Rialtas na hÉireann
Government of Ireland

Spending Review 2020

Executive Summaries – Tranche 1 Publications

DEPARTMENT OF PUBLIC EXPENDITURE & REFORM

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These papers has been prepared by IGEES staff across a number of Departments. The views presented in the papers do not represent the official views of each Department or Minister.

IGEES
Irish Government Economic and Evaluation Service

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1. The Composition of Employment in Small and Large Firms

Executive Summary

Context

- This paper examines the profile and characteristics of employment in firms of different sizes in the business economy and the changes in this profile between 2002 and 2017. The paper provides insights into the degree of convergence between small and larger enterprises in terms of the sectoral, occupational, and educational profile of employment, as well as other employment characteristics.

Key Findings

- **Increasing share of employment in larger firms** - There has been a decrease in the share of employment in firms with under 50 employees, with the share decreasing from 57.6 percent of employment in 2002 to 52.6 percent in 2017. Over the same period, the share of employment in firms with over 500 employees has increased from 10.7 percent to 15.3 percent.
- **Predominance of different sectors by firm size** - The sectoral composition of employment varies by firm size category, with the retail and wholesale, accommodation and food, and construction sectors being the dominant employers amongst firms with 1 – 10 employees (57.6 percent of employment in this firm size category in 2017), while the manufacturing, ICT, and financial services sectors are predominant amongst firms with over 500 employees (62.9 percent of employment in this firm size category in 2017). Insofar as sector and educational levels are related, this will impact the composition of employment in different firm size categories.
- **Profile of occupation by firm size** – Although the occupational profile of employment in 2017 cannot be compared with 2002, given the structure of the data, managerial and professional occupations became more predominant across the enterprise base between 2007 and 2017, with the proportion of managerial, professional, and associate professional occupations increasing from 28 percent to 39 percent of employment across all firm size categories. By 2017, these occupations accounted for over 55 percent of employment in firms with over 500 employees, compared to just over 30 percent in firms employing 1 – 10 persons. The gap between the largest and smallest firms narrowed slightly between 2007 and 2017.
- **Profile of education levels by firm size** - The education levels of employees have increased in firms of all sizes between 2002 and 2017. There remained a considerable gap between the largest and smallest firms in 2017, however, with 61.7 percent of employees in firms with more than 500 employees having attained a Bachelor's degree or above versus 27.4 percent in firms with 1 – 10 employees. This gap did not narrow over time.
- **The importance of sector on the occupation and education level profile by firm size** - Importantly, smaller firms that operate in sectors dominated by MNEs (e.g. software and communications, basic pharmaceuticals and pharmaceutical preparations) have a relatively similar occupational and educational profile as the larger firms in these sectors.
- **Lifelong learning by firm size –** The evidence suggests that there are higher participation rates in lifelong learning amongst employees of larger firms and that large firms are more likely to provide training opportunities than smaller firms. Participation rates in lifelong learning are slightly higher for firms with over 500 employees (4.4 percent participate in formal and 9.2 percent in non-formal education) than firms with 1 – 10 employees (3 percent participate in formal and 7.4 percent in non-formal education). According to the CSO, the proportion of large firms that provide training courses to their employees (90 percent) is almost double that of small firms (53 percent).

- **Diversity in the workforce –** The workforce in Ireland has become more diverse over time. The proportion of employees who are female increased by 2.2 percentage points between 2002 and 2017, with the largest increases in firms with 1 – 10 employees (3.9 percentage points) and 11 – 49 employees (4.6 percentage points). Females remained under-represented, however, in firms of all sizes. The proportion of non-Irish nationals in overall employment has increased in firms of all sizes by more than three-fold between 2002 and 2017 with larger firms tending to have a higher share of non-Irish nationals in employment than smaller firms. Furthermore, foreign national employees tend to have relatively high levels of education.
- **Profile of part-time and temporary employment –** There was a higher incidence of temporary employment in firms with 1 – 10 employees (9.1 percent) than in firms with more than 500 employees (5.4 percent) in 2017. Firms with 1 – 10 employees (31.4 percent) also had much higher shares of part-time employment than firms with more than 500 employees (5.1 percent).

2. Job Churn in the Public Service: A trend analysis of the workforce dynamics during the years 2006-2018

Executive Summary

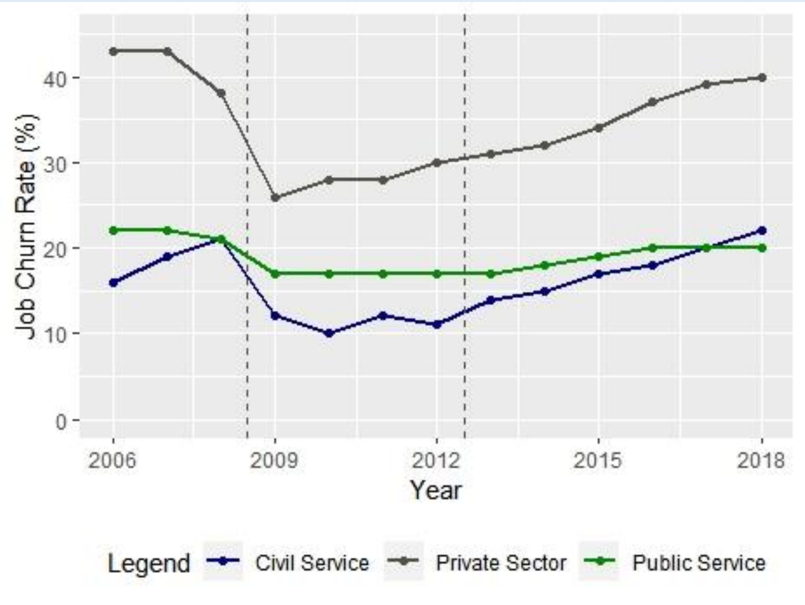
This paper focuses on presenting a comparative perspective of the dynamics of job churn and its components in the public service and in the civil service. The sub-sectoral groups of the 'wider public service' covered here are: education; health; justice; defence; local government; and DHPLG. It is the first time that this new job churn dataset from the Central Statistics Office (CSO) has been analysed. This paper presents job churn trends from 2006-2018 in: (i) Movements of workers within each sector/sub-sector in a given year, or 'job churn'; (ii) Workers staying in their jobs, or 'job stayers' (used as an indicator of retention); (iii) Workers leaving their jobs, or exits' (used as an indicator of attrition); (iv) Which sectors workers take up new jobs.

In this paper the term '*public service' refers to public agencies/organisations <u>excluding</u> the civil service; the term 'civil service' relates only to the civil service; the term 'wider public service' refers to the public service and civil service together*.

Key Findings

Job churn (job movements)

Figure 1: Job churn rates for the Public Service, Civil Service, and Private Sector 2006-2018



- Job movement in both the civil service and the public service is consistently lower than the private sector in all cases throughout 2006-2018.
- Job movement was higher in strong economic times and lower in the economic downturn across all sectors – hence it can be observed that job churn has been pro-cyclical.

- The public service is the least affected sector by the economic cycle (the least 'pro-cyclical'). It has the least drop in job churn rate in strong economic times.
- Public service job movement was greater than the civil service in all years over 2006-2018 with the exception of 2008, 2017 and 2018. Civil service job churn rates reached or exceeded public service rates in the strong economic years of 2008, 2017 and in 2018.
- The education and health groups show higher job movements than the other selected groups. While their job churn rates are still well below those seen in the private sector throughout the entire period, further research at organisational level may provide insights on the drivers.

Job stayers (retention)

- Job stayer rates are greater in both the public service and the civil service than the private sector throughout 2006-2018.
- While private sector workers tended to stay in their jobs during the economic downturn more than in strong economic times, this trend is less evident for the public service.

Job leavers/exits (attrition) and their destinations

- Public service workers tended to remain within the 'wider public service' when leaving their jobs, especially during and post the global financial crisis. This contrasts with the position pre-crises when the destinations of exiting public servants was spread evenly between the 'wider public service' and the 'private sector' (49% in 2007 and 50% in 2008).
- Civil servants tended to remain within the 'wider public service' when leaving their jobs throughout the whole period (2007-2018), and a smaller share of civil servants than public servants exited to the private sector.
- Public service hiring and exit rates are more stable than the civil service and private sector rates – with the greatest percentage of civil servants moving/ leaving their jobs at peak economic times.
- Defence and Justice sub-sectoral level groups presented the smallest share of staff leaving their jobs throughout 2006-2018. It is noted however that the majority of 'exiting staff' from these sectors moved to the private sector throughout 2006-2018

Key Policy Conclusions

- Staff movements in the wider public service workforce fluctuated less than in the private sector throughout 2006-2018. Therefore the current levels of staff movement are not unusual for this point in the economic cycle. Future research might consider whether these fluctuations in staff movement impact on the volume of activity for local HR units and the agility of HR resourcing to respond.

- Staff movements fluctuate with the economic cycle. Recruitment and retention policies and activities may need to be tailored to reflect the prevailing economic and labour market forces and differing sectoral staff movement fluctuations.
- The policy decision to protect frontline public services during the financial crises 2008-2013, when overall public service staff full time equivalent numbers reduced by 10% over the period, was among the drivers of the finding that the public service is the least affected sector by the economic cycle (the least 'pro-cyclical')
- Broadly, when people join the wider public service they tend to remain within the wider public service (whether as job 'stayers' or 'leavers'). Civil servants are however less likely to move to the private sector than public servants.
- As the first analysis of this dataset, this paper represents an evidence basis of trends and data to further inform discussions in human resource, reform and expenditure fora. These further discussions among those with sectoral level policy knowledge should identify specific drivers and sectoral nuances of the data; e.g. contractual issues, restructuring within the civil and public service etc. This dataset, if published by the Central Statistics Office on an ongoing basis, could be accessed by those seeking independent comparable sectoral indicators on job churn and its components – e.g. indicators on hiring and retention rates as sought under *Our Public Service 2020* Action 12 'Embed strategic human resource management in the public service'.

3. Civil Service Overview, New Joiners' and Temporary Clerical Officers - Profile, Trends and Insights

Executive Summary

This research paper draws on the data from the Civil Service Human Resources Databank (CSHR Databank) which is sourced from the Human Resource Management System (HRMS). It provides an analysis of the Civil Service* workforce, as well as new joiner and temporary clerical officers (TCO) usage trends, with the aim of informing policy discussions on the drivers. It presents:

- A high level overview of the Civil Service*[1] workforce in 2020, excluding TCO's, which are analysed separately.
- A comparison of the profiles of new joiners to the Civil Service* during two time periods, recent new joiners 2015-2019 and earlier new joiners 2007-2009[2].
- An analysis of temporary clerical officer (TCO) usage from 2007 to 2019.

Key Findings

Number of employees

- The Civil Service*[1] number of employees (full time equivalent) has increased every year since the lifting of the moratorium in 2014.
- Similarly, the number of new joiners (headcount) has also increased every year, from circa 1,200 in 2015 to circa 3,000 in 2019 (250% increase).

Organisational trends

- The largest growth in FTE numbers was in the Department of Health (54%), the Garda Civilians (47%) and the Department of Foreign Affairs and Trade (43%) between 2015 and 2020.
- The biggest proportion of the new joiners went to the Office of the Revenue Commissioners (16%), the Department of Justice and Equality (9%), and Garda Civilians (9%) between 2015 and 2019.

Age distribution

- The Civil Service* age distribution differs considerably to the Irish labour force (ILF). The proportion of the Civil Service* workforce over the age of 54 in 2020 is 28% compared to 17% for the ILF, while the proportion of under 35's is 16% for the Civil Service* and 34% for the ILF.
- The new joiners' age distribution has changed significantly, becoming older, since the financial crisis. Approximately two thirds of all joiners were between the ages of 17 and 34 during 2006-2008, by contrast, during 2017-2019, two thirds were between the ages of 25 and 44.

Gender balance

- The Civil Service* gender balance was 59% female and 41% male in 2020.
- The new joiners' gender balance improved significantly (from 41% to 47% male) between 2006-2008 and 2017-2019. The biggest changes were at the Administrative Officer (male from 45% to 50%), Principal Officer (female 33% to 41%) and Senior Management grades (female 33% to 46%).

Generalist / Non-generalist skillset proxy

Caveat: the generalist[3] / non-generalist skillset proxy derived from the grade structure is not a strong proxy, but it is the only centralised skillset data currently available.

- The Civil Service* appears to be 73% generalist and 27% non-generalist according to grade classification, with largest generalists in Clerical Officers and Executive Officer grades.
- New joiners classified as generalists has increased significantly (from 44% to 79%) between 2006-2008 and 2017-2019.

Temporary Clerical Officers usage

- There has been a steady increase in the total hours of Temporary Clerical Officers (TCOs) since 2009. Interestingly, there has also been an increase in the proportion of hours outside the summer months (June-August), rising from circa 50% of all usage in 2007 to circa 65% in 2019.

Key Policy Conclusions

- It is positive that the Civil Service has been able to attract an **increasing number** of new joiners since the lifting of the moratorium in 2014. Alignment of this increase in numbers with a strategic vision of the Civil Service is important, together with outcomes for citizens arising from the delivery of the organisational business strategies.
- It is also positive that the Civil Service has new joiners of all ages. However, there has been a significant change in the **age distribution,** becoming older, since the financial crisis. Whether this is due to a change in the age profile of applicants or a change in the age profile of successful applicants is beyond the scope of this paper, however, it may warrant future analysis. If this trend continues, it may further increase the difference between the age distribution of the Civil Service* and the Irish labour force (ILF), causing the Civil Service might become proportionately less representative of some age groups.
- The **gender balance** in new joiners (i.e. successful applicants) has improved. Whether this is due to a change in the gender balance of all applicants or just those who are successful is beyond the scope of this paper. However, further research on the characteristics of applicants would provide valuable insights and could also support the Programme for Government desire to increase the proportion of public and civil servants from ethnic minority backgrounds.
- The Irish Civil Service benefits from employees with generalist and non-generalist (including professional and technical grades) **skillsets**. The finding that a significant increase in the proportion of new joiners are classified as having a generalist skillset (caveat not a strong proxy) doesn't accord with the increased number of non-generalist recruitment campaigns.
  - ➢ Ongoing monitoring of the skillset composition Civil Service workforce in terms of generalist and non-generalist skillsets may support alignment with a strategic vision of the Civil Service and the potential use of digitalisation for routine activities at all grades to release staff capabilities and capacity.
  - ➢ For the current HR Management system (HRMS), under the existing generalist grades if a skill sub-categorisation were to be piloted for various skill streams (e.g. HR, Finance, ICT etc.) it would improve the new joiner data and inform future system

design requirements. For any new HR management system, the permission to and automated capture and transfer of successful applicant's skills data should be considered as a key design feature, in order to readily assess the existing skillset of the workforce, to ensure that skillsets are optimally deployed, and to identify the future skill needs that need to be grown or acquired.

- **TCOs** can provide the ability to respond to seasonal or fixed period service demands. With the increasing usage of TCOs, it is important that the potential risk of over-reliance on TCOs, for critical service delivery to citizens, is monitored and mitigated as part of the organisational risk management process and that the associated increased activity levels for the HR unit is recognised.
- The organisational trends are an analysis of numerical trends only. They are designed to inform policy discussions on the **drivers of these trends** in the Departments/organisations, in the Public Appointment Service and in the Department of Public Expenditure and Reform Civil Service HR Division, Reform Division and Expenditure Divisions Vote teams.

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[1] Throughout this paper Civil Service* is used to indicate that the workforce used does not include the Irish Prison Service as this data was not available from the HR Databank during the research timeframe and excludes TCOs analysed separately (section 4)

[2] Method note: The time periods 2006-2008 and 2017-2019 are used repeatedly throughout this paper as a means of contextualising recent joiner patterns.

[3] Refer to the glossary in appendix 1 for details.

4. Teacher Allocation Model

Executive Summary

- Expenditure on pay for teachers was just over €4.5 billion in 2019.
- This paper focuses on the processes and mechanisms by which mainstream teaching posts, including principals, are allocated to primary and post-primary schools and how these interact. The rules for allocating teaching posts are set out in circulars published annually by the Department of Education.
- Since 2014, primary level mainstream teaching posts have increased by 2,027 posts and at a post-primary level mainstream teaching posts have increased by 3,073 posts. This has been due to both changes in pupil enrolments or demographics, policy decisions and operational aspects of the teacher allocations process.
- While previous papers have examined the impact of demographics on teacher allocations from an overall policy perspective this paper seeks to examine, in greater depth, the operational aspects of teacher allocation. These operational mechanisms play a role in determining the number of teaching posts each year—understanding them in greater detail will inform better projections of teaching post numbers.
- At primary and post-primary level, mainstream teachers are allocated based on the previous school year's enrolments with an exceptional use of in-year enrolment data for schools where enrolments are expected to grow by a sufficient amount.
- The main operational mechanisms for both primary and post-primary posts can be seen as:

Primary Allocations	2019/20 Posts	Post-Primary Allocations	2019/20 Posts
Ordinary Staffing Schedule Posts	25,014	Ordinary Enrolment Posts	20,374
Developing Posts	139	Other Enrolment Posts	3,708
Appeals posts	91	Concessionary Posts	1,203

Key Trends (2014-2019)

- At primary level:
    - Allocated posts have been largely on the basis of the ordinary staffing schedule, which have experienced an average annual increase of 1.8 per cent since 2014, albeit affected by policy changes;
    - The number of developing posts applied for and approved has fallen steadily, while the proportion of posts approved has stayed relatively constant at circa 71 per cent; and,
    - The number of appeals posts applications have decreased, but the number of posts allocated has remained relatively constant (c.90 posts).
- At post -primary level:
    - The majority of posts allocated have been ordinary enrolment posts — based on enrolments in September the previous year — however, other categories have also gained prominence;
    - Increases in 'other enrolment based posts' have been amplified by policy changes, such as Junior Cycle Reform; and,

- Concessionary post increases have been largely due to projected enrolment posts. Concessionary posts are similar to appeals posts.

Key Findings

- The mainstream teacher allocation process goes beyond the application of an overall teacher to pupil ratio to enrolments. This transmission is more direct at post-primary level, with considerably more nuances at a primary level.
- While previous projections have been based on different ratios of number of teachers to pupils this analysis indicates that a more detailed approach is needed to better reflect demand based on the existing rules and processes.
- At primary level while the staffing schedule is based on a general average of 1 mainstream classroom teacher to every 26 pupils, there are additional accommodations for schools with lower enrolments. Also, schools have autonomy in how they organise classes within their allocation, which lead to differing class sizes.
- Schools are allocated teaching posts based on the previous year's enrolments. However, if schools expect higher enrolments they can apply for additional posts based on in-year enrolments once certain thresholds have been reached. This leads to a somewhat asymmetric system of allocation where schools can, with sufficient pupil growth, gain a teacher a year earlier than they would have done so otherwise. This aims to ensure sufficient teachers for schools who are growing rapidly.

Primary Level

- The amalgamation of schools and creation of new schools makes the precise estimation of teacher allocation numbers difficult using point in time enrolment data. In addition to national projections of the total school population, other data sources and reviews could be leveraged to provide a more nuanced basis for projections going forward

- Although the staffing schedule currently operates on a general average class size of 26:1, the number of additional pupils required to gain an additional post can range from 5 to 35. This variation arises from additional accommodations in the schedule for small schools and administrative principals.
- The main driver of changes in aggregate levels developing posts is difficult to assess. Recent years have seen a rebalancing of posts away from urban centres and surrounding areas, with "Other" counties comprising an increased proportion of total posts. This will require further analysis to determine its contribution as a driver of posts.
- Pupil enrolments in September must be confirmed before developing posts are approved; if predicted pupil numbers do not materialise the provisional post is not approved.
- The staffing schedule, developing post criteria and appeals post criteria provide accommodations for small schools. Small schools accounted for 17 per cent of teaching posts allocated and 15 per cent of pupils in 2019/20. Small schools represent the largest category for appeal posts, accounting for 67 per cent of all appeals posts. They also accounted for 20 per cent of posts allocated under developing posts over the period 2014-2019.

Post-primary

- The ability to allocate partial posts at post-primary level facilitates the closer alignment of the pupil teacher ratio with the operational outcome of teacher allocation. This is in part due to the nature of post-primary level teaching.
- Ordinary and projected enrolment posts have begun to take a more prominent role in driving the change in teaching posts.
- Ordinary enrolment posts are allocated based on a pupil teacher ratio (PTR) and, therefore, changes in these posts are largely driven by demographics.
- While other enrolment based allocations are also linked to demographic changes these posts have also been influenced considerably by policy changes. Recent years have seen a number of policy changes for 'other enrolment based posts'—such as the introduction of Junior Cycle Reform posts and the restoration of guidance provision—these changes have amplified the impact of growth in the demographics at post-primary level.
- When we consider the share of the total allocations of post-primary teaching posts by county we can see that the share of the allocation tends to be closely matched to the share of the pupils enrolled in a school in that county.

5. The Single Scheme – Improving the Sustainability of Public Service Pensions

Executive Summary

Ireland's demographics have changed substantially since the foundation of the State, with life expectancy in 2016 having increased by 22.2 years for men and 25.5 years for women when compared to 1926. The proportion of older people as a percentage of the total population is also increasing. If public service pension reforms were not implemented, these developments would lead to sustainability issues.

Ireland has previously implemented a number of reforms to public service pension schemes, from increasing the contributions public servants were required to pay, to reducing the benefits payable from the public service occupational pension scheme. The Single Scheme is arguably the most fundamental reform to date.

The Single Scheme became operative from 1 January 2013, and is applicable to all new entrant public servants from that date, as well as returning public servants who had a break in service of more than 26 weeks.

When the Single Scheme was introduced, it was projected to reduce long-term expenditure on public service pensions by 35%, primarily through three elements: later normal retirement ages, the career-average method of calculating benefits and the application of CPI indexation. The majority of these savings will materialise after 2050, when significant volumes of Single Scheme members will become eligible to retire.

In the near future, DPER intend to conduct an updated actuarial analysis of the long-term projected savings the Single Scheme will deliver.

Key Findings

- By the end of 2019 there were 140,000 active members of the Scheme, with an average annual increase in membership of 20,000 since 2013. Scheme membership will increase further and depending on assumptions used, could range between 180,000 and 200,000 at the end of 2025.

- Single Scheme members contributed €201 million in Single Scheme contributions in 2019. Single Scheme members also contributed a further €69 million in Additional Superannuation Contributions (ASC) in 2019.

- Single Scheme benefit pay outs are not expected to be a significant portion of the overall public service pension bill until the second half of the century and are anticipated to remain below €100 million annually until after 2040.

- The reform measures introduced since 1 January 2013, with higher contributions required (through the introduction of ASC) combined with lower retirement benefits payable (through benefits based on career-average pay, later normal retirement ages and CPI indexation), have clearly improved the sustainability of Irish public service pensions.

6. Ethiopia Country Strategy 2014 – 2018

Executive Summary

- Ethiopia is a key geopolitical and economic force in the Horn of Africa. It is one of the largest hosts to refugees and transitory migrants and is a significant contributor to regional peacekeeping and peacebuilding efforts. It is also host to the African Union and one of the two main UN centres on the continent. While Ethiopia has experienced more than 10 years of rapid economic growth, extreme weather events, gender inequality, civil unrest and rapid population growth still presents significant poverty-related challenges.
- A peer review of Ireland's development programming conducted by the OECD in 2019 recognised Ireland as a "successful influencer of global policies on sustainable development" and noted that it "demonstrates continued leadership on development effectiveness in action at both headquarters and mission level". Moreover, the OECD has noted that Ireland has built its global reputation through "a generous response to crises and conflicts, and contributing effectively to poverty reduction" (OECD 2020, pp.3).
- The 2014-2019 Ethiopia Country Strategy Paper (CSP) outlined Ireland's strategy for providing direct bilateral development assistance to Ethiopia. In 2014, Ethiopia was the second largest recipient of Irish bilateral development funding. By 2016 it had become the largest.
- The 2014-2019 CSP was designed to contribute to a single, resilience-focused outcome: "Poor and rural households are more resilient to economic, social and environmental stresses and shocks" in a rapidly changing political, environmental and social context.
- The 2014 - 2019 CSP built upon the successful 2008 - 2013 CSP. The 2014-2019 CSP was designed with the aim of delivering Ireland's international development policy in Ethiopia, and contributing to the *EU+ Strategy on Ethiopia* (2013) within the framework of the Ethiopian government's own national development strategies.
- The 2014-2019 CSP's total programme expenditure over the six-year period was €170.8 million, comprising of 4% of Ireland's total international development expenditure for this period.
- Over one third of the CSP's expenditure for the period 2014-2019 was focused on the Ethiopian Government's Productive Safety Net Programme (PSNP). This is a multi-donor social protection programme that provides food and cash transfers to food insecure households and highly vulnerable populations, while also building up communities' public infrastructure and protecting their local

environment. The PSNP is the largest social protection programme in Africa, with over 7 million recipients annually, and is supported by a range of donor agencies alongside Ireland, the World Bank, UNICEF, World Food Programme, UK, US, Sweden, Denmark, Canada and the Netherlands.

- The CSP's funds were managed and distributed by the Embassy of Ireland in Ethiopia's capital city, Addis Ababa. The funds were disbursed through a mixture of grants to government and non-government partners to support, implement and monitor humanitarian and development programmes throughout Ethiopia. Ensuring a mixture of recipients and channels of support is accepted as best practice among members of the OECD's Donor Assistance Committee (DAC) as it is an important way to both spread and co-manage risk across the portfolio of interventions.
- Ireland has supported interventions via the CSP which:
    - provided humanitarian assistance and social protection to some of the poorest and most vulnerable people in Ethiopia;
    - improved access to maternal health and nutrition services and resources;
    - promoted integrated climate-smart agricultural practices;
    - strengthened regional health systems;
    - built up the capacity of civil society organisations;
    - supported Ethiopian Government reform programmes; and
    - promoted good governance practices.

- The purpose of this Spending Review is to assess the impact and effectiveness of the 2014 CSP spend and the underlying processes used to develop and implement it. This CSP represents a snapshot of Ireland's longstanding work in Ethiopia. Where still appropriate in 2020, the Review highlights lessons which can continue to inform Ireland's approach. It builds on findings from the recent OECD DAC (Development Assistance Committee) Peer Review of Ireland's development cooperation, which included a dedicated field visit to Ethiopia to assess Ireland's work there.

Findings

- The goal and objectives of Ireland's 2014-2019 CSP for Ethiopia align with both Ireland's foreign and development policy priorities and the development and humanitarian challenges facing Ethiopia.

- Ireland is a valued bilateral partner, working with the Government of Ethiopia and other agencies such as the UK's DFID, Germany's GIZ, USAID, CGIAR, the UNDP, the World Bank, the UNHRC, the World Food Programme and UNICEF, to implement national development plans.
- DFAT's internal monitoring, evaluation and learning structures have allowed the Embassy in Ethiopia, with support from Development Cooperation and Africa Division to adapt and reconfigure the CSP in response to changing development and humanitarian challenges. Moreover, these structures allow the Embassy to assess regularly the performance of partners, allowing it to refine, amend or cease such arrangements if they are not delivering expected outcomes or if the context changes.
- Ethiopia is the single largest recipient of Irish bilateral ODA (OECD, 2020). Ethiopia is also the largest single recipient of global ODA by volume in Africa. Ireland's contribution of bilateral ODA in 2018 accounted for less than 1% of the net ODA Ethiopia received.
- The 2014-2019 CSP and its 2008-2013 predecessor were both originally intended to be in place for five-year periods. However, both were both extended by one year to allow more time for the subsequent Ethiopia strategy to be finalised and incorporate relevant policies and frameworks. In 2016, the Comptroller and Auditor General (C&AG) recommended that DFAT should ensure that new country strategy plans are completed in a timely manner, reducing the requirement for plan extensions.
- While Ireland's development programming in Ethiopia has progressed beyond an initial region-focused approach, it retains strong links with the Tigray and SNNP regions and continues to support a number of activities in those regions. These include support to rural households' poverty reduction, resilience to climate shocks, and access to health and nutrition services.
- It is important that Ireland continues to provide additionality in its development programming (i.e. delivering development outcomes that would not otherwise occur), while also ensuring that it acts strategically to maximise its development impact when working with other donors and development agencies.
- Between 2014 and 2019 Ireland has provided €170.8m to the CSP to effectively support over 30 programmes and projects of various sizes, across a select and strategic range of sectors, in Ethiopia. These have provided essential support and protection to some of the poorest and most vulnerable people in Ethiopia, as well as building resilience, strengthening technical capacity and improving livelihoods. This support has been consistently targeted towards poor, rural households, with a particular focus on the health and nutrition of poor, rural women and children.

- While Ireland's financial contributions to large multi-donor programmes may be proportionally small, the extent of the Embassy's strategic engagement and approach within such programmes and related donor networks has enabled effective policy influence on a wider scale. The co-funding mechanisms used for these programmes also provides for effective collaboration and coordination with regards to technical oversight and sharing of risk management and reduced transactions costs. This allows Ireland to make a greater impact than would be obtained with a smaller national contribution. Multi-donor programmes allow for synergies and for smaller donors to leverage the financial weight of larger donors, ultimately reaching a higher number of beneficiaries and delivering change at national level in a coordinated way.
- The Embassy, through the CSP, also provided support for many smaller, more focused projects that seek to build up the technical capacity of farmers, health workers, and Civil Society Organisations in a manner that can be scaled up and applied elsewhere.
- The new Mission Strategy process, which has been rolled out to replace the CSP process, aims to ensure that there is a whole of Embassy approach to development programming. This strengthened approach allows for greater coherence between an Embassy's various functions and continues to place a strong emphasis on evidence-based decision-making, flexibility, and value for money.

Recommendations

- Ireland's development programming in Ethiopia comprises a strategic mix of partners and programmes. This allows the CSP to be implemented at scale while also providing risk management benefits and learning opportunities from pilot projects in specific contexts. However, there is value in considering ways to optimise partnerships. One example of how this could work is the CSP's support to the Consortium of NGOs, where a number of partners were supported in a manner that reduced administrative transaction costs.
- DFAT should continue to explore opportunities to develop guidance for (i) reporting and evaluating qualitative outputs and outcomes, including policy influencing and advocacy; and (ii) designing a methodology for attributing or representing development impacts from Ireland's contributions to multi-donor, pooled funds. This could include the convening of an internal task team with representation from DFAT's Evaluation and Audit Unit, Finance Division and Development Cooperation and Africa Division.

- An internal DFAT task team could also be utilised to ensure the continued compliance and coherence of Ireland's development programming with the Public Spending Code.
- Ireland's country-specific development programmes should continue to ensure that their objectives are well-defined to assist monitoring and evaluation. Where possible, objectives within a programme's logic model should adhere to the SMART principle (i.e. the objectives should be Specific, Measurable, Achievable, Realistic and Time-bound).
- Internal reporting systems would benefit from the development of a 'dashboard' to collate key statistics for any given country, to assist in knowledge management and support ongoing development of the results management system. This dashboard could include the following:
    - Trend analysis of how funding allocations to, and within, country-specific development programmes has changed over time;
    - Assessments of how development funding is reaching the " furthest behind first";
    - Proportion of an Irish-supported project or programme's total funding that is being provided by Irish ODA;
    - Disaggregation of country-specific funding to illustrate proportion of allocations being distributed through each outcome area, geographical location, partner-type (government, NGO, multilateral).
- Ireland should assess how best to incorporate the OECD DAC Peer Review's recommendations for its development cooperation programming. In particular, it should:
    - Invest in knowledge management by:
        - systematically capturing and disseminating lessons from programming and evaluations; and
        - expanding knowledge-sharing mechanisms to strengthen thematic expertise.
    - Advance its approach to results-based management by:
        - promoting a results and learning culture and strengthening capacities to manage for results across the system; and
        - adopting results frameworks that spell out the expected results chain, using SDG targets and indicators and enable a clear focus on those furthest behind.
- DFAT should continue to regularly review its planning processes to ensure that new country strategies can be designed and approved in advance of the end of a previous strategy, mitigating the need for extensions and providing Embassies with a clear framework to help achieve their targets.

- Embassies should continue to seek out programmes and projects that provide opportunities to collaborate and coordinate with Governments and development partners. It is important to develop strategies for identifying where and how Ireland can fully utilise its voice and position to advocate and influence policy towards the development priorities identified within *A Better World*.

7. Túsla Residential Care Costs

Key Findings

Tusla is responsible for the delivery of residential care services for children and young people in the care of the State. The aim of residential care services is:

> *…to provide a physically, emotionally and psychologically safe space in which children and young people can heal, develop and move forward in their lives.*

Residential care is a demand-led service characterised by the complex needs of the vulnerable children (aged 18 or under) it serves. The objective of this Spending Review is to identify the key cost drivers of residential care provision, and thereby help inform future policy relating to this key child welfare and protection service.

Many children in care have a history of physical, sexual, emotional abuse and/or neglect. For many children, the experience of consistent, predictable caregiving is sufficient to ameliorate some of the impact of trauma and allows them to live within a family home setting. For other children, this may not be sufficient. Children placed in residential care require a high level of supervision and professional caregiving. The number of children in a centre (which is a domestic house) is generally between 2 and 6. Staff must work through the night in 'live night' shifts i.e. one staff member is awake at all times to ensure the safety of the children. Residential care may include working with a young person's social worker and other professionals to prepare a young person for a successful return home, transition to an agreed placement of choice or to independent/supported living.

Residential care has been a significant cost pressure for Tusla in recent years. Costs have increased year on year since 2016. In 2019, a Supplementary Estimate of €15 million for Tusla was primarily driven by residential care costs. Tusla have estimated a full year private residential care overspend of €26.1m for 2020. This comprises €17.1m overspend for private care within the Children's Residential Services budget and €9m overspend on private residential care by the Tusla 'Regions'. While Covid-19 costs are included in this projected overspend, Tusla have signalled that the impact of Covid-19 will lead to additional costs over and above this projected overspend.

Annual residential care costs increased by €40.8m (or 27%) between 2016 and 2019. Approximately 87% of this cost increase was associated with private service provision. This compares to a 2% increase associated with Tusla-owned services, and 4% for voluntary services. Over the past number of years, placements within Tusla-operated services have remained relatively stable, with placements decreasing slightly in voluntary services. By contrast, the numbers of private placements have steadily increased.

This Spending Review identifies two overarching trends in the provision of residential care, with costs driven by a combination of:

1. **An increase in the numbers of children and young people in residential care**. Placements rose by 12%, from 470 to 525, between 2017 and Q1 2020. While there were 55 additional placements overall, decreases in some service types were offset by 70 additional placements in private 'mainstream' residential centres.
2. **An increase in the costs of placements**. In September 2018, private contract rates increased in order to comply with the European Working Time Directive (EWTD), which led to additional staffing requirements.[1] According to Tusla, this increase arose primarily from a requirement to fund additional staffing. The basic private 'mainstream' placement rate increased from €5,000 to €6,000 per week, while the basic 'enhanced' rate (private only) increased from €6,000 to €6,800 per week. Dual Occupancies were set at €8,500 and Single Occupancies at €13,500 per child per week.

Underpinning these two broad trends, a range of factors have driven increasing residential care costs. The Spending Review found that cost increases related to:

- 'Mainstream' residential care (including multi-occupancy, single and dual occupancy, and 'enhanced' services) accounted for approximately 32% of the overall residential care cost increase observed during this period. The numbers of placements within this category increased by approximately 4%. Most of this cost increase occurred in private service provision.
- Specialised services within mainstream residential care accounted for approximately 24% of the overall residential care cost increase between 2016 and 2019. These services include: separated children seeking asylum (SCSA); the Irish Refugee Protection Programme (IRPP); and Emergency Respite Services. The numbers of placements within this care type increased by 35% during this period.

[1] The EWTD also led to increased staffing requirements in Tusla-owned and voluntary residential care centres

- The annual cost of specialised services outside of ‘mainstream’’ residential care accounted for about 37% of the overall residential care cost increase during this period. These services include: Special Care and Stepdown Care; residential care services for children and young people with disabilities; ‘Out of State’ placements; and costs incurred by the Tusla ‘Regions’. It should be noted that data in relation to placement numbers under the Tusla ‘Regions’ was only available for Q1 2020.
- Administration and development costs accounted for 7% of the total cost increase of €40.8m during this period.

In reviewing the relative cost impacts of the different residential care placement types over time, the Spending Review found:

- There was an increase in dual occupancy placements in private services (limited to two children per service) and a large increase in private single occupancy placements (one child per service only) between 2018 and 2019. These care types are more expensive than ‘mainstream’ multi-occupancy placements.
- Increases in the provision of ‘enhanced’ services (with additional integrated supports) by private organisations, the costs of which are higher than in ‘mainstream’ services. The cost of ‘enhanced’ services doubled between 2016 and 2019, increasing from €6.5m to €12.9m across the period. This increase accounted for 15.7% of the total residential care cost increase (and which was included within private ‘mainstream’ costs).
- Emergency Respite Services are more expensive than ‘mainstream’ multi-occupancy care. The numbers of placements in private Emergency Respite Services almost doubled during this period. There was also an increase in the average duration of placements, suggesting that this form of care represented a cost driver for Residential Care during the 2016 to 2019 period. (Note: accurate cost data was not available for this care type).
- Placements of Irish Refugee Protection Programme (IRPP) and separated children seeking asylum (SCSA) in residential care services remained relatively stable during the 2016-2019 period. There were more placements in private centres than in Tusla-owned or voluntary services. However, the total annual cost increased by €3.3m, or 8% of the total residential care cost increase (€40.8m) during this time.
- Increasing numbers of private residential care placements by the Tusla ‘Regions’ that fall outside of Tusla’s national residential care governance structure. The costs of placements incurred by the

‘Regions’ increased from €7.4m in 2016 to €21.9m in 2019. €12.6m of the 2019 ‘Regions’ costs related to residential care services for children and young people with disabilities.

- There are a small number of children who are under the age of 13 and young adults over the age of 18 in residential care, which has contributed to the increased numbers of placements. The average length of time in residential care also increased between 2017 and 2020, in particular for those in disability-based residential care.

Overall, while the number of placements has increased in recent years, this Spending Review found that there is a growing reliance on private residential care provision. Tusla have increasingly sourced both ‘mainstream’ and specialised placements through private services. There has also been a transition toward smaller numbers of children per residential care setting (such as single and dual occupancy services).

The Spending Review concludes with suggestions for future analysis, and the regular reporting of additional data to support the ongoing monitoring and evaluation of residential care expenditure. In order to deepen understanding of costs, the following areas for analysis are suggested:

- The costs, benefits and risks associated with each of the existing delivery mechanisms: Tusla-owned, voluntary and private services.
- The effectiveness of the different delivery mechanisms and service types, in particular those that are key cost drivers.
- The costs and benefits of preventative interventions, such as the Creative Community Alternative initiative, and how these may support children, young people and families within their communities.
- The increasing numbers of young people in residential care placed by the Tusla ‘Regions’ (including disability-based residential care), and the governance structures underpinning these placements.
- How the implementation of the Joint Protocol between the HSE and Tusla (with regard to the residential care of children and young people with moderate to severe disabilities) will impact on residential care costs.

The ongoing development of services available to help young adults in residential care to safely transition to appropriate alternatives.

8. Student Grant Scheme (SUSI Grants)

Summary

The purpose of this paper is to establish a baseline profile of the recipients of the student grants in the 2017/2018 academic year. The Student Grant Scheme (SUSI grants) makes available means-tested financial assistance through maintenance and fees grants to students in further and higher education for households which meet the eligibility criteria. SUSI grants are payable at various rates including; special rate maintenance, full maintenance, part maintenance, full fees and part fees, in order of decreasing support. Students who receive a maintenance grant, also receive a fees grant, if they meet the other eligibility criteria of the fees grant. SUSI recipients living beyond 45km of their educational institution receive a higher grant rate known as the non- adjacent rate. **SUSI administered over €360 million in the 2017/2018 academic year, supporting 77,495 or 37% of students in higher and further education**. It is worth noting that the financial cost is not the only determinant of accessing higher and further education.

Summary of Profile of Recipients

Age, Gender & Region

Half of all 18 and 19 year olds in higher and further education receive a SUSI grant compared to 37% of the fulltime student population. Younger SUSI recipients receive a higher rate of support than older SUSI recipients, with approximately 90% of maintenance grants awarded to students under the age of 22.

SUSI recipients reflect the gender breakdown of the wider higher and further education population, with more female than male recipients. A greater number of female recipients receive the maintenance grant than males, while the number receiving fees grant is approximately the same.

Counties such as Cavan, Donegal, Longford, Mayo, Monaghan and Wexford received the highest proportion of special rate and full maintenance, therefore receiving a higher level of support. Counties such as Cavan, Leitrim, Longford, Mayo, and Roscommon received the largest proportion of non-adjacent grants, thereby receiving a higher level of support. Comparing the proportion of SUSI recipients to students in higher and further education, regions such as Border, Midlands and Midwest are receiving a higher support than regions such as Dublin, Mid-East, West and south-west.

Income

The gross median household income of a SUSI recipient is €48,972. This is below that of households with a fulltime student aged 18 and over, which is over €62,000.

Given that various levels of support are available via SUSI grants there is a large variation in the income levels of SUSI recipients and SUSI grants are awarded to recipients from households across the income distribution**. Over half of SUSI recipients (57%) are in the higher end of the income distribution (i.e. income deciles 6 to 10), this proportion is higher for the wider student population which shows SUSI recipients are in relatively lower income households than the wider student population.**

A large share (approx. one third) of those receiving the highest rate of support, i.e. the special rate of maintenance, are in households in which there is no income from employment/self-employment. This is compared to 16% of all SUSI recipients. The majority of SUSI recipients (74%) are in households which receive some form of social welfare (note that this includes various social welfare payments such as the pension, but does not include Child Benefit), while one fifth of SUSI recipients are in households with income from self-employment.

Education & Institution of Study

While the largest share of SUSI recipients are studying honours bachelor degrees (NFQ Level 8), a higher proportion of SUSI recipients are studying ordinary bachelor degrees (NFQ level 7) when compared to the overall student population where a higher proportion of undergraduate students are studying honours bachelor degrees (NFQ Level 8). This is particularly pronounced in Health and Welfare and Business and Law.

The fields of study with the highest share of SUSI recipients are Arts & Humanities, Business, Admin & Law, Health & Welfare and Natural Sciences, while Education and Agriculture, Forestry & Fishing have the fewest SUSI recipients. When comparing SUSI grant recipients to overall students in higher education, a greater proportion (between 30% and 40%) of undergraduates studying Arts, ICT, Social Sciences, and Journalism are in receipt of SUSI grants, while a lower proportion are studying Health and Welfare, Education or Engineering, Manufacturing and Construction.

Over half of students enrolled in Institutes of Technology receive a SUSI grant, with the exception of Cork IT, while between 35% and 45% of students in universities receive a SUSI grant, with the exception of University College Dublin and Trinity College Dublin where a smaller proportion of students receive SUSI grants.