon Appraisal of Option 2 - Creation of dedicated statutory agency (without the funding administration function)					
	Effectively governed, with clear roles and responsibilities	Effective and efficient; integrated at local/regional and national level	Supports providers in service delivery	Involving all stakeholders, including children, families and practitioners	Weighted Score (out of 10)
Option	30%	30%	20%	20%	
2	6	7	6	6	6.30

Effectively governed, with clear roles and responsibilities

Under this option, the funding administration function would remain with Pobal and thus would not be as streamlined a model as Option 1. This could create complexity in the operating model as Pobal

would still be required to undertake training on IT systems, respond to queries on schemes, provide information on service availability, among other tasks. Under this option, there is a significant risk that Pobal remains as the main conduit between parents and practitioners and the operating model. This may be a significant issue and reduce the potential benefits of consolidating the rest of the operating model.

The role of the Department would be focused on strategic issues and would be separate from day-to-day operations under this option. However, there would still be a need to maintain a governance relationship with Pobal. As noted previously, there are some deficiencies in the current arrangements which would not be addressed under this option. These gaps, identified by the C&AG 2018 report, can be found in Table 7.8 and include a lack of specificity in relation to quantified objectives which would facilitate assessment of achievement of objectives and lack of quantified targets in the programme of work, amongst others. Indecon acknowledges that work is underway to improve the governance arrangements, with a Periodic Critical Review completed by the DRCD.

This option would significantly improve the level of governance across the rest of the system with a reduced number of governance arrangements in place. This option would also improve the direct accountability to the Department through a detailed Oversight Agreement. This type of governance arrangement would be consistent with other statutory bodies in the Early Years sector such as Tusla. These arrangements are outlined in further detail in Section 1 and were discussed in relation to Option 1.

Internal governance within the new agency would be based on employment contracts and role definitions. This would support collaboration within the new agency which would be easier to facilitate than it would be across multiple organisations and have positive impacts on CPD and workforce development. However, the significant reduction in the number of organisations may lead to a loss of flexibility and agility in the system due to the more rigid nature of public sector contracts.

Currently, Pobal and Better Start are co-located which leads to certain efficiencies. Under this option, these organisations would be separated. This could create issues within the operating model such as increased fragmentation. This may also lead to issues of accountability which may impact on the effectiveness of the system. Another potential issue relates to the current functions of CCC who have a funding administration role. Under this option, this function would be transferred to Pobal. This may increase complexity in the system. It is also envisaged that funding arrangements for the NVCO would change under this option.

Effective and efficient; integrated at local/regional and national level

This option would lead to a significant reduction in fragmentation and duplication. However, the new statutory agency would not have the funding administration role which may hinder standardised communication and may lead to a less cohesive system. Pobal, as funding administrator, may be seen as the primary conduit between the operating model and key stakeholders (providers, parents, practitioners). It must however be noted that the removal of Better Start from Pobal may increase the level of fragmentation and duplication, particularly given that the funding function would remain with Pobal. Additionally, it is unclear under such an option whether Pobal or the new agency would run the online portal. There may be a reduction in efficiency if it is under the new statutory agency, but the funding administration function remains with Pobal. If this was the case there would need to be linkages between the portal and Pobal's IT system which may introduce additional complexity into the model.

There would be support for local services through local offices overseen by the new statutory agency but there would be more bodies for providers to interact with than under Option 1 given that Pobal would maintain the funding administration role. Providers may be more likely to contact Pobal given that they would maintain the funding administration role, but their issues or queries may need to be handled by the new agency rather than Pobal as some of the functions previously held by Pobal would be moved to the new agency.

There is, however, the potential for improved supports for the implementation of the quality framework across the country due to the ability of the new statutory agency to focus in this area without the additional role of the funding administrative function. With Pobal maintaining the funding administration function, and any related queries from providers, the new statutory agency could place a greater focus on quality development of ELC and SAC services and supports for these services.

As was the case with Option 1, there would be potential loss of some local independence with the absorption of the staff of the CCC into the new statutory agency might hinder community-specific activities. However, such independence has been greatly reduced in the current operating model as CCC entered into Statements of Work with the DCEDIY which outline the specific individual actions that must be completed by the CCC on an annual basis. There is also the potential diminished role for the CCC as local funding administrators. This may impact on the effectiveness of their role.

Supports providers in service delivery

An important benefit to note under this, and other options, is that the considerable expertise that has been developed over a large number of years would be retained, but with the staff moved into the new agency (excluding those in the Pobal funding administrative roles) should they choose to do so. This option creates an environment for internal collaboration with staff having critical mass to develop specialities with regards to different elements. However, the level of collaboration under this option would be reduced compared to Option 1 given that a significant cohort of staff would remain with Pobal as it would remain the funding administrator.

As noted for the previous option, a significant benefit of the consolidation of organisations in the model would be a more centralised CPD offering which would support providers and improve quality in the provider network. It is likely that this CPD offering may be easier for larger providers to avail of as smaller providers may not have the staff numbers to cover individuals on CPD. These CPD services would be supported by local offices as required. This option would also facilitate a framework that enables the measuring of the effectiveness of the system through routine embedded outcomes measures at each level.

This option is likely to include the development of shared services (for HR/administration/accounting functions, etc.) which would enable smaller providers in the delivery of their services. However, it may be more difficult to support shared services under this option as much of the supports relating to the receipt of funding would still come from Pobal.

Removing the funding administration role from CCC improves the governance and accountability of the operating model. It also significantly reduces the number of intermediary bodies. However, it may increase the complexity of the system as local agents would need to deal with central agencies to secure funding.

Involving all stakeholders, including children, families and practitioners

Under Option 2 there would be considerable restructuring of the model which would simplify the system for all stakeholders involved. This would reduce the confusion amongst all stakeholders (including children, parents and practitioners), although providers may still interact with Pobal in their funding administration role. With fewer organisations in the operating model there would be more clarity for stakeholders on who they should be contacting for support or information, as there would be two main options, the new agency or Pobal for funding administration queries. Whilst there would be local supports for providers, these would be operating under the banner of the new agency and as such would be coordinated at the regional and national level. The support provided locally would also allow for engagement across different stakeholder groups.

As discussed under Option 1 however, additional changes in the sector may lead to a period of confusion amongst parents and providers as they get used to the new model, particularly given the changes that have already been made in recent years.

16.2.4 Appraisal of Option 3 - Creation of non-statutory Organisation

The estimated performance of Option 3 against the various appraisal criteria are presented in Table 16.4.¹⁵⁶ The rationale for the various scores is presented below and overleaf.

Table 16.4: Indecon Appraisal of Option 3 – Creation of a Non-Statutory Agency					
	Effectively governed, with clear roles and responsibilities	Effective and efficient; integrated at local/regional and national level	Supports providers in service delivery	Involving all stakeholders, including children, families and practitioners	Weighted Score (out of 10)
Option	30%	30%	20%	20%	
3	8	9	8	8	8.30

Effectively governed, with clear roles and responsibilities

The option would allow the Department to focus on key policy and strategic issues. These are important functions for the DCEDIY, as outlined in Section 3, and the removal of operational functions from the Department would allow greater focus to be placed on them. However, it must be noted that there is a downside compared to Options 1 and 2. The governance arrangement would be less clearly defined because, as a private company, the organisation would not have a statutory responsibility to DCEDIY. There would need to be significant governance and oversight agreements in place between DCEDIY and the non-statutory agency in order to meet the required governance standards. Ensuring that the various governance requirements and codes outlined in Section 7 would help to achieve key characteristics of a good practice operational model as presented in Table 7.1. This option has been scored lower than Option 1 given the lack of a statutory responsibility to the DCEDIY and that there are likely to be significant governance issues relating to how the DCEDIY interacts with the new private organisation. It is also unclear how this organisation would be set up and it could be formed as a subsidiary of Pobal which would create another governance arrangement. This approach may be

¹⁵⁶ The scoring is in relation to the creation of a non-statutory agency in its own right, rather than as a subsidiary of Pobal

necessary to expedite the possible transfer of Better Start into this new organisation. It is also envisaged that funding arrangements for the NVCO would change under this option.

This option would improve governance and accountability compared to the existing position. This would address some of the governance issues that have been identified. If this option was pursued, DCEDIY should assume primary responsibility for the organisation.

Effective and efficient; integrated at local/regional and national level

Similar to Option 1, this option would involve significantly less fragmentation and duplication given the consolidation of different functions under the umbrella of the new non-statutory agency. The consolidation of the various organisations under the agency would lead to improved supports for the implementation of the quality assurance mechanisms across the country. This option would also support improved quality and ensure a consistency of service.

There would be support for local services through local offices overseen by the agency. These local offices would provide support at the local level to stakeholders, as well as provide information to a regional/national office to provide a thorough picture of service provision. These local offices would come under the remit of the new organisation and would be part of this agency. This would reduce the complexity for parents as they would now only need to deal with one agency.

There may be some loss of local independence with the absorption of the CCC into the organisation which might hinder community-specific activities. However, such independence has been greatly reduced in the current operating model as the CCC entered into Statements of Work with the DCEDIY which outline the specific individual actions that must be completed by the CCC on an annual basis.

Supports providers in service delivery

As was the case in the previous options, the considerable expertise that has been developed over a large number of years would be retained under this option, with the flexibility of staffing increased due to the different nature of contracts for a non-statutory agency. The consolidation of staff into one agency would allow for the creation of an environment for internal collaboration with staff having critical mass to develop specialities with regards to different elements.

The consolidation of organisations that provide training and professional development would lead to a more centralised CPD offering. A more centralised CPD offering would support providers in a more cohesive and efficient manner, although these may be easier for larger providers to avail of. These CPD services would be supported by local offices as required.

As noted in previous options, the development of shared services (for HR/administration/accounting functions, etc.) would enable smaller providers in particular in the delivery of their services. The provision of such services would enable smaller providers to focus on the provision of ELC and SAC rather than split their time between ELC and SAC and accounting and other functions in which they may not be specialists.

Additionally, the option would facilitate a framework that enables the measuring of the effectiveness of the system through routine embedded outcomes measures at each level.

Involving all stakeholders, including children, families and practitioners

Option 3 would see considerable restructuring of the model which would simplify the system for all stakeholders involved. This would reduce the confusion amongst all stakeholders (including children, parents and practitioners), although there may be an initial adjustment period as stakeholders get used to the new system. It is important to note that there have been a number of significant changes

in the model in recent years and additional changes in the sector may however lead to a period of confusion amongst parents and providers as they get used to the new model, particularly given the changes that have already been made in recent years.

An advantage compared to the existing model is that it would enable clearer communications between the various agencies in the operating model and key stakeholders such as parents and practitioners. The reduced number of agencies would mean that there are not as many different voices trying to reach families and providers, and as such clear lines of communication should be facilitated. Additionally, the support provided locally would allow for engagement across different stakeholder groups, with individuals knowing that the local supports are being coordinated at the regional and national levels.

16.2.5 Assessment of Option 4 – Establishment of an executive arm within the Department dedicated to ELC and SAC

The estimated performance of Option 4 against the various assessment criteria are presented in Table 16.5. The rationale for the various scores is presented below and overleaf.

	Effectively governed, with clear roles and responsibilities	Effective and efficient; integrated at local/regional and national level	Supports providers in service delivery	Involving all stakeholders, including children, families and practitioners	Weighted Score (out of 10)
Option	30%	30%	20%	20%	
4	8	9	7	8	8.10

Effectively governed, with clear roles and responsibilities

There would be a very clear governance structure whereby the executive arm would report to and be held accountable by the DCEDIY. Thus, this option would greatly improve direct accountability given that the functions in the operating model would reside within the Department rather than across multiple organisations. The governance structure put in place could be similar to those in place for executive arms in other departments such as the Prison Service¹⁵⁷ in the Department of Justice, prepared in line with the Corporate Governance Standard for the Civil Service.¹⁵⁸

As outlined in the description of this option, Option 4 would significantly reduce the number of organisations within the model which would in turn reduce the number of different governance agreements that need to be agreed upon and monitored. However, the significant reduction in the number of organisations may lead to a loss of flexibility and agility in the system due to the more rigid nature of public sector contracts.

However, the main issue with this option is that the Department (and the Minister) would be involved in operational issues such as resource allocation and service provision which would prevent it from

¹⁵⁷ http://www.irishprisons.ie/wp-content/uploads/documents_pdf/IPS-Governance-Framework-20-April-2016.pdf

¹⁵⁸ <https://www.gov.ie/en/publication/f6667b-corporate-governance-standard-for-the-civil-service/>

solely focusing on key policy and strategic issues. This is a significant downside of the option when compared to the previous options. The executive arm would also significantly increase the staffing levels in the Department, which would lead to a number of implementation challenges as outlined subsequently. There may also be issues around the recruitment of staff and the executive agency may be required to accommodate more generalist civil servants rather than specialists who would be recruited through specific competitions. Indecon notes that the Public Appointments Service ('PAS') runs specialist competitions which may be useful to address specific skills. However, these competitions are likely to be much smaller than general recruitment.

Effective and efficient; integrated at local/regional and national level

As was the case with some previous options, the consolidation of different functions under the executive arm would lead to significant reductions in fragmentation and duplication. This would in turn lead to improved supports for the implementation of the quality assurance mechanisms across the country. This option would also support improved quality and ensure a consistency of service. The executive arm would provide support services and oversee local offices which would inform national planning. Local offices being under the remit of the executive agency would reduce the complexity for parents as they would now only need to deal with one agency.

As noted with other options, there may be some potential loss of some local independence with the absorption of the CCC into the executive arm which might hinder community-specific activities. However, such independence has been greatly reduced in the current operating model as the CCC entered into Statements of Work with the DCEDIY which outline the specific individual actions that must be completed by the CCC on an annual basis. It is also envisaged that funding arrangements for the NVCO would change under this option.

Additionally, this option may be seen as overly centralised with the Department having significant control over all aspects of policy, implementation and strategic planning. Such an approach may not be optimum to support service delivery, leading to a lower score under this option than Option 1 which is designed to support service delivery optimally.

Supports providers in service delivery

This option would enjoy one of the benefits of the previous options, in that the considerable expertise that has been developed over a large number of years would be retained, with employees becoming civil servants. The establishment of a new executive arm creates an environment for internal collaboration with staff having critical mass to develop specialities with regards to different elements. These economies of scope and scale enable improvements in the levels of service delivery. However, recruitment for new staff in an executive arm may be more difficult as the civil service is a more generalist model. It may make it harder to develop a core of specialists which could impact on future growth. However, Indecon acknowledges that PAS has the capability of running specialist competitions.

A more centralised CPD offering would support providers, although these may be easier for larger providers to avail of. These CPD services would be supported by local offices as required. Co-ordination and streamlining the various support and oversight functions under this option would enable quality service provision. The option would also facilitate a framework that enables the measuring of the effectiveness of the system through routine embedded outcomes measures at each level.

Development of shared services (for HR/administration/accounting functions, etc.) would support smaller providers in the delivery of their services.

Involving all stakeholders, including children, families and practitioners

Option 4 would lead to a simplified operating model that would be easier to navigate for all stakeholders. This would reduce the confusion amongst all stakeholders (including children, parents and practitioners), as the executive arm, or services coordinated by the executive arm, would be the point of contact for all stakeholders. With fewer organisations in the operating model there would be more clarity for stakeholders on who they should be contacting for support or information. The support provided locally would also allow for engagement across different stakeholder groups. This option may enable the clearest line of communication between the Department and the stakeholders as the executive arm would be the option with the closest relationship to the Department.

As discussed under previous options however, additional changes in the sector may lead to a period of confusion amongst parents and providers as they get used to the new model, particularly given the changes that have already been made in recent years.

16.2.6 Assessment of Option 5 - Expansion of Tusla’s statutory responsibilities to including ELC and SAC programmes and initiatives.

The estimated performance of Option 5 against the various assessment criteria are presented in Table 16.6. The rationale for the scoring is presented below and overleaf.

Table 16.6: Indecon Assessment of Option 5					
	Effectively governed, with clear roles and responsibilities	Effective and efficient; integrated at local/regional and national level	Supports providers in service delivery	Involving all stakeholders, including children, families and practitioners	Weighted Score (out of 10)
Option	30%	30%	20%	20%	
5	7	8	8	8	7.70

Effectively governed, with clear roles and responsibilities

This option would significantly improve the level of governance across the system with a reduced number of governance arrangements in place. A detailed Oversight Agreement with Tusla would improve direct accountability to the Department under this option compared to the existing system. The Department already has governance arrangements in place with Tusla, but these would be expanded under this option. These arrangements are outlined in Table 11.2, which shows the overarching governance documents, the level of formal reporting and the main governance and performance meetings held between the DCEDIY and Tusla. As such, the structure would allow for a clear line of sight through an efficient and centralised governance structure cascading through regional and localised extensions of that governance structure. However, it is unclear how the governance arrangements would work in practice and whether they would form part of Tusla’s current

oversight agreement. The specifics of service provision may not fit with this type of oversight agreement and there may be a need for a specific agreement that deals with ELC and SAC. Such an arrangement may lead to a complicated situation with multiple agreements in place between Tusla and the DCEDIY.

There would be a significant reduction in the number of organisations within the model under this option. This would reduce the number of different governance agreements that need to be agreed upon and monitored. However, flexibility and agility in the system may be lessened due to the significant reduction in the number of organisations and the more rigid nature of public sector contracts.

This option would allow for the Department to focus on key policy and strategic issues, without focusing on operational issues. The Department inheriting operational functions was one of the drawbacks of Option 4, but this would not be the case under this option.

Effective and efficient; integrated at local/regional and national level

There would be a significant reduction in fragmentation and duplication as functions would be consolidated within one agency, with the DCEDIY retaining oversight and strategic functions. The consolidation of the various organisations into Tusla would lead to improved supports for the implementation of the quality assurance mechanisms across the country. This option would also support improved quality and ensure a consistency of service. Tusla is however a large organisation with the capacity to take on these additional functions but there may be inconsistencies between its current operating model which deals with child protection and the management of a ELC and SAC system. This could create significant challenges for the effectiveness of the operating model.

Tusla would oversee local offices which would both provide support at the local level and provide information to regional and national offices on service provision to allow for national planning. Having these local offices under the remit of one organisation would reduce complexity for parents and providers who would now be dealing with one clearly defined agency. Tusla already has a strong local presence and regional offices which should lead to a more integrated operating model. Its name recognition may also be an advantage although some providers and parents may take time to associate Tusla with anything other than child protection.

As is the case with other options, there is the potential for some loss of some local independence with the absorption of the CCC into Tusla which might hinder community-specific activities. However, as noted with other options, there has been a reduction in the independence for the CCC in the current operating models as a result of the specific actions outlined in their Statements of Work with the DCEDIY. It is also envisaged that funding arrangements for the NVCO would change under this option.

Supports providers in service delivery

The considerable expertise that has been developed over a large number of years would be retained under this option, with employees becoming Tusla staff. Co-ordination and streamlining the various support and oversight functions under this option would also enable quality service provision.

Providers would be supported by a more centralised CPD offering (supported by local offices as necessary). These supports may however be easier for larger providers to avail of. It would also create an environment for internal collaboration with staff having critical mass to develop specialities with regards to different elements.

This option would facilitate a framework that enables the measuring of the effectiveness of the system through routine embedded outcomes measures at each of the levels. The development of shared services (for HR/administration/accounting functions, etc.) would enable smaller providers in the delivery of their services.

Tusla does not currently have the experience in supporting providers in the way they would under the operating system but, through the absorption of other functions and staff members, this would be acquired over time.

There may be significant confusion in how Tusla delivers its current services and the potential for it to undertake the various ELC and SAC tasks including funding administration, workforce development and compliance support. There may also be potential confusion between its role as the statutory regulator of the sector and functions around compliance support which it would undertake under this option. However, there could be benefits involved as one of the current issues is the lack of connection between inspections and support services.

Involving all stakeholders, including children, families and practitioners

There would be a simplified operating model that would be easier to navigate for all stakeholders, leading to reduced confusion over time amongst all stakeholders (including families and practitioners).

This significant change in the sector may lead to a period of confusion amongst parents and providers as they get used to the new model, particularly given the changes that have already been made in recent years. Additionally, parents and families may associate Tusla with child protection only in the initial years and may not associate them with the ELC and SAC system as a whole for a number of years. Nevertheless, support provided locally would allow for engagement across different stakeholder groups.

Restructuring in this manner would reduce the burden on administrative stakeholders as they would already be dealing with Tusla for inspections. However, there may be significant communication challenges for stakeholders if Tusla both undertakes the statutory regulatory functions and provides supports for regulatory compliance and advises on best practice.

16.2.7 Assessment of Option 6 - Consolidation of CCC

The estimated performance of Option 6 against the various assessment criteria is presented in Table 16.7. The rationale for the various scores is presented below and overleaf.

Table 16.7: Indecon Assessment of Option 6					
	Effectively governed, with clear roles and responsibilities	Effective and efficient; integrated at local/regional and national level	Supports providers in service delivery	Involving all stakeholders, including children, families and practitioners	Weighted Score (out of 10)
Option	30%	30%	20%	20%	
6	6	6	6	6	6.00

Effectively governed, with clear roles and responsibilities

There would be consolidation and harmonisation of the CCC structure with an overarching National Board of Management which would report to the DCEDIY. The Department would remain focussed on policy and strategic issues, without having to focus on operational issues.

However, there would still be a large number of organisations and similar governance and oversight issues with the current operating model. As such, there would still be a need for a large number of governance agreements to be agreed upon and monitored. It is also envisaged that funding arrangements for the NVCO would change under this option.

Effective and efficient; integrated at local/regional and national level

There would be a reduction in fragmentation with the consolidation of the CCC into a national structure. The CCC would have a local advisory group that would feed into the National Board of Management, ensuring an integrated system at the local, regional and national levels. These groups would provide information on needs and concerns to the national level whilst the National Board would ensure consistency.

There would be potential loss of some local independence with the absorption of the CCC into the consolidated structure, which might hinder community-specific activities. However, as noted with other options there had been a reduction in the independence for the CCC in the current operating models as a result of the specific actions outlined in their Statements of Work with the DCEDIY.

Supports providers in service delivery

The considerable expertise that has been developed over a large number of years would be retained under this option, with staff from the CCC being moved to the new structure. Co-ordination and streamlining the various support and oversight functions under this option would also enable quality service provision.

The CPD offering would not be as centralised as other options, and thus would not be as easy for providers to avail of. In addition, it is unlikely that shared services could be supported under this option as the operating model would be reliant on existing organisations.

Involving all stakeholders, including children, families and practitioners

Whilst there would be a degree of simplification for stakeholders, much of the confusion that currently exists would remain under this option. Additionally, the lower level of change under this option may frustrate stakeholders who deem this to be an opportunity for more radical reforms.

There would be a range of different bodies for stakeholders to interact with which is not conducive to an effective communications infrastructure. Existing barriers to access would also remain, with a significant administrative burden still in place for many stakeholders.

16.2.8 Assessment of Option 7 - Transfer functions to Local Authorities/Educational agencies

The estimated performance of Option 7 against the various assessment criteria is presented in Table 16.8. The rationale for the various scores is presented overleaf.

Table 16.8: Indecon Assessment of Option 7					
	Effectively governed, with clear roles and responsibilities	Effective and efficient; integrated at local/regional and national level	Supports providers in service delivery	Involving all stakeholders, including children, families and practitioners	Weighted Score (out of 10)
Option	30%	30%	20%	20%	
7	6	6	6	6	6.00

Effectively governed, with clear roles and responsibilities

The CCC structure would be harmonised into the Local Authority structure with an overarching National Board of Management reporting to the DCEDIY. This option would also facilitate clearer oversight through the movement of some functions within the Department of Education. The DCEDIY would remain focussed on policy and strategic issues, without having to focus on operational issues.

There would still be a large number of organisations and similar governance and oversight issues with the current operating model. As such, there would still be a need for a large number of governance agreements to be agreed upon and monitored. This option would also likely increase the degree of fragmentation within the operating model.

In addition, there would be some bodies introduced to the operating model which may require new governance arrangements or clarifications on their functions. Whilst the overall number of organisations in the model would be reduced, there would be some additions which may be another source of fragmentation.

Effective and efficient; integrated at local/regional and national level

Fragmentation would be reduced with the consolidation of the CCC into the Local Authority Structure. However, the overall model may not reduce fragmentation as a number of new bodies would become part of different elements of the operating model, as noted above.

The CCC would have a local advisory group that would feed into the National Board of Management ensuring an integrated system at the local, regional and national level. These groups would provide information on needs and concerns to the national level whilst the National Board would ensure consistency.

The absorption of the CCC into the Local Authority structure may lead to the loss of some independence which might hinder community-specific activities. However, as noted with other options, there had been a reduction in the independence of the CCC in the current operating models as a result of the specific actions outlined in their Statements of Work with the DCEDIY. It is also envisaged that funding arrangements for the NVCO would change under this option.

Movement of some support functions to the Department of Education and its agencies should allow for integrated support at multiple levels. Oireachtas Gaeltachta, for example, would provide supports for providers in Gaeltacht areas. Overall, there is no reason why this option would lead to a more

effective and efficient model as the number of organisations involved in the operating model would significantly increase.

Supports providers in service delivery

The considerable expertise that has been developed over a large number of years would be retained under this option, with staff from the CCC being moved to the LA structure. Co-ordination and streamlining the various support and oversight functions under this option would also enable quality service provision.

The CPD offering would not be as centralised as other options, and thus would not be as easy for providers to avail of. There would however be a reduction in the number different organisations offering CPD which would reduce confusion for providers.

The movement of functions to the Department of Education and its agencies should improve support for providers in service delivery, with providers able to deal with the DE and its agencies directly.

Involving all stakeholders, including children, families and practitioners

Whilst there would be a degree of simplification for stakeholders, much of the confusion that currently exists would remain under this option, with a degree of fragmentation also remaining. Some stakeholders may also be frustrated by the lower level of change under this option having deemed this an opportunity for more radical reforms.

The move to an effective communications structure may be hindered by the range of different bodies for stakeholders to interact with. Existing barriers to access would also remain, with significant administrative burdens still in place for many stakeholders.

However, as with all options, there is likely to be renewed focus on interactions with parents which would represent an improvement on the current model.

16.3 Summary of Options – Assessment Criteria

A summary of the scores of each of the options under the best practice principles and characteristics criteria is shown in Table 16.9. This table shows a comparison of all options.

Table 16.9: Indecon Assessment of All Options					
	Effectively governed, with clear roles and responsibilities	Effective and efficient; integrated at local/regional and national level	Supports providers in service delivery	Involving all stakeholders, including children, families and practitioners	Weighted Score (out of 10)
Option	30%	30%	20%	20%	
Current Model	5	6	6	5	5.50
Option 1 – New Statutory Agency	10	10	8	8	9.20
Option 2 - New Statutory Agency (without funding administration function)	6	7	6	6	6.30
Option 3 – New Non-Statutory Agency	8	9	8	8	8.30
Option 4 – Establishment of Executive Arm with DCEDIY	8	9	7	8	8.10
Option 5 – Expansion of Tusla’s responsibilities	7	8	8	8	7.70
Option 6 – Reform of Existing Model	6	6	6	6	6.00
Option 7 – Transfer of Functions to Education agencies and/or use Local Authority Structure	6	6	6	6	6.00

Source: Indecon analysis

16.4 Implementability

The second phase of the appraisal concerns the challenges faced in terms of implementation for the various options. We examine the ease of implementation for each of these options against four criteria including:

- Stakeholder openness/resistance to change;
- Issues in relation to change (including HR issues);
- Relative cost; and
- Transfer challenges.

16.4.1 Option 1 - Creation of new dedicated Statutory agency

The likely performance of Option 1 against the various implementation criteria is presented in Table 16.10. The rationale for the various scores is presented next.

Table 16.10: Indecon Implementability Appraisal of Option 1			
Stakeholder openness/resistance to change	Issues in relation to change (including HR issues)	Relative cost	Transfer challenges (including knowledge and systems)
High	High	High	Medium

Stakeholder response to the changes

As outlined in the description of this option, Option 1 would involve significant staff movement across Pobal, Better Start and the CCC. This may involve matching contractual terms with equivalent public sector conditions, taking consideration of TUPE regulations. There may be future conflicts due to potential future changes in contractual arrangements over time. Such a process is likely to take a significant amount of time and will involve detailed consultation with affected staff and various employee unions. At this stage, it is not possible to offer definitive conclusions about how affected staff would react to the proposed changes.

It is likely that there would be some opposition from Pobal over a removal of some of its functions, which may impact its operations for other Departments. The budget of the Early Years Division within Pobal is very significant and represents around 70% of the overall funding that is administered by Pobal. If this function was removed, it is likely that Pobal would become a much smaller organisation. This may impact how it provides other services to other Government Departments. It is also likely that the NVCO may oppose the proposed changes given that current funding arrangements will change on foot of this change. Based on consultations undertaken, there may be some opposition among some CCC. This is likely to affect different CCC in different ways and a consultation process would be needed. Potential resistance from the different stakeholders has resulted in Indecon's judgment that there would be a high degree of challenge in this area.

Issues in relation to changes (including HR issues)

Indecon's research indicates that there is need for new legislation to underpin the new statutory agency. This may take considerable time and would depend on a number of external factors. A typical legislative process is likely to take a significant amount of time. Additionally, the re-structuring of staff and organisations would need to be compliant with various legal requirements (including TUPE regulations). Whilst there are similarities in the grades and pay scales between the different organisations, it is important that contracts and staff are moved to the new agency appropriately. Option 1 may also have implications for contracted services in organisations in the current model, especially ones where funding arrangements have been in place for a significant period of time.

Relative cost/value for money

Indecon has also marked this option as high in relation to relative costs, as Option 1 gives rise to slightly higher operating model costs. Moving staff into a statutory agency is likely to slightly increase staffing

costs given the changes in grades between organisations and may lead to higher pension costs depending on the transferral of contracts. This option may also require investment in new office space and basic IT systems, with significant expenditure expected in order to transfer existing systems to the new agency. However once established, the model under this option should provide for administrative and managerial human resource efficiencies of scale given the consolidation of functions and reduced fragmentation.

Transfer/transition issues (including knowledge and systems)

As noted previously, the consolidation under this option would likely give rise to significant disruption during the transition. The option requires the transfer of staff, functions and IT systems, all of which would likely incur transitional challenges. The option would likely need considerable lead-in time, given the transfer of multiple functions to the new statutory agency and the potential length of the legislative process. The transfer of the IT system would take substantial work, but it is feasible. The transition of this IT system is likely to take a significant amount of time and would need to detail the key dependencies within Pobal, both in terms of key personnel and other systems. The transition may also be incremental in nature to mitigate risk of failure of key services in transition; this could lengthen the transition timeframe for some services.

A benefit under this option, as outlined previously, is that specialist knowledge would likely be maintained as staff are moved to the statutory agency. However, there is potential for some loss of knowledge if staff choose not to move to the statutory agency or those who work across multiple Pobal functions remained part of Pobal's staff.

16.4.2 Option 2 - Creation of dedicated Statutory Agency (without the funding administration function)

The likely performance of Option 2 against the various implementation criteria is presented in Table 16.11. The rationale for the various scores is presented next.

Table 16.11: Indecon Implementability Appraisal of Option 2			
Stakeholder openness/resistance to change	Issues in relation to change (including HR issues)	Relative cost	Transfer challenges (including knowledge and systems)
Medium	Medium	Medium	Low

Stakeholder response to the changes

As was the case with Option 1, Option 2 would involve significant staff movement across Pobal, Better Start and the CCC. This may involve matching contractual terms with equivalent public sector conditions, taking consideration of TUPE regulations. There may be future conflicts due to potential future changes in contractual arrangements over time. Such a process is likely to take a significant amount of time and will involve detailed consultation with affected staff and various employee unions. At this stage, it is not possible to offer definitive conclusions about how affected staff would react to the proposed changes.

It is likely that there would be some opposition from Pobal over a removal of some of its functions, which may impact its operations for other Departments. The budget of the Early Years Division within Pobal is very significant and represents around 70% of the overall funding that is administered by Pobal. Whilst under Option 2 the funding administration role would remain with Pobal, the removal of other functions may lead to some opposition with the agency. With the funding administration role remaining with Pobal under this option, it is viewed that resistance to change would be less of a challenge than Option 1, leading to Indecon's ranking of "Medium".

It is also likely that the NVCO may oppose the proposed changes given that current funding arrangements will change on foot of this change. Based on consultations undertaken, there may be some opposition among some CCC. This is likely to affect different CCC in different ways and a consultation process would be needed. This option involves removing any funding administration roles currently undertaken in CCC which may lead to local opposition.

Issues in relation to changes (including HR issues)

A number of the potential legal or contractual issues in relation to changes under Option 1 remain for Option 2. There would be a need for new legislation to underpin the new statutory agency. This may take considerable time and would depend on a number of external factors. A typical legislative process is likely to take a significant amount of time. Additionally, the re-structuring of staff and organisations would need to be compliant with various legal requirements (including TUPE regulations). Whilst there are similarities in the grades and pay scales between the different organisations, it is important that contracts and staff are moved to the new agency appropriately. There would be less staff movement under Option 2 however, as the funding administration function would remain with Pobal and thus there would likely be fewer legal issues around staff movements. Additionally, there are unlikely to be any changes in relation to the ownership of the portal. Option 2 may also have implications for contracted services in organisations in the current model, especially ones where funding arrangements have been in place for a significant period of time.

Relative cost/value for money

Option 2 would give rise to slightly higher operating model costs, given the increase in staffing costs. However, these costs would likely be lower than in Option 1 given that lesser degree of staff movement. Moving staff into a statutory agency would likely increase staffing costs slightly given the changes in grades between organisations and may lead to higher pension costs depending on the transferral of contracts. This option may also require investment in new office space and basic IT systems, with significant expenditure expected in order to transfer existing systems to the new agency. However once established, the model under this option should provide for administrative and managerial human resource efficiencies of scale given the consolidation of functions and reduced fragmentation which will lead to some cost savings. It is likely that these benefits would be lower than under Option 1 due to a higher level of fragmentation remaining in the system.

Transfer/transition issues (including knowledge and systems)

As noted previously, this option would likely give rise to disruption during the transition, but at a lesser scale than Option 1 given the retention of the funding administration role by Pobal, which would remove the need to transfer one of the larger IT systems in the model. The option requires the transfer of staff, functions and IT systems, all of which would likely incur transitional challenges. The option would likely need significant lead-in time, given the transfer of multiple functions to the new statutory agency and the potential length of the legislative process.

However, this option would still require the splitting out of Better Start from Pobal. This may create significant implementation challenges. There may also be transition issues as the CCC no longer engage in funding administration activities. It may take time for Pobal to absorb these functions at the local level.

A benefit under this option, as outlined previously, is that specialist knowledge would likely be retained as staff moved to the statutory agency. However, there is potential for some loss of knowledge if staff chose not to move to the statutory agency or those who work across multiple Pobal functions remained part of Pobal's staff.

16.4.3 Option 3 - Creation of Non-Statutory Agency

The likely performance of Option 3 against the various implementation criteria is presented in Table 16.12. The rationale for the various scores is presented below.

Table 16.12: Indecon Implementability Appraisal of Option 3			
Stakeholder openness/resistance to change	Issues in relation to change (including HR issues)	Relative cost	Transfer challenges (including knowledge and systems)
High	High	Medium	Medium

Stakeholder response to the changes

Under Option 3 there would be significant movements of staff from Pobal, Better Start and the CCC into the new non-statutory agency. Staff movement would involve at least matching their contractual terms, taking consideration of any potential TUPE regulations. It is likely it would take significant time and consultation with staff and employment unions before such a movement of staff could be completed.

Offering definitive conclusions about how affected staff would react to the proposed changes is not possible at this stage, with a consultation process likely necessary. Indecon understands that there may be some opposition among some CCC. It is also likely that the NVCO may oppose the proposed changes given that current funding arrangements will change on foot of this change. Additionally, the removal of some of Pobal's functions may lead to some opposition from Pobal and may impact its operations for other Departments. As noted previously, approximately 70% of the overall funding administered by Pobal is from the Early Years Division and if this were to be removed it would likely see Pobal becoming a smaller organisation. This may impact on how it provides other services to other Government Departments.

The likely resistance of stakeholders to the proposed changes under this option would make it a challenge to implement but not an insurmountable one.

Issues in relation to changes (including HR issues)

There are potential HR issues involved in the movement of staff to a newly established non-profit company. The re-structuring of staff and organisation would need to be compliant with various legal requirements (including TUPE regulations). It is important that there would be thorough consultation with all parties to ensure a smooth transfer. There are two elements to these changes which will need

to be carefully managed. The first is how the existing structures are wound down and the second issue is how the new organisation is set up. Both have significant implications from a HR perspective.

Overall, we would expect the process to be quicker than in the case of setting up a statutory body because it would not encounter the potential delays associated with passing and enacting primary legislation. Thus, this option would be quick to set up and operationalise because it would not need to be underpinned by primary legislation.

Option 3 may have implications for contracted services in organisations in the current model, especially ones where funding arrangements have been in place for a significant period of time.

Relative cost/value for money

Unlike the previous options, Option 3 avoids the cost considerations involved in transferring privately employed staff into a public sector body, as well as the contractual and industrial relation issues discussed previously. However, Indecon notes that non-profit limited companies reserve the right to increase their administration fees as necessary. As such, there may be an increase in the cost of this option in future should such a decision be made.

There would also be costs in relation to the transfer of the IT system currently operated by Pobal, and although Indecon's consultation indicate that this is possible, it could be a time-consuming and costly process.

Transfer/transition issues (including knowledge and systems)

The new non-statutory agency would require its own infrastructure including office space, IT systems and budgets. The process involved in providing this infrastructure may slow down the establishment of the organisation. As such, the option is likely to lead to significant disruption as functions are transferred to a non-profit company. Additionally, the transfer of the IT system would take significant work, but it is feasible. The transition of this IT system is likely to take a significant amount of time and would need to detail the key dependencies within Pobal, both in terms of key personnel and other systems. The transition may also be incremental in nature to mitigate risk of failure of key services in transition; this could lengthen the transition timeframe for some services.

The retention of specialist knowledge as staff are moved to the non-profit company would likely mitigate any potential transitional issues. Potential for some loss of knowledge if staff chose not to move or those who work across multiple Pobal functions remained part of Pobal's staff.

16.4.4 Option 4 - Establishment of an executive arm within the Department dedicated to ELC and SAC

The likely performance of Option 4 against the various implementation criteria is presented in Table 16.13. The rationale for the various scores is presented below and overleaf.

Table 16.13: Indecon Implementability Appraisal of Option 4			
Stakeholder openness/resistance to change	Issues in relation to change (including HR issues)	Relative cost	Transfer challenges (including knowledge and systems)
High	High	High	Medium

Stakeholder response to the changes

There would be significant movements of staff from Pobal, Better Start and the CCC into the executive arm of the DCEDIY under this option. Staff movement will involve matching their contractual terms with equivalent public sector conditions, taking consideration of TUPE regulations. As such, there should not be significant concerns amongst the staff but there may be future conflicts due to potential future changes in contractual arrangements over time. It is likely that it will take significant time and consultation with staff and employment unions before such a movement of staff is completed.

As with the previous options offering definitive conclusions about how affected staff will react to the proposed changes is not possible at this stage. Indecon understands that there may be some opposition among some CCC. This is likely to affect different CCC in different ways and a consultation process will be needed. It is also likely that the NVCO may oppose the proposed changes given that current funding arrangements will change on foot of this change. There also may be some opposition from Pobal over a removal of some of its functions, which may impact on its operations for other Departments. As noted previously, there may be an impact on how Pobal provides services for other Departments should Pobal become a smaller organisation.

Issues in relation to changes (including HR issues)

Whilst Indecon would expect the overall process to be speedier than in the case of setting up a statutory body because it would not encounter the potential delays associated with passing and enacting primary legislation the process may still take considerable time and resources and will depend on a number of external factors. Additionally, the re-structuring of staff and organisations will need to be compliant with various legal requirements (including TUPE regulations). Whilst there are similarities in the grades and pay scales between the different organisations it is important that contracts and staff are moved to the new agency appropriately. Option 4 may also have implications for contracted services in organisations in the current system, especially ones where funding arrangements have been in place for a significant period of time, as was the case in other options. A key issue with the implementation of this option is the scale of the number of staff that would need to be integrated into the existing Department structure. This level of change would put significant pressure on existing structures to absorb these changes. There would also be significant issues regarding how existing organisations are wound down prior to staff moving to the new executive agency.

Relative cost/value for money

A new executive arm may need new infrastructure, including office space, IT system, budgets and other support systems, which may be timely to introduce. The costs associated with this new infrastructure mean that this may be a more costly option than some of the others. Additionally, the option gives rise to higher operating model costs given the pension contributions required for staff. However, the option should provide for administrative and managerial human resource efficiencies of scale, as a result of the consolidation of functions and the reduction of fragmentation and duplication. This may counteract the higher costs associated with staffing and infrastructure.

Transfer/transition issues (including knowledge and systems)

We would expect the overall process to be speedier than in the case of setting up a statutory body because it would not encounter the potential delays associated with passing and enacting primary

legislation. However, it is possible that the legislation could be progressed in parallel with other key tasks so there might not be much of a time saving by avoiding the need for primary legislation. As noted previously, the executive arm would require its own infrastructure including office space, IT systems and budgets. The process involved in providing this infrastructure, such as engagement with the OPW and DPER, would slow down the establishment of the agency. There would also be disruption during the transition of functions to the Department, which may also slow the process. The transfer of the IT system is one such challenge and would take significant work, but it is feasible. The transition of this IT system is likely to take a significant amount of time and would need to detail the key dependencies within Pobal, both in terms of key personnel and other systems.

One mitigating factor is that specialist knowledge is likely to be maintained as staff are moved to the Department. There is potential for some loss of knowledge if staff choose not to move to the Department or those who work across multiple Pobal functions remained part of Pobal's staff.

16.4.5 Option 5 - Expansion of Tusla's statutory responsibilities

The likely performance of Option 5 against the various implementation criteria is presented in Table 16.14. The rationale for the various scores is presented subsequently.

Table 16.14: Indecon Implementability Appraisal of Option 5			
Stakeholder openness/resistance to change	Issues in relation to change (including HR issues)	Relative cost	Transfer challenges (including knowledge and systems)
High	High	High	Medium

Stakeholder response to the changes

As in the previous options, there would be significant movement of staff from various organisations into Tusla under this option. This staff movement may involve matching their contractual terms with equivalent public sector conditions, taking consideration of TUPE regulations. As such there should not be significant concerns amongst the staff but there may be future conflicts due to potential future changes in contractual arrangements over time. It may however take significant time and consultation with staff and employment unions before such staff movement is completed. Such consultation would be very important to ensure a smooth transition of staff and minimise resistance to the change.

There may be some opposition from Pobal due to the removal of some of its functions. There may be impacts on Pobal's operations for other Departments under this option, given that the budget of the Early Years Division within Pobal represents approximately 70% of the overall funding that is administered by Pobal. If this function was removed, it is likely that Pobal would become a much smaller organisation, which may impact their provision of services to other Government departments. Staff from Better Start would leave Pobal and join Tusla. This may create some issues depending on how the current Better Start regional model aligns with Tusla's model. Based on consultations undertaken, there may be some opposition among some CCC to this option. This is likely to affect different CCC in different ways and a consultation process will be needed. However, it is not yet possible to offer definitive conclusions about how affected staff will react to the proposed changes. Additionally, it is also likely that the NVCO may oppose the proposed changes given that current funding arrangements will change on foot of this change.

Legal issues in relation to changes (including HR issues)

Indecon understands that there is likely to be a need for new legislation to integrate additional functions into Tusla. This may take considerable time and will depend on a number of external factors. A typical legislative process is likely to take a significant amount of time. Additionally, the restructuring of staff and organisations will need to be compliant with various legal requirements (including TUPE regulations). Whilst there are similarities in the grades and pay scales between the different organisations, it is important that contracts and staff are moved to the new agency appropriately. Option 5 may also have implications for contracted services in organisations in the current model, especially ones where funding arrangements have been in place for a significant period of time. Consultation with the various stakeholders would be important to minimise potential challenges and manage this change. As with each of the main reform Options (1, 3, 4, and 5), a key issue is the number of staff that would be impacted by this new structure. This creates significant potential challenges as there may be individual circumstances that arise during the implementation phase.

Relative cost/value for money

Whilst Option 5 gives rise to slightly higher operating model costs given the pension contributions required for staff, it also provides for administrative and managerial human resource efficiencies of scale, given Tusla's scale as well as the reduction in the duplication and fragmentation within the model. There would also be costs associated with the transfer of functions and systems, particularly the IT system. However, whilst these costs and the time required to complete such transfers are likely to be significant, Indecon understands that they are feasible. It remains unclear how new functions would be assimilated into Tusla. However, Tusla would have some infrastructure in place to accommodate additional functions, but it remains to be seen whether it would require additional infrastructure which could increase the cost of the option.

Transfer/transition issues (including knowledge and systems)

As under other options, Option 5 gives rise to significant disruption during the transition of functions to Tusla, with the option likely needing significant lead in time to facilitate the transfer of functions as well as any potential legislative process. Tusla may require additional infrastructure including office space, IT systems and budgets, but is a large organisation and would be able to incorporate these changes. The transfer of the IT system would take significant work, but it is feasible. As noted previously, the transition of this IT system is likely to take a significant amount of time and would need to detail the key dependencies within Pobal, both in terms of key personnel and other systems. The transition may also be incremental in nature to mitigate risk of failure of key services in transition; this could lengthen the transition timeframe for some services. Under this option, it would also be important to examine Tusla's own IT systems and how they link with other systems.

It is likely that new legislation would be required to integrate the new responsibilities outlined under this option into the agency which would potentially draw out the process. A wider strategic issue with this option is whether it dilutes the current focus of Tusla. There is also the issue of regulatory independence and whether Tusla can operate as the statutory regulator of the sector whilst also responsible for the implementation of the various childcare programmes.

Specialist knowledge would likely be maintained as staff are moved to Tusla. There is potential for some loss of knowledge if staff choose not to move to Tusla or those who work across multiple Pobal functions remain part of Pobal's staff.

16.4.6 Option 6 - Consolidation of CCC

The likely performance of Option 6 against the various implementation criteria is presented in Table 16.15. The rationale for the scoring is presented below and overleaf.

Table 16.15: Indecon Implementability Appraisal of Option 6			
Stakeholder openness/resistance to change	Issues in relation to change (including HR issues)	Relative cost	Transfer challenges (including knowledge and systems)
Low	Low	Low	Low

Stakeholder response to the changes

Under Option 6, there would be a small degree of staff movement in comparison to the previous options. Staff movement would involve matching their contractual terms with equivalent public sector conditions, taking consideration of TUPE regulations. There may be future conflicts due to potential future changes in contractual arrangements over time.

It is not yet possible to offer definitive conclusions about how affected staff would react to the proposed changes. Based on consultations undertaken, there may be some opposition among some CCC to this option. This is likely to affect different CCC in different ways and a consultation process would be needed. It is also likely that the NVCO may oppose the proposed changes given that current funding arrangements will change on foot of this change.

Unlike the other options, there is likely to be minimal resistance from Pobal as it would retain its functions under this model.

Issues in relation to changes (including HR issues)

Adherence to TUPE regulations would be important, although there would be a smaller degree of movement of staff under this option.

This option would also have fewer implications for contracted services in organisations in the current model due to the lower level of reform in this option.

Relative cost/value for money

Given the limited reforms under this option, there would be no big change in cost from the current operating model. There would be limited movement of staffing, which would have only a small impact on the cost of staffing and pensions. The limited reform to the system (IT and other systems remaining with Pobal) would also mean that there are no major transition costs. However, the lack of radical reform under this option would minimise the opportunity to achieve efficiencies of scale which may slightly increase the relative cost of this option.

Transfer/transition issues (including knowledge and systems)

Unlike the previous options, there would be minimal disruption associated with this option for large parts of the current operating model, meaning that there is no real radical change to the model. The

option would also not require any legislative changes and as such would be a quick option to implement. The changes to the CCC, and in particular the movement of staff, would still take some time.

Movement of the CCC into a new structure would require transition of staff but their knowledge and systems should be retained. It is unlikely that additional office/IT space would be required under this change, further reducing any potential transitional issues.

16.4.7 Option 7 - Transfer functions to Educational Agencies and move CCC within Local Authority Structure

The likely performance of Option 7 against the various implementation criteria is presented in Table 16.16. The rationale for the scoring is presented below and overleaf.

Table 16.16: Indecon Implementability Appraisal of Option 7			
Stakeholder openness/resistance to change	Issues in relation to change (including HR issues)	Relative cost	Transfer challenges (including knowledge and systems)
Medium	Medium	Medium	Medium

Stakeholder response to the changes

As was the case with the previous option, there would be a small degree of staff movement under Option 7. Staff movement would involve matching their contractual terms with equivalent public sector conditions, taking consideration of TUPE regulations. It is not yet possible to offer definitive conclusions about how affected staff will react to the proposed changes. This structure would maintain the county structure of the CCC. It is also likely that the NVCO may oppose the proposed changes given that current funding arrangements will change on foot of this change. There may also be some resistance within Better Start as some of its role in relation to AIM would be transferred to NCSE.

Issues in relation to changes (including HR issues)

Although there would be a smaller degree of movement of staff under this option than in other options, adherence to TUPE regulations would remain important. There would be a transfer of undertakings under this option. With the absorption of the CCC into Local Authorities, there may also be a loss of local independence.

The option would have fewer implications for contracted services in organisations in the current model due to the lower level of reform in this option. There would be no new agencies set up within the Department of Education; existing agencies would just expand their functions meaning there should be no legal issues in relation to these changes.

Relative cost/value for money

There would not be a large change in cost when compared to the current operating model, given the lack of radical change to the model. As discussed previously, the limited movement of staffing would have small impact on the cost of staffing and pensions. The opportunity to achieve efficiencies of scale would be hindered by the lack of radical reform under this option. There would be no major transition costs given the limited reform to the system (IT and other systems remaining with Pobal). However, there may be some additional costs for agencies within the Department of Education as its functions expand, but these would likely be small in scale especially compared to the cost of other options.

Transfer/transition issues (including knowledge and systems)

Option 7 has minimal disruption as there is no radical change in the operating model, but there would still be lead-in time in relation to the movement of CCC staff. The movement of CCC into Local Authority Structure would require transition of staff but their knowledge and systems should be retained. However, as noted previously, it is unlikely that additional office/IT space would be required under this change. The option would not require any legislative changes and as such would be a quick option to implement.

16.5 Summary of Options – Implementation criteria

A summary of the scores of the each of the options under the implementation criteria is shown in Table 16.17. This table shows how each of the options compare.

Table 16.17: Summary of Implementability Appraisal All Options				
Option	Stakeholder openness/ resistance to change	Issues in relation to change (including HR issues)	Relative cost	Transfer challenges (including knowledge and systems)
Option 1 – New Statutory Agency	High	High	High	Medium
Option 2 - New Statutory Agency (without funding administration function)	Medium	Medium	Medium	Low
Option 3 – New Non-Statutory Agency	High	High	Medium	Medium
Option 4 – Establishment of Executive Arm with DCEDIY	High	High	High	Medium
Option 5 – Expansion of Tusla’s responsibilities	High	High	High	Medium
Option 6 – Reform of Existing Model	Low	Low	Low	Low
Option 7 – Transfer of Functions to Education agencies and/or use Local Authority Structure	Medium	Medium	Medium	Medium

16.6 Overall Conclusions on Options

Based on analysis under these four design principles, the options analysis indicated that Option 1 (establishment of a new statutory agency) had the highest score. This was consistent even within variations of the criteria weighting system applied herein. This option addressed all of the issues that were identified in the case for change to reform the current operating model. The analysis and assessment of other options showed that each of these options did not perform as well across the various assessment criteria. Option 3, which involved the establishment of a non-statutory private company, was the second-best option under the appraisal framework. However, the options analysis also highlighted the significant implementation challenges that exist with this option. However, it must be noted these challenges are common across most of the change options.

17 Overall Conclusions

Over the last two decades, State support for ELC and SAC has widened the provision of subsidies for parents and access to ELC and SAC for children. There has also been an increasing focus on programmes to support quality, with a particular focus on workforce development and regulatory reform. The operating model for ELC and SAC has evolved on an ad hoc basis to respond to these changes. *First 5* commits to further major reform of ELC and SAC, including a recently launched new funding model; a recently published new workforce plan; an expansion of AIM; introduction of a new DEIS-type model for ELC and SAC; and the regulation of all paid non-relative childminders. There are also far-reaching commitments in the Programme for Government and the National Development Plan and significant EU and international developments underway, including the EU Child Guarantee. These developments will lead to, inter alia, a significant increase in the numbers of children, families, workers and providers interacting with the operating model.

A review and redesign of the operating model is committed to in *First 5* to ensure it is equipped to deal with the significant reform agenda envisaged. The analysis and evidence presented in this report have highlighted the areas where change needs to happen if the operating model for delivery of ELC and SAC is to meet the principles of a fit-for-purpose model. In particular, this model should build on the evident strengths, and must address the main weaknesses and gaps of the current model, which are summarised in the next table.

Case for Change – Summary of Key Weaknesses and Gaps in Existing Operating Model
<input type="checkbox"/> Concern over the ability of the existing model to handle the scale of reforms
<input type="checkbox"/> Governance and accountability concerns, due to multiplicity of agencies and providers
<input type="checkbox"/> Fragmentation and duplication
<input type="checkbox"/> Low level of involvement with parents
<input type="checkbox"/> Insufficient public oversight of private provision
<input type="checkbox"/> Absence of shared services to support micro-suppliers

The key findings which highlight the case for change can be summarised as follows:

- Continuing with the current operational model would hinder the achievement of the strategic targets set in *First 5* and would not be adequate to have assurance over the management of the scale of exchequer resources envisaged. While different options merit consideration on how to achieve these changes, it is important that the model delivers on the outcomes required.
- The current operating model has many strengths but is characterised by a fragmented system with multiple intermediary bodies, many of which are very small in scale and have voluntary part-time boards. This does not appear to be aligned with the principles for the effective management and accountability of exchequer funds.¹⁵⁹ This requires increased attention in a

¹⁵⁹ See DPE 022/05/2013, Circular 13/2014.

context where a doubling of significant levels of public expenditure between 2019 and 2028 are proposed.

- ❑ There is also evidence that the existing model is not fully aligned with the requirements of the Code of Practice for the Governance of State Bodies. Investing in increased resources to meet these requirements in each of the companies involved would likely be an ineffective use of resources.
- ❑ The existing model with intermediaries in every county is unlikely to be able to realise the benefits of economies of scope and scale.
- ❑ Meeting governance and accountability requirements will also require clarification of what services are needed from the NVCO and the use of public procurement or commissioning to secure these services where appropriate.
- ❑ The existing operating model is not actively involved in the alignment of supply and demand. Without this role, the ambitious targets set in *First 5* and the implementation of the new funding model may be compromised.
- ❑ The existing operating model is not focused on childminders. The model will need to change to provide training and advisory supports for this large group of individuals.
- ❑ There will also be a need for an organisation to have overall responsibility for infrastructure needed to support the workforce plan and to extend quality improvements.
- ❑ In addition, there is a requirement for the operating model to be modified to involve greater interactions and engagement with parents, families and other stakeholders.
- ❑ A system whereby an organisation can provide shared services to providers would also enhance overall effectiveness.

In order to address these issues, a number of potential options were considered. Each option incorporates various degrees of change, to accommodate different trade-offs in terms of functions, responsibilities, costs and staffing. A detailed summary of the seven options and their key characteristics is presented in Section 14.

The key features of each of the options include:

- **Option 1** proposes to establish a statutory agency with overall responsibility for the implementation of the main ELC and SAC programmes, including funding administration. This streamlined approach would significantly reduce duplication of activities and simplify the operating model via the integration of Pobal Early Years and Better Start and the functions of the CCC into the new agency.
- **Option 2** proposes the establishment of the statutory agency as discussed above, but excluding the responsibility for funding administration, which would remain with Pobal. This approach may help to limit fragmentation and simplify the system through the integration of Better Start and the functions of the CCC into the statutory agency. However, this option would also involve removing Better Start from Pobal and removing funding administration functions away from the CCC which may increase fragmentation and complexity.
- **Option 3** proposes the establishment of a non-statutory organisation as a standalone, non-profit limited company. It would take on responsibility for funding administration and would incorporate the functions of Pobal Early Years, Better Start and the CCC.

- **Option 4** proposes the establishment of an executive arm of the DCEDIY, with responsibility for the funding administration of programmes. Similar to Options 1 and 3, it would absorb the staff and functions of Pobal Early Years, Better Start and the CCC.
- **Option 5** proposes assigning statutory responsibility for funding administration, as well as the functions of Better Start and the CCC, to Tusla.
- **Option 6** proposes consolidating the staff of the CCC into a unified entity and establishing formal links with Better Start.
- **Option 7** proposes incorporating the CCC into the Local Authority structure and establishing formal links with Better Start along with moving certain functions to established education agencies.

In order to evaluate the various options, detailed analysis based on a set of appraisal criteria was undertaken. Based on this analysis, the options appraisal indicates that Option 1 (establishment of a new statutory agency) achieves the highest score among the seven options examined. Moreover, this conclusion remains robust under testing of different criteria weighting assumptions. Importantly, Option 1 would address all of the issues that were identified in the case for change assessment, in relation to the required reform of the current operating model. Among the other options examined, the appraisal finds that while some options perform well under the appraisal criteria, they do not score as strongly as Option 1. Option 3, which involved the establishment of a non-statutory private company, was the second-best option under the appraisal framework.

There are a number of significant implementation challenges including legal, HR, change management and other aspects which must be noted. A detailed discussion of the implementation challenges for each option is provided in Section 16 of the main report. It must be noted that most of the implementation challenges that are likely to exist for Option 1 will also exist for the other reform options (Options 2, 3, 4, and 5).

Annex 1 EU and International Developments

In May 2019, the Education, Youth, Culture and Sport Council adopted a Commission Recommendation on high quality early childhood education and care systems, which aims to support Member States in their efforts to improve access to and quality of their early childhood education and care systems. The Council Recommendation includes an EU Quality Framework for Early Childhood Education and Care framework, which identified five key components of a quality system:

- access
- staff
- curriculum
- monitoring and evaluation
- governance and funding

The Recommendation calls on EU Member States to adopt policies that are in line with this EU Quality Framework for Early Childhood Education and Care (further detail on this framework is set out below).

The EU Quality Framework for Early Childhood Education and Care	
Theme	Quality Statements
Access	<ul style="list-style-type: none"> • Provision that is available and affordable to all families and their children. • Provision that encourages participation, strengthens social inclusion and embraces diversity.
Staff	<ul style="list-style-type: none"> • Well-qualified staff with initial and continuing training that enable them to fulfil their professional role. • Supportive working conditions including professional leadership which creates opportunities for observation, reflection, planning, teamwork and cooperation with parents.
Curriculum	<ul style="list-style-type: none"> • A curriculum based on pedagogic goals, values and approaches which enable children to reach their full potential addressing their social, emotional, cognitive and physical development and their well-being. • A curriculum that requires staff to collaborate with children, colleagues and parents and to reflect on their own practice.
Monitoring and Evaluation	<ul style="list-style-type: none"> • Monitoring and evaluating produces information at the relevant local, regional and/or national level to support continuing improvements in the quality of policy and practice. • Monitoring and evaluation which is in the best interest of the child.
Governance and Funding	<ul style="list-style-type: none"> • Stakeholders have a clear and shared understanding of their role and responsibilities and know that they are expected to collaborate with partner organisations. • Legislation, regulation and/or funding supports progress towards a universal entitlement to high quality affordable early childhood education and care, and progress is regularly reported to relevant stakeholders.
<i>Source: Council Recommendation on High quality Early Childhood Education and Care Systems¹⁶⁰</i>	

¹⁶⁰ Council Recommendation on High quality Early Childhood Education and Care Systems, 2019. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CONSIL:ST_9014_2019_INIT&from=EN

EU Child Guarantee

On 14 June 2021 the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) adopted the Commission proposal on establishing a European Child Guarantee.¹⁶¹ Operating from the basis that children living in poverty or children from disadvantaged backgrounds are more likely to face barriers in accessing early childhood education and care, and other services, the EU Child Guarantee invites Member States:

“...guarantee for *children in need* effective and free access to high quality early childhood education and care, education and school-based activities, at least one healthy meal each school day and healthcare.”

“Children in need” refers to children at risk of poverty or social exclusion. A composite indicator being ‘at risk of poverty or social exclusion’ has been agreed at EU level. The indicator measures: (i) the number of people who have an equivalised disposable income (after social transfers) that is less than the at risk of poverty threshold¹⁶²; (ii) severe material deprivation, that captures the lack of basic goods that are needed to guarantee an adequate standard of living in a given society (the enforced inability to pay for at least 4 of 9 items¹⁶³); and (iii) very low work intensity.¹⁶⁴ Children living in such households are particularly prone to social exclusion and are the group targeted by this recommendation.

“Effective and free access” is defined as a situation in which services are free of charge, readily available, accessible, of good quality, provided in a timely manner, where the potential users are aware of their existence, as well as of entitlements to use them.

The EU Child Guarantee, which is not binding, further notes that equal access to quality and inclusive early childhood education and care and education is central to breaking the transmission of social exclusion and securing equal opportunities for children in a disadvantaged situation. However, limited availability and high costs of early childhood education and care can form a barrier for children from low-income families. Specific text relevant to the Early Childhood Education and Care context, and the wider policy context is quoted below (with specific ECEC text underlined).¹⁶⁵

(6) Member States are invited to build an integrated and enabling policy framework to address social exclusion of children, focusing on breaking intergenerational cycles of poverty and disadvantage and reducing the socio-economic impact of the COVID-19 pandemic. To that effect, in implementing this Recommendation, Member States should:

(a) ensure consistency with this Recommendation of social, education, health, nutrition and housing policies at national, regional and local level and, wherever possible, improve their relevance for supporting children, in an integrated manner;

¹⁶¹ <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&furtherNews=yes&newsId=10024#navItem-1>

¹⁶² 60% of the national median equivalised disposable income after social transfers

¹⁶³ (1) rent, mortgage or utility bills; (2) keeping home adequately warm; (3) unexpected expenses; (4) eating meat or proteins regularly; (5) holidays; (6) a television set; (7) a washing machine; (8) a car; (9) a telephone

¹⁶⁴ people under 60 years old who live in households where the people of working age have worked less than 20% of their total work potential during the past year

¹⁶⁵ Indecon is very appreciative to the Department for their analysis of the relevant text of this important initiative.

- (b) step up investment in education, adequate health and social protection systems in order to effectively address the needs of children and their families, particularly of those exposed to social exclusion;
 - (c) ensure adequate policies and resources, including through labour market integration measures for parents or guardians and income support to families and households, so that financial barriers do not prevent children from accessing quality services;
 - (d) address the territorial dimension of social exclusion, taking into account the specific needs of children according to distinctive urban, rural, remote and segregated areas, based on an integrated and multidisciplinary approach;
 - (e) strengthen cooperation with and involvement of national, regional and local authorities, social economy organisations, non-governmental organisations and other stakeholders, in the design, delivery and monitoring of policies and quality services for children;
 - (f) take measures to promote inclusion and to avoid and tackle discrimination and stigmatisation of children in need;
 - (g) support strategic investments in quality services for children, including in enabling infrastructure and qualified workforce; and
 - (h) dedicate adequate resources for implementing this Recommendation and make optimal use of national and EU funds, in particular the European Social Fund Plus, the European Regional Development Fund, REACT-EU, Invest-EU, the Recovery and Resilience Facility and the Technical Support Instrument.
- (7) With a view to guaranteeing for children in need effective and free access to early childhood education and care, education and school-based activities and a healthy meal each school day, Member States are encouraged to:
- a) identify and address financial and non-financial barriers to participation in early childhood education and care, education, and school-based activities;
 - b) take measures to prevent and reduce early school leaving, re-engage children who are at risk of dropping out or have dropped out of education or training;
 - c) provide learning support to children with learning difficulties to compensate for their linguistic, cognitive and educational gaps;
 - d) adapt facilities and educational materials of early childhood education and care and of educational establishments to the needs of children with a disability, using inclusive teaching and learning methods; for this purpose, ensure that qualified teachers and other educational professionals are available, such as psychologists, speech therapists, rehabilitators or teaching assistants;
 - e) put in place measures to support inclusive education and avoid segregated classes in early childhood education and care establishments and in educational establishments; this may also include giving priority or early access for children in need;

- f) ensure at least one healthy meal each school day;
- g) ensure provision of educational materials, including books or uniforms, where applicable;
- h) provide high speed connectivity, digital services and adequate equipment necessary for distance learning to ensure access to educational content online;
- i) ensure transport to early childhood education and care and education establishments, where applicable;
- j) ensure equal and inclusive access to school-based activities, including participation in school trips; and
- k) develop a framework for cooperation of educational establishments, local communities, social services and social economy actors to support inclusive education, to provide after school care and opportunities to participate in sport, leisure and cultural activities, and to build and invest in educational establishments as centres of inclusion and participation.

(9) With a view to guaranteeing for children in need effective access to sufficient and healthy nutrition, including through the EU school fruit, vegetables and milk scheme, Member States are encouraged to:

- a) support access to healthy meals also outside of school days, including through in-kind or financial support;
- b) ensure that nutrition standards in early childhood education and care and education establishments address specific dietary needs;
- c) limit advertisement and restrict the availability of foods high in fat, salt and sugar in early childhood education and care and education establishments; and
- d) provide adequate information to children and families on healthy nutrition for children.

Detailed arrangements for Governance and Reporting along with Implementation, Monitoring and Evaluation are also described in the document. The European Child Guarantee has a number of implications for ECEC policy and systems in Ireland and for the operating model as outlined below.

- The overarching intention of making ELC and SAC services more accessible, affordable and of higher quality and developing specific measures to support low-income and marginalised families to participate is aligned with the policy direction being pursued through recent and forthcoming sectoral reforms led by the DCEDIY in Ireland.
- ELC covers a broad spectrum of services that can be used by families from birth up to school starting age and may be home-based or centre-based. The extent of usage varies significantly

depending on the child's age and the family's particular circumstances including the nature and extent of work or study that parents are engaged in among other factors.

- The text in the Guarantee on ELC is very significant and will require further consideration to determine its precise interpretation and application. In particular, further attention and clarity are required about the age group of children this guarantee would apply to, the intensity of provision required (number of hours per day, weeks per year, etc.) and the extent to which home-based provision is included.
- In order to develop the State's response to the EU Child Guarantee, significant further systems development is likely to be required, particularly in respect of monitoring current and predicted future supply and demand and developing more sophisticated responses to establishing supply in contexts where it is insufficient which may include the State itself directly providing services in some instances, a feature which has heretofore been absent from the Irish system and which would lead to changes to the operating model.
- There is a further question about whether access to "at least one healthy meal each school day" also extends to children in ELC, bearing in mind that many children attend for a limited number of hours per day and that the small size of many ELC providers would present significant challenges.
- The inclusion of reference to provision of transport to ELC establishments potentially has very significant logistical and financial implications.
- Exploration of these points have wide ranging implications for funding, capacity (places and workforce) and could require regulatory changes, changes to the shape of the sector and the physical infrastructure.

Annex 2 Local, Regional and National Structure

Case for Rationalisation

As discussed in Section 2, the ELC and SAC sector has undergone and will be undergoing, a series of significant developments. These developments include this review of the operating model for ELC and SAC in Ireland, the development of the new funding model and Workforce Plan, the implementation of the National Action Plan for Childminding, the national rollout of *Síolta* and *Aistear*, amongst other developments. Additionally, the Programme for Government committed to the establishment of Childcare Ireland to ‘assist in the expansion of high-quality childcare, spearheading leadership, best practice and innovation, and professional development in community and private settings. It will also be tasked with developing career paths for childcare staff. Childcare Ireland will be responsible for expanding *Síolta*’. Given the wide-ranging changes that will be occurring in the coming years, including a commitment to at least double investment in the sector by 2028, it is important that the structure of the operating model can facilitate these changes. As part of this review, it is necessary to consider local, regional and national structures within the model, as outlined in Section 3 of this report. The current model has local, regional and national organisations and stakeholders each performing different tasks and functions. However, there is some duplication of services, such as training, CPD, HR or accounting functions which may be more efficient if done on a centralised basis.

There are several examples from other sectors of rationalisation, including the introduction of Education Training Boards (ETBs) and Community Health Organisations (CHOs). There are 16 ETBs in Ireland, consolidating the previous 33 VECs. Some of these VECs were very small in size and scale and there were concerns about the ability of the sector in its existing structure to meet the aims for the structure. The ETB structure was deemed to be more flexible and adaptable to the changing needs of the sector, was deemed to have cost savings given the reduced numbers of CEOs.

In the case of the CHOs, these nine CHOs replaced the 17 Integrated Service Areas (ISAs), following a review completed on the potential structure of community-based services. The review had two main criteria, which were to ensure that the regions were small enough to ensure local responsiveness but large enough to justify the necessary organisational architecture, business and service capability. A number of factors were assessed when judging against these two overarching considerations including population size and density, deprivation levels, viability, manageability, road infrastructure/accessibility and other geographic/societal issues.

As outlined in Section 4 there is also international evidence on the operating models for ELC and SAC. Scotland, Norway and the Netherlands each have models that involve a combination of centralised and local supports, ensuring that the local knowledge and support is still provided but the functions that can be performed centrally are done so in order to improve efficiency. It is therefore important to consider the potential options for the rationalisation of the structure, including fully centralisation and centralisation of certain functions and then regional or county-level offices or presences. Governance of these structures would be managed from the central body as would other functions, but there would be a local or regional office or presence which would provide local support to ELC and SAC services and families and provide feedback and information to the centralised structure. This feedback would be crucial to ensure gaps are addressed and that the central agency can access the data required to plan appropriately. The following table outlines a non-exhaustive list of functions provided across a range of organisations, as well as a proposal from DCEDIY as to the management and delivery of these functions. Providers and families must have access to local supports, ideally from organisations that understand their communities and local needs. A central structure allows for

stronger governance and the development of consistency across the regional/local offices. The table overleaf suggests the need for a local or regional presence, but with the precise nature of that regional/local structure to be determined.

Provision of Functions of Central / Local / Regional Management / Delivery			
Function	Local/Regional Management and delivery	Centrally Managed and Centrally Delivery	Centrally Managed, supported by local/regional presence
Policy/Legislative Oversight			
Legislation		√	
Policy Development		√	
Policy Implementation			√
Programme Design		√	
HR and Business Supports			
Recruitment		√	
Payroll		√	
Policy and Procedures		√	
ICT		√	
Programme/Admin Supports for Providers			
Scheme/Programme Information and support (customer service)		√	
Scheme/Programme Funding Management and Administration		√	
Parental Supports			
Information/Advice on Schemes, Programmes and additional supports (e.g., AIM)		√	
Supports for vulnerable parents/families	√		
Information/Advice on local childcare provision	√		
P&T Grants, Information			√
Governance and Accountability			
Compliance and Audit and Risk Management		√	
Governance		√	
Contract Management		√	
Support for Governance and Compliance			√
Quality Supports			
Training			√
Learning and Development/CPD/Mentoring			√
Workforce Development Planning		√	
AIM/EDI Supports			√
NSAI			√
Quality Development and Improvement Supports			√
Qualifications		√	
(Post) Inspections Supports			√
Regulatory Supports			√
Childminding Supports			√
Communities of Practice/Networking			√
Critical Incident Supports			√
Development/Publication of Resources		√	
Child Protection Supports			√
Garda Vetting		√	
Grants Administration and Support			
Capital Grants		√	
Learner Fund		√	
Childminding Development Grant		√	
Parent and Toddler Grant		√	
Higher Capitation		√	
Programme Support Payments		√	
Monitoring, planning and Research			
Coordinated consultation and engagement with local communities	√		
Sector Capacity, Supply/Demand			√
Data Collection and Information Management (including financial data)			√
Engagement with Local Authorities around Localised Capacity Planning/Development	√		
Engagement with local CYPSC planning and coordination	√		
Financial Supports			
Sustainability Supports		√	
Case Management		√	
Financial Data			
Source: DCEDIY submission			

DCEDIY provided Indecon with a submission on how it believes that a centralised structure, with some local/regional presence, would address some of the weaknesses inherent in the existing model. A centralised structure with a local presence would address the governance concerns with the existing model whilst ensuring that parents and providers are provided support at the local level with the staff at the local level solely providing support functions rather than HR/administration/governance functions as well.

DCEDIY Submission on How Centralised Structure Would Address Weaknesses	
Weakness	Resolution
Concern over the ability of the existing system to handle the scale of the proposed reform	The centralisation of many functions within a central body will ensure that the required functionality at the scale required to facilitate the pending reforms outlined above can be built in from conception
Fragmentation and duplication with resultant complexities for providers and parents and implications for risk and potential issues re VFM	A central body will largely resolve the issue of fragmented service delivery leading to greater consistency and addressing value for money concerns in respect of any duplication in support/service funding and delivery
Accountability concerns due to the multiplicity of agencies and providers	The rationalisation of the operating model will offer clarity in respect of accountability, responsibility and improves governance
Low levels of interaction with parents	A limited role for the local delivery of supports will enable the operating model to be more responsive to the local needs of parents, in particular, those more vulnerable families
Inconsistency in the level of supply	Oversight of capacity, supply and demand from a national perspective combined with insights and information fed back from local areas will improve the evidence base in respect of the future needs of the sector
Concern over ownership and management of certain assets funded by Exchequer despite existing arrangements.	A central body will ensure that assets such as analytical tools and intellectual capital are owned and managed by the State
Absence of shared services to support sole providers	A national central body has the potential to fulfil the role of providing shared services such as HR support to those smaller operators in the ELC and SAC sector, a service which the more fragmented model would find difficult to deliver
Gaps in compliance with best practice governance	The rationalisation of the various organisations/agencies into a central body supported by local delivery of a limited number of supports would eliminate the need for multiple layers of governance arrangements and compliance checks in respect of same and will enable best practice governance to be built into the new operating model from conception
Impact of the Department undertaking significant operation activities	A central body with limited local delivery of supports would enable DCEDIY to shift responsibility for the operational functions it currently carries out to a central body and local officers and focus on policy and monitoring matters as appropriate
Source: DCEDIY submission	

DCEDIY also indicated how a centralised structure with a local/regional presence would allow for the retention of the strengths of the existing operating model that have been identified. The existence of a local presence would ensure that the local knowledge, expertise and experience is retained, whilst also providing feedback to the centralised structure to address gaps and to develop policy and programme design that meets the needs of children.

DCEDIY Submission on How Centralised Structure Would Retain Strengths of Current Model	
Strength	Retained
Responsibility with one Department for the integration of ELC and SAC policies	This strength will be retained as the DCEDIY will remain responsible for ELC and SAC policy and will have less involvement in operational matters
All of the main components to support service provision are in place, but some gaps exist	A central body will ensure that the existing components and functions are centralised, and any gaps in service provision or information identified can be considered in the design of the body
Expertise and experience	The expertise and experience inherent in the current operating model will be transferred at a national level to a central body, whilst a local presence will ensure that local knowledge is maintained
Agility of support structures in adjusting to changing requirements	This strength should be further consolidated in a central body, as there will be fewer organisations involved in policy and programme design, implementation, and change management
Local knowledge	The retention of a limited range of locally delivered supports and services will ensure that local knowledge is retained and available at a national level, and the overall operating model can be responsive to local need
<i>Source: DCEDIY submission</i>	

Annex 3 Comparative Analysis of Local Organisational Provision of Public Services

Examples of Local Organisational Provision of Public Services			
CCC	ETB	Tusla	CHO Areas
1. Carlow	1. Cavan and Monaghan	1. Carlow, Kilkenny and South Tipperary	1. Clare, Limerick, and North Tipperary/East Limerick
2. Cavan	2. City of Dublin	2. Cavan and Monaghan	2. Donegal, Sligo, Leitrim/West Cavan and Cavan Monaghan
3. Clare	3. Cork	3. Cork	3. Dublin North, Dublin North Central and Dublin Northwest
4. Cork City	4. Donegal	4. Donegal	4. Galway, Roscommon and Mayo
5. Cork County	5. Dublin and Dún Laoghaire	5. Dublin City North and Dublin South Central	5. Kerry, North Cork, North Lee, South Lee, and West Cork
6. DLR	6. Galway and Roscommon	6. Dublin Southeast and Wicklow	6. Kildare/West Wicklow, Dublin West, Dublin South City, and Dublin Southwest
7. Donegal	7. Kerry	7. Dublin Southwest, Kildare and West Wicklow	7. Laois/Offaly, Longford/Westmeath, Louth and Meath
8. Dublin City	8. Kildare and Wicklow	8. Galway and Roscommon	8. South Tipperary, Carlow/Kilkenny, Waterford and Wexford
9. Fingal	9. Kilkenny and Carlow	9. Kerry	9. Wicklow, Dun Laoghaire and Dublin Southeast
10. Galway	10. Laois and Offaly	10. Louth and Meath	
11. Kerry	11. Limerick and Clare	11. Mayo	
12. Kildare	12. Longford and Westmeath	12. Midlands	
13. Kilkenny	13. Louth and Meath	13. Mid-West	
14. Laois	14. Mayo, Sligo and Leitrim	14. North Dublin	
15. Leitrim	15. Tipperary	15. Sligo, Leitrim and West Cavan	
16. Limerick	16. Waterford and Wexford	16. Waterford and Wexford	
17. Longford			
18. Louth			
19. Mayo			
20. Meath			
21. Monaghan			
22. Offaly			
23. Roscommon			
24. Sligo			
25. South Dublin			
26. Tipperary			
27. Waterford			
28. Westmeath			
29. Wexford			
30. Wicklow			
Source: Indecon			

Annex 4 Analysis of ELC and SAC Supply by County

The table below presents the number of ELC and SAC services on a local authority basis for the 2020 period as recorded by Pobal. Combining these figures with CSO data on the size of the local authority area, Indecon has estimated the number of services per FTE and the number of children per square kilometre.

Local/Regional Presence Organised on a Local Authority Basis, 2020						
	ELC and SAC Services	No. of Children Registered with National Programmes	Area (KM Squared)	Children per Service	Services per FTE	Children per Square KM
Carlow	46	2,109	890	45.8	13.1	2.4
Cavan	67	2,967	1,842	44.3	12.2	1.6
Clare	173	3,896	3,135	22.5	43.3	1.2
Cork City	136	3,492	38	25.7	20.9	92.4
Cork County	378	12,196	7,364	32.3	36.0	1.7
DLR	244	5,952	126	24.4	40.7	47.2
Donegal	160	5,952	4,737	37.2	32.0	1.3
Dublin City	595	13,913	116	23.4	59.5	119.9
Fingal	324	10,027	454	30.9	40.5	22.1
Galway	307	9,084	5,813	29.6	38.4	1.6
Kerry	132	5,015	4,646	38.0	29.3	1.1
Kildare	188	7,359	1,676	39.1	34.2	4.4
Kilkenny	94	3,488	2,050	37.1	18.8	1.7
Laois	89	3,196	1,705	35.9	25.4	1.9
Leitrim	60	1,354	1,487	22.6	17.1	0.9
Limerick	190	6,676	2,661	35.1	23.8	2.5
Longford	56	1,567	1,030	28.0	18.7	1.5
Louth	119	4,068	818	34.2	34.0	5.0
Mayo	136	3,621	5,314	26.6	22.7	0.7
Meath	198	6,588	2,312	33.3	36.0	2.8
Monaghan	57	3,211	1,261	56.3	16.3	2.5
Offaly	67	2,197	1,972	32.8	22.3	1.1
Roscommon	61	2,120	2,416	34.8	17.4	0.9
Sligo	100	2,662	1,774	26.6	15.4	1.5
South Dublin	248	8,989	221	36.2	29.2	40.6
Tipperary	266	6,115	4,221	23.0	38.0	1.4
Waterford	101	3,745	1,827	37.1	22.4	2.0
Westmeath	99	3,205	1,744	32.4	18.0	1.8
Wexford	142	4,854	2,339	34.2	20.3	2.1
Wicklow	176	4,424	1,990	25.1	39.1	2.2
Total	5,009	154,042	67,980	30.8	29.7	2.3

Source: Indecon analysis using Pobal and CSO data

The table below presents the level of ELC and SAC supply by local authority area according to Pobal's Annual Sector Profile for the period 2018/19. The vacancy rate represents the number of vacant places as a share of the number of children enrolled.

Analysis of Supply, 2018/19				
	Vacant places	Vacancy rate (%)	Capacity (enrolled and vacant places)	Waiting list
Carlow	231	10%	2,608	249
Cavan	156	5%	3,536	395
Clare	395	9%	4,798	322
Cork City	183	4%	4,435	940
Cork County	1021	7%	16,411	1,272
Donegal	829	12%	7,859	890
Dublin - Dublin City	627	4%	16,732	4,089
Dublin – Dún Laoghaire-Rathdown	173	2%	7,196	892
Dublin – Fingal	536	5%	11,678	1,698
Dublin – South Dublin	424	5%	9,742	1,014
Galway	749	7%	11,428	1,074
Kerry	286	5%	5,792	199
Kildare	516	6%	9,731	694
Kilkenny	110	3%	4,033	652
Laois	378	12%	3,540	40
Leitrim	97	6%	1,654	180
Limerick	421	6%	7,920	1,074
Longford	38	2%	1,787	254
Louth	327	7%	5,164	415
Mayo	362	9%	4,500	211
Meath	679	9%	7,976	458
Monaghan	250	7%	4,068	205
Offaly	134	5%	2,979	93
Roscommon	77	3%	2,843	207
Sligo	205	6%	3,687	183
Tipperary	431	6%	7,207	424
Waterford	186	4%	4,723	1,065
Westmeath	330	9%	3,835	257
Wexford	286	5%	5,994	312
Wicklow	298	7%	4,849	245
Total	10735	6%	188,705	20,003

Source: Indecon analysis of Pobal Early Sector Profile

Annex 5 Analysis of Size of Providers

Analysis of Size of Services, 2018/19			
Services	Total Number of Services	Number of Staff	Average Staff per service
All	3,820	26,549	7.0
Community	1,029	9,599	9.3
Private	2,791	16,950	6.1
Urban	2,493	19,151	7.7
Rural	1,327	7,398	5.6

Source: Indecon analysis of Pobal Early Sector Profile

Analysis of Size of Services by Number of Places Available, 2018/19			
	All	Urban	Rural
>20 Places	22%	20%	24%
21-40 places	33%	30%	37%
41-60 places	18%	20%	15%
61-80 places	10%	11%	10%
81-100 places	7%	7%	6%
100+ places	10%	12%	8%

Source: Indecon analysis of Pobal Early Sector Profile

