



**An Roinn Leanaí  
agus Gnóthaí Óige**  
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and Youth Affairs

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# **Focused Policy Assessment of the Early Childhood Care and Education (ECCE) Higher Capitation Payment**

Prepared by the Department of  
Children and Youth Affairs  
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DCYA Evaluation

**IGEES**

Irish Government Economic and Evaluation Service

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**IGEES Quality Assurance Process**

*“Focused Policy Assessment of the Early Childhood Care and Education (ECCE) Higher Capitation Payment”*

To ensure accuracy and methodological rigour, the authors engaged in the following quality assurance process:

- **Internal /Departmental**
  - ✓ Line management
- **External**
  - ✓ Quality Assurance Group (QAG)

## List of Acronyms and Abbreviations

ACP	Association of Childcare Professionals
ACS	Affordable Childcare Scheme ( <i>now the National Childcare Scheme. See “NCS” below</i> )
AIHW	Australian Institute of Health and Welfare
AIM	Access Inclusion Model
BOBF	Better Outcomes Brighter Futures
CAR	Compliance Audit and Risk
CCC’s	City and County Childcare Committees
CCL	Canadian Council on Learning
CCS	Community Childcare Subvention
CECDE	Centre for Early Childhood Development and Education
CIS	Caregiver Interaction Scale
CoRe	Competence Requirements in Early Childhood Education and Care
CPD	Continuing Professional Development
DCYA	Department of Children and Youth Affairs
DES	Department of Education and Skills
DPER	Department of Public Expenditure and Reform
EAG	Expert Advisory Group
ECCE	Early Childhood Care and Education programme
ECEC	Early Childhood Education and Care
ECERS-E	Early Childhood Environment Rating Scale- Extension
ECERS-R	Early Childhood Environment Rating Scale- Revised
ECI	Early Childhood Ireland
ECS	Early Childhood Supplement
ELC	Early Learning and Care <sup>1</sup>
EPPSE	The Effective Pre-school, Primary and Secondary Education project
ESRI	Economic and Social Research Institute
EY	Early Years
EYEIs	Early Years Education-Focused Inspections

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<sup>1</sup> See *First 5: A Whole-of-Government Strategy for Babies, Young Children and their Families*, Government of Ireland, 2018

FPA	Focused Policy Assessment
FTE	Full-Time Equivalent
GLF	Graduate Leader Fund
HC	Higher Capitation
ICTU	Irish Congress of Trade Unions
IGEES	Irish Government Economic and Evaluation Service
ILO	International Labour Organisation
ISCED	International Standard Classification of Education
ISSA	International Step by Step Association
ITERS-R	Infant/Toddler Environment Rating Scale
NCCA	National Council for Curriculum and Assessment
NCS	National Childcare Scheme
NDNA	National Day Nursery Association
NESF	National Economic and Social Forum
NEYAI	National Early Years Access Initiative
NFQ	National Framework of Qualifications
NMBI	Nursing and Midwifery Board of Ireland
OECD	Organisation for Economic Co-operation and Development
OMCYA	Office of the Minister of Children and Youth Affairs
PIP	Pobal Programmes Implementation Platform
PLC	Post Leaving Certificate
PLM	Programme Logic Model
PQ	Parliamentary Question
PSP	Programme Support Payment
QQI	Quality and Qualifications Ireland
REU	Research and Evaluation Unit (DCYA)
RFT	Request for Tenders
SEED	Study of Early Education and Development (UK)
SEO	Sectoral Employment Order
SSTEW	Sustained Shared Thinking and Emotional Well-being scale
TEC	Training and Employment Childcare
UNICEF	United Nations International Children's Emergency Fund
VFMR	Value for Money Review

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# Report Summary

This report represents a focused policy assessment (FPA) of the Early Childhood Care and Education (ECCE) Higher Capitation (HC) payment, conducted by the Research and Evaluation Unit of the Department of Children and Youth Affairs (DCYA).

The FPA report is divided into three main parts:

- Part One: an overview of the ECCE HC payment and the rationale underpinning its introduction.
- Part Two: a detailed examination of the HC payment rationale.
- Part Three: implementation and administration of the HC payment.

The report concludes by summarising the key findings and reflecting on the policy considerations presented throughout Parts 1 to 3.

## Part 1: Introduction and Context

Section 1.1 provides:

- An introduction to the FPA, including its purpose and scope
- A description of the HC payment, with a short overview of methods and data used in this analysis.

Section 1.2 provides:

- A review of the policy context within which the DCYA introduced the ECCE HC payment
- An overview of the payment, which includes a description of the main rules underpinning the payment, and key expenditure and uptake trends.
- The rationale underpinning its introduction, presented as follows:
  - A higher capitation payment will incentivise ECCE Programme services to recruit greater numbers of experienced graduates to work as Room Leaders, who will in turn support higher quality ECCE Programme provision.

## **Part 2: ECCE HC Payment Rationale**

Part two examines the rationale underpinning the ECCE HC payment.

Section 2.1 uses the available evidence to assess whether the payment has incentivised the recruiting (and retention) of experienced graduates to work as ECCE Room Leaders.

Section 2.2 uses the available evidence to assess whether the recruiting and retention of experienced graduates supports higher quality ECCE programme provision.

## **Part 3: ECCE HC Payment Implementation**

Section 3.1 provides:

- A definition of the model governing the administration of the ECCE HC payment
- An examination of the model to help identify how the DCYA matches funding with target recipients
- An assessment of payment inputs such as funding, staffing, IT systems; activities, such as application and approval processes; and outputs, such as numbers of approved ECCE HC services.
- An assessment of the key governance mechanism - the Pobal-led compliance process.<sup>2</sup>

Section 3.2 provides an assessment of the key characteristics of ECCE HC payment implementation. These include:

- Ongoing progress toward the standardisation of ECCE HC-funded degree-level qualifications

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<sup>2</sup> Note: Pobal is a non-profit organisation that 'works on behalf of Government to support communities and local agencies toward achieving social inclusion and development.' Pobal provides management and support services to the Department of Children and Youth Affairs in respect of its Childcare Funding Programmes, including the ECCE HC payment.

- The requirement for HC-eligible practitioners to hold at least 3 years of relevant experience
- The potential to extend graduate incentives to practitioners who work outside of the ECCE programme
- Availability of ECCE HC services at a county level and across areas categorised by level of deprivation.

## **FPA Findings and Policy Considerations**

The report proceeds with a presentation of ECCE HC payment-related issues for consideration by the DCYA. These relate to the rationale, administration model and key characteristics of payment implementation. These include:

- A discussion of the payment rationale, within a broader ELC policy context.
- A simplification of the administration model to help improve administrative efficiency
- How ECCE HC payment funding broader may interact with other quality-related initiatives, in order to add value to the payment.
- The collection of key additional data to support ongoing payment monitoring and evaluation.

The analysis presented in the report reveals that the payment meets its primary objective of encouraging the recruitment of graduates. The rationale also holds, in terms of evidence that graduates will support higher quality ECCE Programme provision. However, the analysis reveals that the ECCE HC payment is primarily associated with structural measures of quality. This invites the conclusion that the HC payment, (as a key DCYA tool to help raise ECCE programme quality) needs to be considered in the context of a suite of other quality measures that include both structural and process mechanisms. In this way, the FPA supports the development of the HC payment into the future, but also makes the case for a broader analysis of quality in ECCE programme settings.

The DCYA may also wish to explore alternative delivery models, as the sector progresses toward the *First 5* target of 50% graduates working with children in centre-based Early Learning and Childcare (ELC) settings (by 2028), as well as the development of a new ELC funding model.

The report concludes with a summary of the key findings, presented as ECCE HC payment 'strengths' and 'challenges'.

Click [here](#) for 'FPA Conclusion and Policy Considerations'

# **Part 1: ECCE Higher Capitation Introduction and Context**

## 1.1 Introduction

According to the Public Spending Code, a focused policy assessment (FPA) is an evaluation methodology 'designed to answer specific issues of policy configuration and delivery' (Department of Public Expenditure and Reform, 2013). They are narrower in focus than the Value for Money Policy Review (VFMPR) evaluation approach outlined in the Code. A VFMPR assesses all evaluation criteria, including rationale, continued relevance, efficiency, effectiveness and impact. However, a FPA evaluates a discrete expenditure programme with reference to one or more evaluation criteria only.

This report represents a focused policy assessment (FPA) of the ECCE Higher Capitation (ECCE HC) payment, which assesses:

- The **rationale** underpinning ECCE HC payment implementation.
- The **administration** processes supporting payment delivery.

### Box 1: What is ECCE Higher Capitation?

ECCE Higher Capitation is an additional capitation fee of €11.25 per week, per child, administered by Pobal on behalf of the Department of Children and Youth Affairs (DCYA). The payment is made to a preschool service that has:

- (a) Registered with the DCYA to provide the ECCE Programme
- (b) Been granted ECCE Higher Capitation status by the DCYA for children attending individual ECCE sessions where:
  - There is a Room Leader with a graduate qualification recognised as meeting the minimum contract requirements for 'ECCE Higher Capitation'
  - The Room Leader has a minimum of 3 years' experience working in the ELC sector
  - The ECCE session meets the required ECCE adult: child ratios.

The Early Childhood Care and Education (ECCE) Programme Higher Capitation (HC) payment is a key Department of Children and Youth Affairs (DCYA) policy lever that encourages services to employ more graduate Room Leaders (DCYA, 2016). Pobal administer the payment, which is funded by the DCYA as part of the ECCE

Programme (budget subhead), with a specific set of funding and administrative rules. To date, the payment has not been the subject of a dedicated evaluation.

The key rationale underpinning the payment is that it will incentivise ECCE Programme services to recruit greater numbers of experienced graduate Room Leaders, who will in turn support higher quality ECCE Programme provision.<sup>3</sup> To assess the payment rationale, measures of high quality ELC service provision will be identified to help understand the role of the ECCE HC payment, which is delivered as one of a suite of ELC quality-related government initiatives.

This will be followed by an assessment of the ECCE HC payment administration processes, and key aspects of payment implementation. It will be shown that there is potential for beneficial reforms in a number of key areas.

## **Methods and Data**

### **Terms of Reference**

This FPA report represents the first dedicated evaluation of the ECCE HC payment. The Terms of Reference for the FPA were agreed between the DCYA Research & Evaluation Unit (REU), the Irish Government Economic and Evaluation Service (IGEES) and the DCYA Vote Section of the Department of Public Expenditure and Reform. See Appendix.

### **Programme Logic Model**

As a first step, the Research and Evaluation Unit constructed a pre-FPA 'Programme Logic Model' (PLM) for the payment (see Figure 1.1) and confirmed it with the Early Years Division.<sup>4</sup> The PLM was then included in the FPA proposal agreed by the DCYA Management Board. The PLM was also incorporated into the FPA Terms of Reference (see Appendix). The PLM presented below helped frame the FPA, which comprised a desk-based assessment of the rationale for, and implementation of, the ECCE HC payment.

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<sup>3</sup> A Room Leader is differentiated from an Assistant by way of qualification/ experience requirements. The DCYA expects Room Leaders to take up leadership positions in ECCE programme sessions.

<sup>4</sup> As noted in the Magenta Book (HM Treasury, 2011), a logic model describes the relationship between inputs, activities, outputs, outcomes and impacts of an intervention or programme.

**Figure 1.1 Pre-Assessment Programme Logic Model**





## Data

The FPA draws on a range of data sources. Data was collated from administrative records and other grey literature from DCYA Early Years Division files and online searches as well as DCYA and Department of Education and Skills (DES) policy documents, Parliamentary Question replies, Press Releases and Ministerial statements. The DCYA Early Years Division, Pobal and DES provided internal administrative and financial data, which were used to document payment expenditure and administration from 2010 to 2018. Descriptive statistical and trend analyses throughout this report are based on these data and materials.

In addition, for this FPA, the DES, in collaboration with the DCYA, conducted a review of Early Years Education Focused Inspections (EYEI) reports in May 2018. ECCE Programme service capitation status was cross-referenced with EYEI results for almost 1,500 services. The review provides both quantitative and qualitative data (descriptive statistics and thematic analyses of EYEI reports).

## Literature and Policy Review

Irish and international policy and research literature was reviewed to identify contemporary developments, recent and planned ELC funding reforms and sector trends. This helped frame an assessment of the ECCE HC payment in the context of the evolution of the ELC landscape from the 1990s to present.

In addition, a number of key policy reforms are imminent, which needed to be considered in the context of future DCYA policy direction. These include the introduction of the National Childcare Scheme and implementation of *First 5, a Whole-of-Government Strategy for Babies, Young Children and their Families* (Government of Ireland, 2018). The *First 5* Strategy, for example, commits to the development of a new funding model for ELC and the development of an ELC Workforce Development Plan. These are likely to impact on the relevance of the ECCE HC payment in the coming years.

## **Limitations**

The analysis in this report is limited to available data. There were instances where key administrative data were unavailable, for example the numbers of services impacted and overall cost of the DCYA's 2014/15 and 2015/16 dispensation on application processing (see 3.1 of this report).

The FPA does not include experimental, counterfactual or quasi-experimental assessments of ECCE HC payment outcomes. However, the FPA does consider relevant Irish and International literature focusing more broadly on the relationship between ELC staff qualifications and quality of provision.

## 1.2 ECCE Higher Capitation Payment: Context

### Introduction

Section 1.2 provides:

- An overview of the ECCE HC payment, outlining the rules and conditions for ECCE HC funding
- Expenditure and uptake trends since 2010
- An overview of the 2016 ECCE HC payment reform, which expanded funding from whole-service level only, to individual ECCE Programme sessions.
- A review of the policy context in which the DCYA introduced the ECCE HC payment, based on an assessment of key government documents and grey literature, and relevant national and international research literature. Particular attention is paid to policy documents and research literature that helped precipitate government investment in ELC in an Irish context.

The DCYA has referenced key ECCE HC payment objectives on a number of occasions. This Section provides an outline of these references, which form the basis for the articulation of a rationale for the purposes of this FPA. This rationale is as follows: that a financial incentive will encourage ECCE Programme services to recruit greater numbers of experienced graduate Room Leaders, who will in turn support higher quality ECCE Programme provision.

### ECCE HC Payment: Policy Context

The Irish and international literature relating to formal ELC provision has indicated a period of rapid policy and programme development in recent decades. Rising levels of government investment and regulation, and the growth of universally available government-funded ELC provision have mirrored the expansion of a research base that documents the socio-emotional and economic benefits of formal ELC provision (National Economic and Social Forum, 2005; Wolfe, O'Donoghue-Hynes and Hayes, 2013; Urban, 2017; Government of Ireland, 2018). Irish government policy has responded to consistent research findings that demonstrate how attendance at ELC services (that are of a high quality), are associated with better child outcomes both

during and beyond the early years (NESF, 2005; Esping-Andersen, 2007; Urban, 2017; Melhuish, 2017).

A common theme across the literature is that government funding for high quality formal ELC can help provide positive educational and socio-emotional experiences and outcomes during this key developmental life stage. ELC can be particularly beneficial for children from disadvantaged backgrounds (Melhuish, 2004; Melhuish and Barnes, 2012; Bennett, 2012; Taggart et al, 2015; Scobie and Scott, 2017). A key finding across the literature is that ELC provision must be of a high quality in order for positive experiences and outcomes to be achieved (Scobie and Scott, 2017).

In addition to benefits for individual children, much of the literature has also highlighted the potential for wider social and economic benefits (Melhuish, 2004; Melhuish and Barnes, 2012; Taggart et al, 2015). The 2012 Oireachtas *Spotlight on Early Childhood Education and Care*, for example, referenced a range of research and grey literature demonstrating the broader social and economic benefits of ELC:

A large body of evidence from social science, psychology and neuroscience demonstrates the importance of early years for later development... Internationally, evidence shows the benefits...in the fields of education, labour market outcomes and reduced anti-social behaviours (e.g. participation in crime, Oireachtas, 2012).

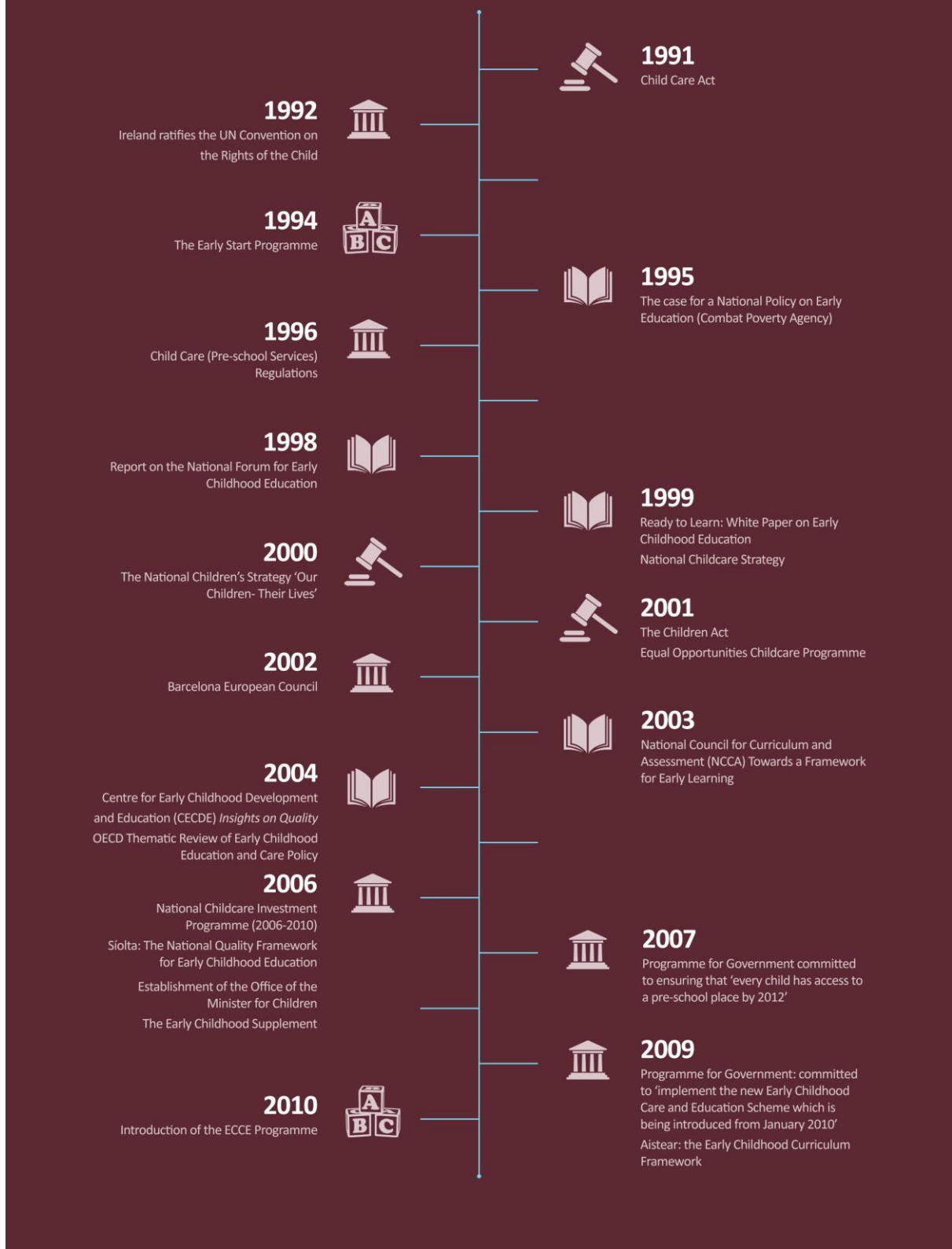
These benefits have been highlighted repeatedly by the OECD (OECD, 2004; 2018), and by the Institutions of the European Union (see, for example: EU Commission, 2008; 2011; EU Council, 2019). The EU Council's 2019 *Recommendation on High-Quality Early Childhood Education and Care Systems*, for example, stated that:

Participating in early childhood education and care has multiple benefits both for individuals and for society as a whole, from improved educational attainment and labour market outcomes to fewer social and educational interventions and more cohesive and inclusive societies (EU Council, 2019)

In an Irish context, a key paper that helped create momentum for universal supply-side government-subsidised preschool was the 2005 report titled *Early Childhood Care and Education*, produced by the National Economic and Social Forum (NESF).

This report provided a thorough review of policy developments, alongside a wide-ranging consultation with stakeholders, to help inform policy development. The researchers supported the policy review and consultations with a benefit: cost estimate of a 7:1 return on ELC investment. The report reflected on what had been a fundamental shift in public policy relating to children. In a departure from past trends, there was now broad acceptance of the importance of formal ELC, not only for the individual child but for 'lifelong learning' at a societal level (NESF, 2005). This followed a period of policy building from the early 1990s, as documented in the 2004 *OECD Thematic Review of Early Childhood Education and Care Policy* (DES, 2004). The Review named economic, labour market, gender and equality concerns as key drivers of policy in this regard. Prior to this period, there had been a broadly held assumption across Irish society that education began with primary school (NESF, 2005). The NESF and OECD reports referred to a range of landmark initiatives from the 1990s and early 2000s. These are listed in Box 2, along with additional key developments that helped pave the way for the introduction of the ECCE Programme (among other government-funded ELC initiatives).

Box 2: Key Early Learning and Care Policy Documents (1990-2010) ECCE Programme



## The ECCE Programme

The Office of the Minister for Children and Youth Affairs (OMCYA) first announced the Early Childhood Care and Education (ECCE) Programme as part of the April 2009 Budget, with funding for the programme commencing in January 2010. The government established the Programme to provide a universal ‘free pre-school year’,<sup>5</sup> which would be made available to parents free of charge.<sup>6</sup> The OMCYA introduced the ECCE Programme at a time of considerable activity in the domestic and international ELC policy landscape (DPER Central Expenditure Evaluation Unit, 2014). The Programme helped to advance Ireland’s progress toward meeting the “Barcelona target”, agreed in 2002, to make formal preschool available to 90% of children aged between 3 years and the mandatory school age by 2010 (EU Council, 2002; EU Commission, 2008; EU Parliament, 2010). The Irish government had referenced this target in *Towards 2016: The Ten-Year Framework Social Partnership Agreement* (Government Publications, 2006). Hitherto, Ireland had been perceived internationally as lagging behind in its implementation of high quality, affordable and accessible pre-school education and care (UNICEF, 2008. See also: OECD Thematic Review of Early Childhood Education and Care Policy in Ireland, 2004).

The ECCE Programme was Ireland’s first universal payment provided directly to pre-schools for all registered age-eligible children. It represented a shift away from the previous funding model. The Programme replaced the Early Childhood Supplement (ECS), which had provided a yearly payment of €1,000 directly to parents for each child up to the age of six, to assist with the costs of ELC between 2006 and 2010. The ECS was paid to parents regardless of whether children were being cared for in a formal ELC setting, by a childminder, or by parents (Hayes and Bradley, 2006).

An advantage of the government’s shift from demand side ECS to supply side ECCE Programme funding was the scope to include quality-based policy levers as conditions of funding.<sup>7</sup> The ECCE Programme included a more direct focus on the

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<sup>5</sup> When introduced, the programme was made available to all children aged between 3 years 2 months and 4 years 7 months, as of the 1st of September in the relevant pre-school year (September to June) (DCYA, 2014). These age bands were applied to the Programme between 2010 and September 2016.

<sup>6</sup> A number of ‘optional extra’ services may be made available to parents (on a voluntary basis only), above and beyond ECCE service provision, for which service providers may charge a fee. See [here](#)

<sup>7</sup> Note: under a demand-side funding model, any subsidy would be paid directly to service users (e.g. parents), who then avail of the service in question. Supply-side funding is given to service providers, who are then obligated to provide the relevant services.

quality of preschool care and education than had previously been the case (DPER Central Expenditure Evaluation Unit, 2014). For example, the ECCE Programme 'Grant Funding Agreement' included a set of educational and quality-related conditions of funding. These included adherence to the principles of the *Síolta* quality and *Aistear* curriculum frameworks, and rules relating to consistency of child attendance. Since 2015, the Grant Funding Agreement has also specified minimum Room Leader qualification levels. The DCYA developed these conditions of funding over time.

ECCE Programme funding is paid to ECCE-contracted services by Pobal, who administer the programme on behalf of the DCYA. The ECCE Programme is made available to every age-eligible child resident in the State by way of a capitation fee made to ECCE services for children registered under the Programme.<sup>8</sup> The ECCE Programme is delivered on a 3-hour sessional basis for 5 days per week across 38 weeks of the year.<sup>9</sup> The Department has broadly aligned this 38-week period, known as the 'preschool year', with the Primary School calendar. The current capitation rate is €69 per child per week. Minimum age eligibility for ECCE Programme funding has, since September 2018, been extended from 3 years, down to 2 years and 8 months. As maximum eligibility is primary school age, the extension provides for eligibility over two full preschool years.

The DCYA requires ECCE programme service providers to register with Tusla [as per the *Childcare Act 1991 (Early Years Services Regulations, 2016)*] and to enter into contract with the DCYA in order to deliver the ECCE programme. The Department require re-contracting for the ECCE Programme on an annual basis. Both community and private service providers may participate. The DCYA link the funding amount to the number of children enrolled in and attending the ECCE programme in the current academic year. Funding is also provided on a pro-rata basis (in cases where children do not attend for the full duration).<sup>10</sup> Where children cease attendance for more than 20 ECCE calendar days, service providers must

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<sup>8</sup> All children holding a valid PPSN are eligible to avail of the ECCE Programme.

<sup>9</sup> A limited number of services are permitted by DCYA to operate the ECCE Programme over 41 weeks per year. The weekly funding rate is adjusted accordingly to match funding paid to 38 week services

<sup>10</sup> For example, in the case where a child attends 4 out of 5 days per week, the provider will receive 80% of the total potential capitation fee for that child.



notify Pobal, via the Programmes Implementation Platform (PIP). Pobal recalculate the service's payments accordingly.

ECCE currently represents the largest single funding programme within the DCYA, with a contract value of €298.1m in 2019.<sup>11</sup> Since 2010, ECCE Programme uptake has consistently been estimated as being within a range of 94% - 96% of all age-eligible children (DES, 2011; McGinnity et al, 2015; DCYA, 2017).

## **The ECCE Higher Capitation Payment: Overview**

The OMCYA announced the ECCE HC payment in July 2009, 3 months after the announcement of the ECCE Programme, with funding also commencing in January 2010. ECCE HC currently represents an additional payment of €11.25 per week, over and above the ECCE capitation rate of €69 per eligible child.<sup>12</sup> Pobal (acting on behalf of the DCYA) make HC payments to ECCE Programme services that have demonstrated that an ECCE session within their service is operated by a Room Leader that holds a recognised and validated National Framework of Qualifications (NFQ) graduate ELC qualification (Level 7 or above) or equivalent (as may be deemed by the DCYA). The graduate must also have at least three years' experience working within the ELC sector. To avail of the HC payment, it is mandatory that the Room Leader is present and working with the children during the ECCE session.<sup>13</sup> The programme requires that, for the first 11 children, an ECCE Room Leader must be present in the room. For any additional children thereafter (up to 22 ECCE children per session) a Room Assistant (qualified to at least Level 5 on the NFQ) must also be present. The DCYA limit ECCE HC funding to one graduate only per ECCE session, i.e. the 'Room Leader.' The Department fund ECCE sessions with a graduate Room Leader and non-graduate Room Assistant at the higher capitation rate for up to 22 registered children, with an additional graduate

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<sup>11</sup> This figure is marginally lower than in previous years due to a declining number of children in the ECCE age cohort.

<sup>12</sup> Note: A Higher Capitation premium of €10.50 was in effect from introduction in January 2010 to September 2018. Between 2012 and September 2016 ECCE payments with the Higher Capitation rate totalled €73 per child (standard capitation of a reduced amount of €62.50 plus HC premium of €10.50); the total Higher Capitation payment following the reinstatement of the €64.50 ECCE rate in September 2016 led to the reinstatement of the €75 total Higher Capitation rate (€64.50 plus €10.50). From September 2018, the combined rate has been €80.25 per week per registered child.

<sup>13</sup> Further details of Higher Capitation criteria are available [here](#)

required for payment eligibility in sessions that exceed 22 registered children.<sup>14</sup> The nature of the ELC sector in Ireland precludes an employer-employee relationship between the DCYA and ELC practitioners. It is therefore not possible to require services to redirect the HC payment to graduate employees (see Section 2.1 for more analysis). Voluntary or incentive-based mechanisms could support the redirection of such payments. This is yet to be explored in the context of ECCE HC.

The DCYA administered the ECCE HC payment from its introduction up to September 2018. Since then, Pobal has administered the payment on the DCYA's behalf. Pobal administer online child registrations and payments for both the ECCE Programme and HC payment through the Programmes Implementation Platform (PIP). Pobal use a separate PIP module to calculate and administer ECCE HC payment funding. The DCYA and Pobal are currently developing a new online registration and administration platform for the DCYA ELC Funding Programmes. This new platform will include ECCE HC payment functionality.

## **2016 ECCE Higher Capitation Reform**

Between 2010 and June 2016, the Department made the ECCE HC payment available only to ECCE services in which *each* ECCE Room Leader held a relevant qualification at NFQ Level 7 or above.<sup>15</sup> In other words, where a service was running five ECCE sessions, all five Room Leaders needed to prove eligibility for the service to avail of Higher Capitation.

Since September 2016, the DCYA has awarded ECCE HC to a service provider at individual ECCE session level. So, an ECCE service with five rooms, two of which are run by graduate Room Leaders, can avail of Higher Capitation for those two qualifying sessions, while still availing of standard capitation for the remaining sessions. The reform coincided with the broader expansion of the ECCE Programme in September 2016, by incentivising services to hire new graduate staff to extend

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<sup>14</sup> Note: a third graduate is required for eligibility in sessions with over 44 registered children.

<sup>15</sup> Level 7 on the NFQ equates to an Ordinary bachelor's degree. This qualification may be awarded by Institutes of Technology, QQI and Universities. For further detail, see [here](#). An ordinary degree corresponds to a first-cycle programme under the Bologna Framework but would not normally enable the graduate to proceed to a second cycle (postgraduate) programme.

ECCE session capacity and/or open new ECCE sessions. This helped ECCE Programme services to capitalise on the increasing numbers of children availing of extended ECCE eligibility. Following the Budget 2016 reform announcement, early years professional bodies had expressed concern regarding the capacity of ECCE programme services to respond to the expansion of the ECCE Programme (Hade and Ryan, 2015; Association of Childhood Professionals, 2016; Early Childhood Ireland, 2016; DCYA records). According to Departmental records, a number of steps were taken to support growth in ECCE Programme supply, including the provision of capital funding. However, a number of HC payment services had expressed reluctance to expand their services if they could not recruit a graduate leader. This would lead to the services losing their HC status. The Department removed the whole-service ECCE HC payment rule to ensure this would not occur.

The 2016 reform has made ECCE HC funding available to more ECCE services. ECCE Programme services that had not previously qualified for the payment have no longer needed to employ graduates in all sessions to avail of the payment. Meanwhile, services already receiving the payment were incentivised to maintain their existing graduate levels, in order to maximise revenue. As a result of the 2016 reform, ELC graduates have been able to take up employment as ECCE HC-funded Graduate Room Leaders in a higher number of services. As a result, graduate-led ECCE provision has also been available to a greater number of ECCE Programme children.

### **ECCE Higher Capitation- Trends**

At a cost of approximately €24m in 2018/19,<sup>16</sup> the ECCE HC payment represents approximately 7% of total expenditure on the ECCE programme (€343m approx. during the 2018/19 preschool year). Expenditure on the ECCE HC payment has increased year-on-year since 2010, with an increase of 168% between the 2014/15 and 2018/19 preschool years; from €8.8m to €23.7m (Figure 1.2). The increase in ECCE HC grant payments since 2014/15 was driven by a combination of:

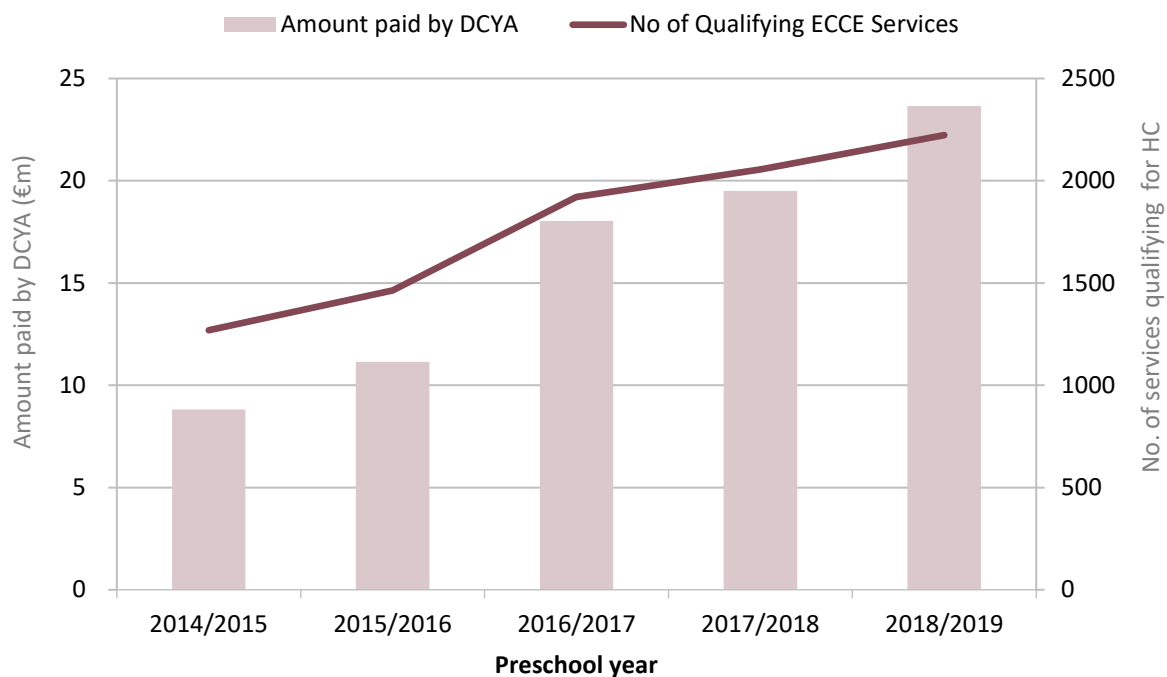
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<sup>16</sup> Based on 2018/19 figures as of 09 April 2019

- The expansion of the age bands in which a child is eligible to receive ECCE funding (from September 2016)
- The reform of the ECCE HC payment in September 2016 (see Part 3)
- Increasing numbers of graduates working in the ECCE programme
- The raising of the ECCE HC rate to €11.25 from September 2018.

The numbers of services participating in the ECCE Programme have remained relatively constant between 2010 and 2019, increasing from between 4,089 and 4,228. However, as outlined in Section Two, the overall proportion of ECCE services availing of the ECCE HC payment has risen, from 20% of all ECCE services to 53% between the 2012/13 and 2018/19 preschool years (see Figures 1.2 and 1.3).<sup>17</sup>

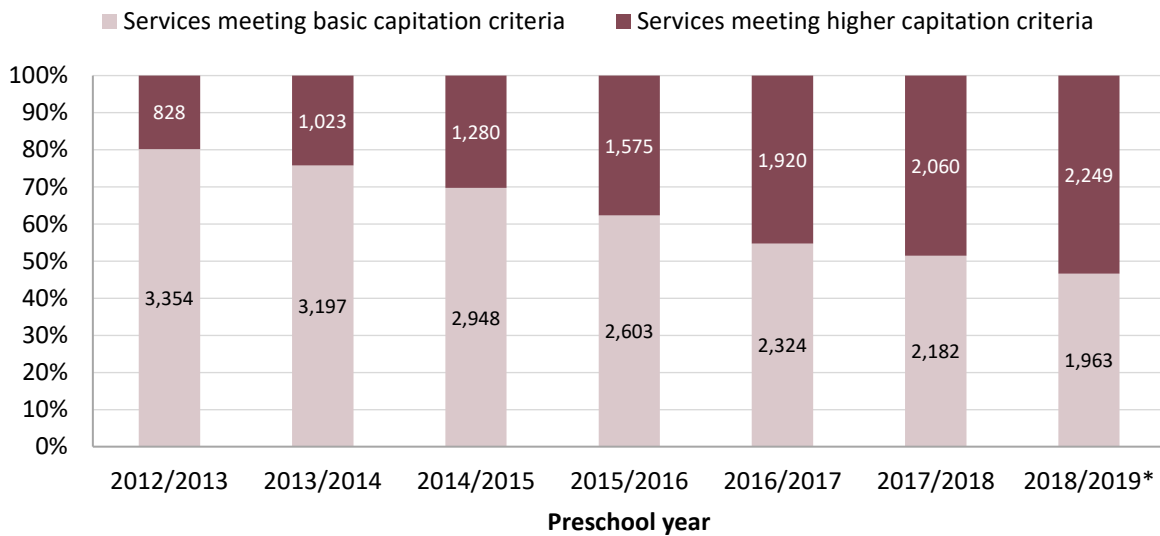
**Figure 1.2 DCYA Higher Capitation Spend/ No. of Services Qualifying for HC (2014/15-2018/19)**



Source: Pobal Funder Queries

<sup>17</sup> There were 828 Higher Capitation services in 2012/13, compared to approximately 2,249 for the 2018/19 preschool year

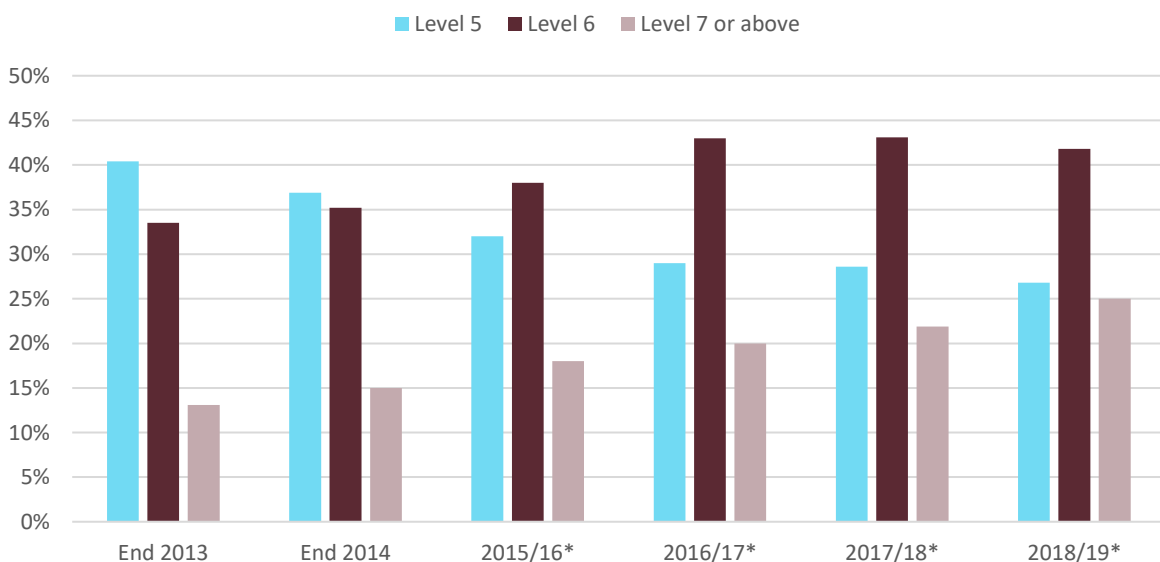
**Figure 1.3 Proportion of ECCE Services Registered for Higher Capitation (2012/13 - 2018/19)**



Source: DCYA ECCE Database; Pobal Programmes Implementation Platform (PIP)  
 \*as of 9th April 2019

The rising numbers of ECCE services that have availed of ECCE HC in recent years has been accompanied by an overall rise in qualifications levels among the ELC workforce. Figure 1.4 shows the percentage rise in the proportion of graduates at NFQ Levels 7 (or above), from 13% at end 2013 to almost 25% in May 2019.

**Figure 1.4 Qualification levels in the ELC workforce in Ireland (2013-2018)**



Source: Pobal annual early years sector surveys

\*Note: The Pobal Annual Early Years Sector Survey (as of end calendar year) was replaced in May 2016 with the Pobal Sector Profile, which covers the ECCE preschool years (September to June) for 2015/16, 2016/17, 2017/18 and 2018/19.

Of note is that the 2018/19 ECCE preschool year saw in excess of 50% of ECCE services availing of ECCE HC, while 25% of the workforce held qualifications at NFQ Level 7 and above. Given the prevalence of the ECCE Programme among ELC services, this reflects a broad spread of graduates across the ELC sector. While the pace of growth in non-ECCE rooms has been much slower, the proportions of graduates working with non-ECCE children has also grown. However, the relative concentration of graduates in ECCE services has led to a lower proportion of graduates working with infants, toddlers or children in afterschool care. Data relating to this unintended consequence of the ECCE HC payment will be presented in Section 3.2 of this report.

The greater increase in the percentage of services availing of ECCE HC between 2012/13 and 2018/19 (from 20% to 55%), compared with the rise in numbers of graduates across the sector during this time (from 13% to 25%) may have also been partially due to the reform of the ECCE HC payment in September 2016. The reform may have spread existing graduates across a greater number of ECCE programme services, as services no longer required a graduate Room Leader in each ECCE session to qualify for the HC payment.

### **Proportion of ECCE-registered children attending ECCE Higher Capitation-funded ECCE sessions**

The Programmes Implementation Platform (PIP) online registrations and payment system does not capture the numbers of children attending graduate-led sessions. However, estimates for each of the 2014/15 to 2016/17 preschool years are presented in Table 1.1 below, based on a calculation of the proportion of all ECCE services funded at the ECCE HC rate, and overall numbers of children registered for the ECCE Programme.

This is followed, in Table 1.2, by an estimate of the numbers and proportions of children in ECCE Programme sessions attending graduate-led sessions during the 2017/18 and 2018/19 preschool years. These figures are based on weekly snapshot data, provided by Pobal and based on PIP data. They are therefore presented separately.

**Table 1.1 Percentage of ECCE-registered children attending HC Room Leader ECCE sessions (2014/15 – 2016/17)**

	2014/2015	2015/2016	2016/2017
Total ECCE Services	4,228	4,178	4,190
Total Number of Children Registered	68,333	77,149	116,319
Registered Higher Capitation Children	20,500	29,317	51,180
% ECCE Children in graduate-led sessions	30%	38%	44%

Source: DCYA; Pobal

**Table 1.2 Snapshot of ECCE-registered children attending HC Room Leader ECCE sessions 2017/18 and 2018/19**

	W/e 23/3/2018	W/e 17/05/2019
No of ECCE Services	4,138	4,112
No of Registrations (FTE)	103,094	102,523
No of HC Services	2002	2325
Take Up HC FTE	51,556	57,144
% FTE take up	50%	56%

Source: Pobal

As can be seen in Tables 1.1 and 1.2, the numbers of children attending ECCE Programme sessions with a graduate Room Leader increased between September 2014 and June 2017, from 30% of all children, to 44%. There was an additional increase to 56% by the 2018/19 preschool year. Table 1.2 presents snapshots of Higher Capitation at two points in time during the 2017/18 and 2018/19 preschool years. Pobal have provided the figures in the table above for week ending 23<sup>rd</sup> March 2018, and week ending 17<sup>th</sup> May 2019. They have noted that ECCE HC is a weekly calculation based on FTEs, so they obtain more accurate figures by looking at weekly snapshots throughout the year. As observed above, out of 4,112 registered services in May 2019, 2,325 were in receipt of ECCE HC. Alternatively, of c.103k Full Time Equivalent children registered for ECCE, just over 57,000 were availing of HC, which represented approximately 56% of all ECCE children.

The proportionate increase in the estimated numbers of children attending graduate-led sessions has matched the increasing proportion of ECCE HC services during this time period.

### **The ECCE Higher Capitation Payment: Financial Incentive**

The DCYA has opted for a combination of policy levers to raise overall ELC sector qualifications levels in recent years. These have included:

- Regulatory minimum NFQ Level 5 for all staff, via the Child Care Act (Early Years Services) Regulations 2016
- an ECCE Programme rule limiting participation to services with Room Leaders at minimum NFQ Level 6
- provision of Learner Funds to subsidise staff upskilling to NFQ Levels 5 and 6 ELC qualifications
- Funding of an NFQ Level 6 special award for Leadership for Inclusion (LINC).
- An AIM level 1 capitation for ECCE Programme services that employ LINC graduates as Inclusion Coordinators (INCOs) in pre-school settings
- the ECCE HC payment as a graduate subsidy
- a graduate bursary provided retrospectively to (recent) ELC graduates working in the ELC sector.

As seen above, there has been a rapid rise in recent years in the proportion of ECCE Programme services availing of higher capitation funding. Progress has been consistent in recent years. The rapid rise in graduate-led ECCE provision was accompanied by a rise in the proportion of graduate staff in the Irish ELC sector overall. However, the growth rate in ECCE HC payment uptake has outstripped the overall rise in graduate numbers. The data suggests that the ECCE HC payment is therefore an effective incentive in terms of helping to increase the proportion of graduate-led ECCE Programme sessions.<sup>18</sup>

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<sup>18</sup> A counterfactual evaluation of how alternative policy approaches may have performed (in comparison with a graduate subsidy approach) are not possible. Alternative approaches may include, for example, regulations or conditions-of-funding.



It is not possible to evaluate the potential impacts of alternative policy approaches to raising the proportions of graduate Room Leaders in ECCE Programme sessions. Alternative approaches could include conditions of funding or regulation. Given the relatively low proportion of graduates working in the ELC sector during the time period assessed (representing 13% of all sector staff in 2013, and 22% of all staff in 2018<sup>19</sup>) it is unlikely that a regulatory or condition of funding approach would have been effective. Notwithstanding the potential for a supply response to raise graduate availability, the scale of upskilling to graduate level across the sector would have required a number of years' lead-in time, to enable sector readiness.<sup>20</sup>

## ECCE HC Payment Rationale

A year following introduction of the ECCE HC payment, the *Literacy and Numeracy for Learning and Life* strategy (DES, 2011) recommended that the payment should:

...continue to provide incentives for the continuing professional development of ECCE practitioners in state-funded ECCE settings by continuing to link higher capitation rates for pre-school services with higher qualification rates.

Incentivising ECCE Programme services to recruit more graduates as ECCE Programme Room Leaders has supported the government's efforts to reach EU and international ELC sector qualification recommendations (DES, 2010; DES, 2011; DCYA, 2013). Recommendation 4 of the *National Childcare Strategy: Report of the Partnership 2000 Expert Working Group on Childcare* (Government Publications, 1999), for example, had stated that:

...a minimum of 60% of staff working directly with children...should have a grant eligible basic training of at least three years at a post-18 level, which incorporates both the theory and practice of pedagogy and child development.<sup>21</sup>

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<sup>19</sup> As noted earlier in this Section, the numbers of ECCE Programme services remained relatively constant during this time.

<sup>20</sup> It may be noted that the DCYA successfully introduced a minimum NFQ Level 5 qualification requirement in 2016, via the Child Care Act 1991 (Early Years Services) Regulations. The Department also introduced a minimum NFQ Level 6 ECCE Programme Room Leader requirement in 2016, via condition of funding (Grant Funding Agreement). The Department had supported services in the years leading up to introduction, through dedicated DCYA Learner Funds. These Funds subsidised practitioners undertaking NFQ Level 5 and 6 qualifications, to enable compliance with the new minimum qualifications requirements.

<sup>21</sup> Refers to courses undertaken by students over the age of 18

The Working Group had taken this target from the European Commission's 10-year *Quality Targets in Services for Young People* (EU Commission, 1996). More recently, the DCYA has set graduate targets for the Irish ELC sector. In 2018, *First 5*, the whole of government strategy for babies, young children and their families (2019-2028) set a target of at least 50% graduate staff working across the ELC sector. The Strategy outlines an initial target of 30% of graduate staff by end of 2021, rising to at least 50% by the end of 2028.<sup>22</sup> This target aligns with the target recommendation in the EU Quality Framework for ECEC referred to below.

The established relationship between higher staff qualifications and higher quality (European Parliament, 2011; EU Commission, 2011; OECD, 2012; Siraj and Kingston, 2015; Melhuish and Gardiner, 2018) has been a key driver of Government policy. In 2014, the European Commission presented proposals for an 'EU Quality Framework for Early Childhood Education and Care.' The proposal referred to the evidence base in this regard:

There is substantial evidence that staff qualifications matter: higher levels of initial preparation and specialised training are associated with better ELC quality as well as better developmental outcomes for children.

In 2019, the European Council adopted this Framework, and made recommendations that EU Member States adopt relevant policies in this regard.

From the outset, the ECCE HC payment was associated with the raising of quality in ECCE Programme services. While there has not been a formal DCYA definition of the payment rationale, a July 2009 Press Release from the Office of the Minister for Children and Youth Affairs (OMCYA), it was anticipated that an additional subsidy would incentivise services to employ more 'highly qualified staff'. The Release also referred to a 'Higher rate of capitation for higher quality services' (OMCYA, 2009). In a 2010 public notice, the OMCYA informed service providers of a 'new capitation rate for higher quality services' that would help address the government's commitment to raising quality standards in pre-school settings (OMCYA, 2010).

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<sup>22</sup> *First 5* proposes that graduate staff should comprise managers, deputy managers and room leaders

Associating higher qualified staff, and in particular the ECCE HC payment, with higher quality provision has remained a consistent theme in government communications. In response to Parliamentary Question (PQ) 42644/15 (December 2015), the Minister for Children and Youth Affairs pointed to the provision of a higher capitation for NFQ Level 7 qualifications, which represented ‘a major step forward in improving the quality of early years services.’ In 2016, when announcing the expansion of the ECCE Programme and HC payment, the Minister referred to a key purpose for the introduction of the ECCE HC payment. This was the encouragement of higher quality ECCE service provision:

When the ECCE Programme was first launched in 2010, the Higher Capitation model was introduced as a quality development measure to encourage the development of a qualified workforce to deliver an education-focused curriculum to children in pre-school settings.<sup>23</sup>

The 2016 reform of the payment, which would broaden access to the ECCE HC payment, would also encourage better provision quality:

The sector has asked for this change for some time and believes that it will encourage services to expand and to further develop the quality of their service (DCYA, 2016).

As outlined above, a number of references within the available DCYA documentation point to key ECCE HC payment objectives. The authors have drawn up a rationale for the ECCE HC payment based on these references, as follows:

#### Box 3: ECCE Higher Capitation Payment Rationale

The higher capitation payment will incentivise ECCE Programme services to recruit greater numbers of experienced ELC graduate Room Leaders, who will in turn support higher quality ECCE Programme provision.

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<sup>23</sup> Available online [here](#)

## **Part 2: ECCE Higher Capitation Payment Rationale**

## **2.1 Rationale: Recruiting (and Retaining) Graduate ECCE Programme Room Leaders**

### **Introduction**

Section 2.1 presents an assessment of the first half of the rationale underpinning the ECCE HC payment, namely, that the payment will aid in the recruiting of more ELC graduates as ECCE Programme Room Leaders. Section 1.2 outlined how, since 2010, there has been a rapid rise in the numbers of services availing of the ECCE HC payment. The payment appears to have been effective in incentivising services to hire more graduate Room Leaders in ECCE Programme services. It should also have incentivised services to retain graduate Room Leaders in order to continue to benefit from the additional capitation.

However, an analysis of the high staff turnover levels in the Irish ELC sector raises questions as to how the ECCE HC payment may actually act in the ELC labour market. There is no requirement on ECCE Programme services to pass on the payment, or part thereof, to graduate staff. This fact, combined with data indicating a limited average graduate remuneration premium (Pobal, 2019<sup>24</sup>), obscures the role of the payment in encouraging graduates to take up and remain in ECCE Programme Room Leader roles. There is a lack of data linking turnover rates to qualification levels according to sector experience levels. This limits an understanding of the role of the payment within the broader ELC market. The Section proceeds with a discussion on some of the commonly cited drivers of staff turnover in the ELC sector, including remuneration and progress toward a more favourable professional identity (including access to Continuing Professional Development (CPD) opportunities).

### **ECCE Higher Capitation Rationale: Recruiting and Retaining Graduate ECCE Room Leaders**

As outlined in Section 1.2, a key aspect of the rationale for the ECCE HC payment is that the capitation premium will incentivise ECCE Programme services to recruit graduate ELC staff. While the rationale for the payment is that it will incentivise

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<sup>24</sup> See Pobal Early Years Sector Profile 2018/19

services to hire graduate Room Leaders, continuation of the payment requires ongoing graduate retention. The research literature (referenced below) highlights the importance of staff continuity in terms of the child's experience of the ECCE service, with high staff turnover associated with lower quality. The continued retention of graduates, over time, is therefore a key issue in terms of realising the quality rationale for the ECCE HC payment. ELC graduates must be willing to take up ECCE Room Leader roles, which carry leadership responsibilities. One mechanism through which the higher capitation payment might be expected to achieve this would be through the prospect of receiving higher rates of remuneration. In addition, the higher capitation rate could potentially act as a market signal of ongoing demand for graduates. If higher remuneration rates and ongoing demand for graduates were realised through the HC payment, then it may be expected to impact on the behaviour of existing and prospective practitioners in terms of seeking to secure and retain ECCE HC Room Leader employment status.

DCYA records indicate that increased graduate remuneration has been a consideration in the delivery of the ECCE HC payment, tempered by the caveat that the Department cannot prescribe remuneration arrangements between ECCE Programme services and staff. In 2016, for example, the then Minister for Children and Youth Affairs, Dr James Reilly referred to the HC payment as follows:

Attracting and retaining higher qualified staff into the Early Years sector is good for both children and services. The provision of this higher capitation rate to more services may provide an opportunity for employers to consider passing some of it on to their graduate staff. I am aware that some employers in existing services in receipt of Higher Capitation already do this.

Minister Zappone restated this in 2018:

Children and families availing of formal childcare need and deserve high quality services delivered by valued and respected early years practitioners. I hope that this increase in capitation can be used by employers to improve the pay and conditions of these personnel (*DCYA, 2018c*)

Again, these statements were made in the context of the Department not being in a position to prescribe remuneration levels in ECCE programme services. If services and graduates shared the ECCE HC payment, it could incentivise graduates to remain in an ECCE service. However, the current subsidy-based DCYA ELC funding model does not involve an employer-employee relationship between the Department and ELC practitioners. It is therefore not possible to require services to redirect the additional HC funding paid by the Department to their graduate employees

## **ELC Staff Turnover Rates**

### **ELC Staff Turnover: Irish and International Literature**

Pobal *Early Years Sector Profile* data indicates high staff turnover rates across the Irish ELC sector (Pobal, 2019). The 2018/19 Sector Profile estimated 23.4% annual staff turnover in Irish ELC services. This is 1.3 percentage points below the 2017/18 Sector Profile figure of 24.7%. For context, the 2016/17 Sector Profile had noted a national average turnover rate of 13% across the wider Irish economy, based on 2016 Solas data. The Solas *National Skills Bulletin 2017* recorded the highest staff turnover rates for professions such as restaurant staff, printing trades, Human Resources officers, and electrical engineers. The turnover rates for those industries broadly aligned with, or exceeded, 2018/19 ELC turnover rates. Meanwhile, at the lower end, nursing and midwifery saw 7.3% turnover, with secondary school teaching experiencing a 5.2% turnover rate.<sup>25</sup>

Data linking high staff turnover to qualification levels was captured for the first time in the 2018/19 Pobal Sector Profile. As observed in table 2.1 below, the proportion of staff that left an ELC service 'in the past 12 months' does not vary to any great extent by organisation type and location. It is worth noting, however, that of those who left a service in the past year, almost one third were qualified to NFQ Level 7 or above. This is slightly lower than among staff qualified to NFQ Level 6, but higher than among those qualified to Level 5.

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<sup>25</sup> The turnover rates presented in the Solas report are based on intra-occupational transitions (changes in employer) as well as neutral intra-occupational movements (transitions between occupations where exits from an occupation were compensated in full by entries to that occupation)

**Table 2.1 Level of qualification of staff who left in the past 12 months by organisation type and urban/rural location**

NFQ level	Community	Private	Urban	Rural	Total
Level 5	29%	28%	28%	29%	<b>28%</b>
Level 6	32%	33%	33%	36%	<b>34%</b>
Level 7 or above	27%	32%	32%	28%	<b>31%</b>

Source: Early Years Sector Profile 2018/2019, Pobal, 2019, pg. 142.

In Ireland and internationally, practitioners and researchers have expressed dissatisfaction with ELC sector remuneration levels, working conditions, lack of opportunities for continuing professional development and career progression (see: Huntsman, 2008, and Moon and Burbank, 2004, cited by Early Childhood Ireland, 2016; see also Oireachtas, 2017). Research has indicated that this has led to a cohort of staff, including graduates, experiencing a diminished sense of professional identity (Moloney and Pope, 2013). The Irish and international literature consistently cites negative effects of high staff turnover on the quality of ELC provision (Mims *et al*, 2008; Cassidy *et al*, 2011; Moon and Burbank, 2004 cited in OECD, 2012; see also, Oireachtas, 2017). This is based on inconsistency in staffing patterns, which affect adult-child interactions. Conversely, Melhuish and Gardiner (2018), as part of the UK 'SEED Study,' found that a lower rate of staff turnover was associated with higher quality provision in private childcare settings.

In England, the Department for Education estimated that staff turnover in group-based ELC settings in 2016 was approximately 14%. Bonetti (2018) suggests that these rates have been increasing. Referencing the National Day Nurseries Association (NDNA) Early Years Workforce Survey, Bonetti (2018) pointed to turnover rates that had increased from 15% in 2015 to 18% in 2016 across the whole sector.

In Ireland, the Pobal *Early Years Sector Profile Report 2018/19* suggests that the recruitment of staff was a challenge for ELC services. Specifically, 53% of services reported difficulties in hiring suitably qualified staff during the previous 12 months. The 2018/19 Sector Profile also provides data on staff vacancies by level of qualification. While the majority of vacancies were for staff qualified to NFQ Levels 5 or 6, 23% related to positions requiring a graduate at Level 7 or above.



**Table 2.2 Number and percentage of staff vacancies by level of qualification**

NFQ Level	No. of Staff	No. of Services	% of staff	% of services overall
Level 5	514	352	33%	40%
Level 6	513	405	33%	46%
Level 7 or above	358	281	23%	32%

Source: Early Years Sector Profile 2018/2019, Pobal, 2019, pg. 143.

When considering graduate recruitment, the *Graduate Outcomes Survey* (HEA, 2019) for the class of 2017 notes that, of those surveyed, 69% of the 1,183 graduates from early years education programmes were employed within nine months of graduating and just 2% were unemployed. Furthermore, the survey also found that the vast majority of early years graduates at higher level who were employed in Ireland were working as early years educators. As stated previously, it may not be the recruitment or attraction of graduates into the sector that is the issue, but rather the retention of graduates, over time.

In terms of retaining staff across the sector, the 2018/19 Sector Profile found that 37% of staff who had left a service did so to take up employment in another ELC service, while 39% reported leaving the sector altogether. The 2018/19 Sector Profile also reported the length of time staff had worked in their current service. See Table 2.3 below.

**Table 2.3 Breakdown of staff working directly with children by length of time in the current service by community/ private and urban/ rural location**

	Community	Private	Urban	Rural	Totals
Number of staff	7,974	15,216	16,610	6,574	23,190
Under 1 year	17%	21%	21%	18%	20%
1- 2 years	18%	21%	21%	19%	20%
3- 4 years	17%	20%	19%	19%	19%
5- 10 years	24%	19%	19%	22%	20%
11- 20 years	20%	14%	16%	18%	16%
20+ years	4%	5%	4%	4%	5%

Source: Early Years Sector Profile 2018-2019, Pobal, 2019, pg. 123.

Table 2.3 shows that while, on average, 41% of staff had been employed in the same service for 5 years or more, 40% had been working in their position for 2 years or less. This may be indicative of the presence of core long term staff, accompanied by a cohort that experience high turnover. It may also indicate greater numbers of individuals joining an expanded sector as new entrants (due, for example, to the expansion of the ECCE Programme in recent years). The 2018/19 Sector Profile also provided a breakdown of staff working directly with children by length of time working in the ELC sector:

**Table 2.4 Breakdown of staff working directly with children by length of time working in the ELC sector by organisation type and urban/rural**

	Community	Private	Urban	Rural	Totals
Number of staff	7,974	15,216	16,613	6,577	23,190
Under 1 year	8%	5%	6%	6%	6%
1- 2 years	13%	13%	13%	11%	13%
3- 4 years	18%	21%	21%	18%	20%
5- 10 years	28%	30%	30%	31%	30%
11- 20 years	26%	22%	22%	26%	23%
20+ years	7%	9%	8%	8%	8%

Source: Early Years Sector Profile 2018-2019, Pobal, 2019, pg. 124.

As observed in tables 2.3 and 2.4, there was low variance in the length of time working in the ELC sector across organisation type and location (i.e. community versus private and urban versus rural services). Of staff surveyed, 19% had been working in the ELC sector for 2 years or less, and 40% overall had worked in their current service for 2 years or less (Table 2.3), indicating intra-sector turnover. While 39% of staff surveyed overall had been working within the ELC sector for 4 years or less (Table 2.4), 59% of staff had worked in the same service for 4 years or less (Table 2.3). Again, this indicates intra-sector turnover. Within this range, staff who had worked for between 3 and 4 years in the sector, i.e. 20%, compared with 19% who had worked in the same service for between 3 and 4 years. This may suggest that a high proportion of turnover occurred in the first 2 years of sector employment.

### **Data Limitations: Graduate ECCE Programme Staff Turnover**

The 2018/2019 Sector Profile data suggested that a high proportion of ELC staff are new to the sector, having worked in the sector for 2 years or less (19%), or 4 years or less (39%). There are also, however, a significant number of staff working in the sector for longer periods of time, with 61% holding over 5 years' experience, and 31% holding over 11 years' experience. Many of these staff have moved between services during their ELC sector career. However, the data cannot answer questions as to the frequency of position/service turnover, or the characteristics or profiles of staff leaving services and/or the sector. The data does not include age, staff role, or experience. It is also not possible to differentiate the turnover rates of staff working with children of different ages.

The DCYA could usefully assess this data against staff pay data and ELC graduate supply rates. Without these data it is not possible to gauge how the ECCE HC payment operates within the ELC market.<sup>26</sup> These data are therefore of key interest in the monitoring and analysis of the ECCE HC payment.

### **Key Determinants of Staff Attraction and Retention**

A broad range of research and policy literature identifies the key determinants of staff attraction and retention. These include (but are not limited to) staff remuneration, working conditions and overall job satisfaction. The latter incorporates key topics such as overall professional identity and access to CPD opportunities, which will be explored in this FPA report.

A discussion of these key determinants will help deepen an understanding of high staff turnover rates in the Irish ELC sector. Although these determinants relate to broader issues than the ECCE HC payment alone, the discussion will help clarify how the ECCE HC payment might act within the broader ELC and related labour market contexts.<sup>27</sup> This will help to deepen the DCYA's understanding of the extent

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<sup>26</sup> Note: It would also be helpful for the additional data referred to above to be cross-referenced with measures of provision quality. As an example, this data could be assessed against findings from DES Early Years Education Focused Inspections and/or Better Start supports (See Section 2.2).

<sup>27</sup> Additional determinants of turnover in an Irish context include, but are not limited to, the prevalence of part-time and seasonal contracts in the ELC sector.

to which the growing numbers of graduate ECCE Room Leaders across the sector reflects a stable accumulation of experienced ELC graduates.

## **ELC Staff Remuneration**

The ELC sector in Ireland is characterised by relatively low staff remuneration rates, with the Oireachtas Joint Committee on Children and Youth Affairs (2017) noting that average remuneration rates for ELC staff remain 'starkly deficient'. The Oireachtas report highlighted that many ELC practitioners sign on to the Live Register during the summer months, which has led to 'casualisation' in the sector (Oireachtas, 2017). The Irish Congress of Trade Unions (ICTU, 2016) has also stated that relatively low remuneration rates in the Irish ELC sector have led to high staff turnover. According to Bennett and Moss (2011, and cited in European Commission, 2014) a low paid ELC workforce can be both 'unsustainable' and 'detrimental to provision quality' (Bennett and Moss, 2011; European Commission, 2014).

Difficulties associated with staff remuneration have been a common theme across the international literature. These difficulties occur across a range of government funding models (see EU Commission, 2019). The OECD's *Starting Strong 2017* report, for example, identified increasing qualifications levels among ELC practitioners across most OECD countries. However, practitioner remuneration levels remained 'below those of other tertiary-educated workers in most countries.' The report stated that:

On average, pre-primary teachers in OECD countries earn only 74% of the average salary of a tertiary-educated, 25-64 year-old full-time, full-year worker.

By way of an example, ELC provision in France is broadly divided by age group. Children aged 0-3 attend private childminders, or services that are managed by local authorities or not-for-profit providers. These are not part of the national education system (European Commission, 2018). Further publicly-subsidised 'pre-primary' education is provided from ages 3 to 6 at nursery schools, funded primarily by the state, and provided free of charge to parents. Since September 2019, attendance has been compulsory for this age group (EU Commission, 2019). The minimum

qualification requirements for ELC core practitioners working with younger children aged 0-3 in centre-based settings is ISCED 6 (bachelor's degree level), with ELC assistants required to hold a qualification at ISCED level 3. Those working with children aged 3-6 are required to hold a qualification at ISCED 7. Although different from Ireland's ELC government funding system in several respects, staff remuneration in France has also been cited as problematic.<sup>28</sup> Rayna (2017), for example, noted that a lack of financial attractiveness has contributed to difficulties in recruiting staff to the sector. Remuneration may also be lower for those working with the 0-3 age group when compared with those working with children aged 3-6 (Rayna, 2017).

Meanwhile, Norway has a universal ELC system that is primarily funded by the state and delivered through both private and municipal kindergartens (OECD, 2015).<sup>29</sup> ELC is available to all children from age 1 until the compulsory school age of six. While kindergarten has been made increasingly affordable in recent years, it has been noted that the status and pay of kindergarten teachers in Norway remains lower than primary school teachers (OECD, 2013); with low remuneration cited as a reflection of low ELC practitioner status (OECD, 2015).

The literature also refers to the relationship between low remuneration rates and high staff turnover. Practitioners from across a range of European and North American countries have cited low remuneration rates as a central reason for either changing employment within the ELC sector, or leaving the sector altogether.<sup>30</sup> Porter's (2012) US study identified insufficient staff remuneration and lack of benefits as key drivers of staff turnover. Child Care Aware of America have supported this finding. Whitebook, Phillips and Howes (2014) also discussed ELC staff remuneration in the US, in the context of attracting and retaining staff. They noted that the absence of appropriate remuneration incentives for highly qualified ELC staff hampered the ability to both attract and retain 'valued professionals.' Manlove and

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<sup>28</sup> For example, as noted by the European Commission (2019), France is the only European country where more children aged 0-3 are with childminders than in centre-based provision.

<sup>29</sup> Parental fees for kindergarten are paid monthly, with a maximum fee for parents decided annually in the budget. The fees cover, on average, 15% of kindergartens' total costs (OECD, 2015)

<sup>30</sup> See, for example, in a [UK context](#)  
In a [US context](#)

Guzell (1997) had also suggested that a perception of low remuneration levels would inhibit suitably qualified individuals from considering employment in the ELC sector. This should be of concern to policymakers when factoring in the relatively high cost (in time, effort, and finances) of obtaining a degree-level qualification (Whitebook, Phillips and Howes, 2014).

In 2003, Whitebook and Sakai (2003) had also found that high levels of staff turnover were endemic in industries with low remuneration levels. They argued that this should not be acceptable when it comes to ELC, given the established links between staff turnover, lower quality of provision and compromised child development. In neighbouring Canada, the Canadian Council on Learning (CCL, 2006) suggested that 'a fair wage level' is an important factor in retaining a competent and professional workforce, with employees delivering 'better performance' and experiencing 'greater job satisfaction.' This resulted in 'lower staff turnover' (Canadian Council on Learning, 2006). Lower turnover encouraged a calmer ELC environment and stronger relationships between staff and children (Canadian Council on Learning, 2006). As cited in the 2012 OECD Research Brief on *Encouraging Quality in Early Childhood Education and Care (ECEC)*, Ackerman (2006), identified an association between low staff remuneration and negative perceptions of working in the ELC sector among a sample of US-based services. An additional point noted in the OECD brief was that remuneration levels could positively or negatively impact on staff interactions with children (see also Huntsman, 2008).

In England, the NDNA (2018) have reported that 48% of ELC graduate practitioners that had left the day nurseries sector, had done so to take up employment in school-based ELC services that offered better remuneration.<sup>31</sup> The Association's 2018 survey suggested that low pay and lack of opportunities for progression were key motivators for staff deciding to leave the profession. In a wider UK context, the UCL Institute of Education (Simon et al, 2015) noted that continued low remuneration levels across the sector could inhibit both the on-going recruitment and retention of

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<sup>31</sup> The NDNA survey included 522 nurseries across England caring for more than 31,000 children. Of these, 74% were single site nurseries. An additional 315 practitioners were questioned separately.

high quality practitioners. At a European level, the EU Council's 2019 Recommendation on High-Quality Early Childhood Education and Care Systems references 'more adequate wage levels' as a factor in making employment in ELC a 'more attractive option for better-qualified staff, looking for proper careers.'

### **Graduate ELC Staff Remuneration**

As highlighted earlier in this Section, staff remuneration levels are likely to be a key factor in determining staff attraction and retention rates in the ELC sector. An implicit assumption in the rationale for the ECCE HC payment is that the payment will stimulate the recruitment of graduates in the ELC sector, both by increasing ECCE Programme service demand for graduate Room Leaders and by encouraging more graduates to take up ECCE Room Leader positions. This may, in turn, encourage more non-graduate practitioners to upskill to become ELC graduates.

There may be three key reasons for graduate staff to receive a remuneration premium: firstly, the graduate has engaged in a greater level of professional training than a non-graduate. Secondly, according to the rationale underpinning the ECCE HC payment, the DCYA expect that the graduate will provide a higher quality ECCE service. Thirdly, ECCE Programme services are in receipt of an additional capitation payment for these staff. However, Irish ELC graduate remuneration levels suggest that either the scenario above has only occurred to a minimal extent, or the supply of graduates seeking employment as ECCE Programme Room Leaders has exceeded demand (See Table 2.5 below). As previously mentioned, ELC services have expressed difficulties in hiring staff in the ELC sector overall. However, also mentioned above was the Higher Education Authority's *Graduate Outcomes Survey* (HEA, 2019), which found that 69% of the 1,183 early years education graduates were employed nine months after graduation, with 'nearly all' of those graduates 'working as early years educators' (HEA, 2019).<sup>32</sup>

The 2018/19 Pobal Sector Profile has captured some data relating to turnover rates and staff vacancies among NFQ Level 7 and above graduate ELC staff. However,

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<sup>32</sup> By way of comparison, the HEA Graduate Outcomes Survey for the class of 2017 found that 78% of all graduates were working or due to start either full or part-time work, 14% were engaged in further study, 5% were unemployed and 4% were engaged in a range of other activities. When only considering Level 8 graduates, 75% were working, 18% were engaged in further study and 4% were unemployed.

there is limited data on the subjective experiences of services in relation to the recruitment and retention of ECCE programme Room Leader staff, or the experiences of ELC graduates in taking up and remaining in ECCE Room Leader positions. Further analysis would help deepen an understanding of the demand, supply and remuneration dynamics that occur in this segment of the ELC labour market. The Pobal *Early Years Sector Profile 2018/19* presented a breakdown of average hourly staff wages by job title and highest qualification attained:

**Table 2.5 Staff working directly with children – average hourly remuneration rate by job title and highest level of qualification attained**

	NFQ Level 5	NFQ Level 6	NFQ Level 7	NFQ Level 8	NFQ Level 9/10
Centre manager	€14.42	€15.20	€16.08	€15.99	€17.19
Deputy manager	€13.09	€13.80	€14.78	€14.65	€15.38
Early years assistant (ECCE)	€11.50	€11.83	€12.08	€12.02	€11.98
Early years assistant (non-ECCE)	€10.98	€11.18	€11.45	€11.62	€15.41
Room leader (ECCE)	€11.71	€12.99	€13.98	€13.38	€14.10
Room leader (non-ECCE)	€11.58	€12.25	€12.49	€12.85	€14.09

Source: Pobal Early Years Sector Profile 2018/ 2019<sup>33</sup>

As shown in Table 2.5, there was a higher average hourly wage rate among ECCE Room Leaders qualified at NFQ level 7 (i.e. those eligible for the ECCE HC payment) than among those qualified at NFQ level 6 (i.e. those eligible for standard capitation).<sup>34</sup> This difference was small (€0.99 per hour), relative to both direct and opportunity costs of obtaining degree qualifications. Surprisingly, there was an even smaller difference between the average hourly remuneration levels of Level 6 (€12.99) and Honours degree Level 8 (€13.38) qualified staff. The latter represented a difference of approximately 3% only.

<sup>33</sup> Note: the highest remuneration levels identified in Table 2.5 are for NFQ Levels 9/10 Early Years Assistant (non-ECCE) and Centre Manager.

<sup>34</sup> Note: NFQ Level 6 is the contractual minimum qualification to operate as a room leader for the ECCE programme; ECCE overall is a fully funded programme by government. Non-ECCE provision is resourced through a range of public funding initiatives plus parental fees.



Also observed in Table 2.5, the average ECCE Room Leader remuneration levels for NFQ Levels 7 and 8 graduate staff were €13.98 and €13.38 per hour, respectively. The average ECCE Room Leader with an NFQ Level 7 qualification was paid more on average than a Room Leader with a Level 8 degree. This was an unexpected finding. Further analysis may help ascertain whether the ECCE HC payment is acting as a perverse incentive, offering higher premiums to NFQ Level 7 graduates than it does to those with NFQ Level 8 qualifications. According to the 2018/19 Sector Profile, remuneration levels were influenced by staff role, length of time working in a service (or the ELC sector more broadly), non-contact hours per week and qualifications attained (Pobal, 2019). It may, therefore, be the case that Level 8 ECCE Room Leaders are newer to the ELC sector (and experiencing lower remuneration levels). More granular data identifying average remuneration levels among graduates qualified at NFQ Levels 7 and 8 (and above), combined with length of time in a service/the ELC sector, could provide a fuller understanding of these interacting remuneration factors. This additional data could, for example, help the DCYA monitor remuneration levels among recent graduates holding qualifications at Level 7 versus those at Level 8. It could also help monitor the proportions of newer versus more experienced staff holding qualifications at Level 7, compared with those at Level 8, and the proportion of graduate remuneration related to ECCE Programme hours worked versus non-ECCE Programme ELC work. These data could be cross-referenced with data on graduate job titles and ECCE Programme service capitation status.

As mentioned earlier in Part 1 of this report, the DCYA pays ECCE HC funding directly to ECCE Programme services. Staff working within the sector cannot claim ECCE HC funding or negotiate higher remuneration levels with the DCYA. The rationale for the ECCE HC payment is that the availability of a higher capitation payment for ECCE Programme services with graduate Room Leaders will encourage the recruitment of more graduates. While the payment has been an effective policy lever in this regard, the DCYA could also consider how the ECCE HC payment could be implemented in such a way as to benefit graduates more reliably, in order to attract new graduates and retain existing ones. Remuneration levels are likely to be a key driver of attraction and retention. Services determine graduate remuneration

levels, which includes decision-making around the extent to which they pass the ECCE HC payment on to their graduate Room Leaders.

In a hypothetical ECCE Programme session with 11 registered children, which the DCYA funds at the ECCE HC rate, the HC premium equates to €123.75 per week.<sup>35</sup> Table 2.6 below compares the weekly ECCE HC premium received by a service provider with the average weekly remuneration differential received by NFQ Level 7 and 8 graduate Room Leaders in the ECCE room (over and above the average NFQ Level 6 wage). There is a difference of €113.40 between the weekly higher capitation premium received by the ECCE Programme service and the additional average weekly remuneration received by graduate Room Leaders in the ECCE room.

**Table 2.6 Weekly additional Higher Capitation versus additional Graduate Room Leader remuneration- sample service**

1 ECCE Room Leader operating at maximum capacity			
Service Level		Practitioner Level	
Standard Capitation Rate	€ 69.25	Hourly Wage Rate- Level 6	€ 12.99
Higher Capitation Rate	€ 80.50	Average Hourly Wage Level 7/8	€ 13.68
Difference	€ 11.25	Remuneration Differential	€ 0.69
No. of Children	11	Hours of ECCE	15
Higher Capitation Premium (p/w)	€123.75	Remuneration Premium (p/w)	€ 10.35

Source: DCYA; Pobal Early Years Sector Profile 2018/2019

**Note: the data does not include wage-related costs, e.g. PRSI, non-contact time, CPD costs.**

This analysis assumes a graduate-led session providing the ECCE programme to 11 children; the differential would be higher where the session includes a Room Assistant and caters for a maximum of 22 children.<sup>36</sup> The hourly wage rate of €13.68 for Level 7/8 practitioners is calculated as a midpoint between the NFQ level 7-qualified ECCE graduate Room Leader average hourly rate (€13.98) and Level 8 ECCE graduate Room Leader rate (€13.38).

<sup>35</sup> €11.25 HC premium multiplied by 11 children.

<sup>36</sup> In a session with 22 children, the weekly higher capitation premium would be €247.50. Compliance with ratio requirements would mean that a Room Leader and ECCE Assistant would be required.

This is a headline analysis, intended to provide some insight into the role of the HC payment in graduate pay, which does not necessarily account for the complexity of pay arrangements within ECCE services. For example, this analytical approach does not take into account the likelihood that service providers will adopt a consistent pay policy across both ECCE and non-ECCE rooms. Because service providers that offer higher wages for graduates may offer this graduate wage-premium to all graduates working within the setting (including graduate assistants working in the ECCE room as well as graduates working with children of other ages), the additional payment from the HC premium would not be fully reflected in higher wages for the ECCE graduate room-leader. Evidence for this is seen in Pobal data which indicates that there is a graduate wage premium for other roles in services even though higher payments are not made for graduates in other roles.

A further complexity is that the analytical approach does not take into account other factors that impact on service providers' pay policies. For example, Pobal data indicates that length of service and length of time working in the sector are significant factors in explaining wage differentials in the sector. If it were the case that ECCE Room Leaders with Level 6 qualifications on average had worked in settings longer than ECCE room leaders with Level 7/8 qualifications, then the graduate wage premium implied in the table could understate the wage premium tied specifically to having a relevant degree.

Notwithstanding these complexities, Table 2.6 provides indicative evidence that, on average, services pass on a small proportion only of the ECCE HC payment to individual graduate ECCE Room Leaders, though they may pass on a larger proportion of the payment to staff across the service.

Table 2.7 below presents an alternative perspective, which compares gross weekly incomes generated through the provision of a 15 hours-per-week ECCE session. The table presents both standard and higher capitation scenarios, with figures based on sessions running at maximum capacity (i.e. 11 children and one ECCE Room Leader, and 22 children with one ECCE Room Leader and one Room Assistant).

From this high-level analysis, the additional staff cost of operating a service in receipt of HC is small in comparison with the additional revenue that the ECCE HC payment yields. However, as noted above, services that offer a graduate wage-premium as a result of the HC payment may offer this premium to staff in other roles in the setting (assistant roles, and staff working with children of other ages), which would increase the total operating costs for such services.

**Table 2.7 Standard vs Higher Capitation- Income and Cost Estimates**

Capitation Rate (per child per week)	No. of Children	Gross Income* (p/w)	Total ECCE Staff Cost**	Staff costs at 80% total costs			Staff costs at 70% total costs		
				Operating Costs	Gross Income less Operating Costs	Gross Income less Operating Costs- per child per week	Operating Costs	Gross Income less Operating Costs	Gross Income less Operating Costs- per child per week
80.5	11	€885.50	€205.20	€51.30	€629.00	€57.18	€87.94	€592.36	€53.85
	22	€1,771.00	€377.70	€94.43	€1,298.88	€59.04	€161.87	€1,231.43	€55.97
69.25	11	€761.75	€194.90	€48.73	€518.13	€47.10	€83.53	€483.32	€43.94
	22	€1,523.50	€367.35	€91.84	€1,064.31	€48.38	€157.44	€998.71	€45.40

Source: DCYA and Pobal 2018/19 Early Years Sector Profile data

\*refers to ECCE income only

\*\*does not include any potential non-contact hours payment

Note: Number of staff used as per maximum ratio requirements. Remuneration data used as per the 2018/19 EYSP. Calculations do not factor in additional operating or fixed costs outside of ECCE provision

It is not possible to identify, from the data available, how ECCE Programme services spend the additional funding from the ECCE HC premium. The 2016 Scottish Government report *Costs of Early Learning and Childcare Provision in Partner Provider Settings* (Martin et al, 2016), suggests that staff costs account for a large proportion of overall service costs (c71%). It is unclear whether the services use the ECCE HC payment revenue to fund non-ECCE Programme staff hours (remuneration), staff training, or other service overheads. Apart from costs, the DCYA would need to consider the mix of State funding, parental fee income (outside of the ECCE programme) and any other funding streams, when ascertaining earnings. Given the broad range of service types across the ELC sector, ECCE HC-based profit is likely to differ from service to service.

### **Graduate Room Leader Remuneration: the DCYA Funding Model**

The DCYA administer the ELC funding programmes via Grant Funding Agreements. Due to the structure of the ELC sector, the DCYA does not act as employer. At present, the Minister cannot mandate minimum pay scales above the National Minimum Wage legislation but can encourage the pursuit of same. Industrial relations mechanisms exist by which ELC practitioners can seek to have rates of pay set in excess of the National Minimum Wage for different grades of staff. In particular, the Minister has encouraged the prospect of a Sectoral Employment Order (SEO),<sup>37</sup> although to date, a request has not been made to the Labour Court by, or on behalf of, the sector to begin this process.

The DCYA is currently developing a new funding model for ELC, as outlined in the *First 5* strategy (Government of Ireland, 2018). As part of this development, a range of issues will be considered, including working conditions of staff. One potential incentive that could help encourage services to pass on a proportion of the ECCE HC premium to graduate ECCE Programme Room Leaders could be a voluntary service advertisement that indicates that they pass on a proportion of the ECCE HC payment to graduate staff. This mechanism could help services position themselves as higher paying employers, while also signalling to parents that they are committed to high quality ECCE Programme provision. Further analysis, however, is required to assess how such a mechanism might interact with existing market dynamics. These may include location and local competition, service costs relating to service size, rent/mortgage, and commercial rates (where relevant). Agreeing on an efficient proportion of the ECCE HC payment to pass on to graduates would also require assessment, from across a broad range of ELC sector contexts.

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<sup>37</sup> The Industrial Relations Amendment Act, 2015 allows for Sectoral Employment Orders (SEOs) which are orders by the Minister for Business, Enterprise and Innovation, acting on the recommendation of the Labour Court, to fix rates of pay, sick pay or pension entitlements of a class, type or group of workers in an economic sector. An SEO can be applied for by a trade union of workers, a trade union or an organisation of employers, or a trade union of workers jointly with a trade union or an organisation of employers, that can prove it is “substantially representative” of the sector. Other mechanisms available (in specific circumstances) include Employment Regulation Orders (EROs) and Registered Employment Agreements (REAs).

## **Job Satisfaction, Professional Identity and CPD**

In addition to remuneration, the research literature notes a relationship between higher overall job satisfaction and lower staff turnover (ILO, 2014; Wells, 2015; Callanan et al, 2017). Wells (2015) found that preschool practitioners were unlikely to leave their positions unless several 'risk factors' were present. Examples of risk factors in Wells' paper included bad relationships with supervisors, dislike of the work environment, and holding lower qualifications than colleagues. Hwang and Hopkins (2015) found that staff who perceived a higher level of inclusion in decision-making in an organisation demonstrated significantly higher levels of job satisfaction and reduced intent to leave the ELC workforce.

In Spain, ELC is provided by one of three different types of institution (public institutions that are publicly funded, private institutions that are privately funded, and private institutions that receive some level of public funding (European Parliament, 2013; OECD, 2018; European commission, 2019). Spain has extensive ELC coverage among children aged 3 and over. For example, in 2015 almost 95% of 3 year olds attended ELC and pre-primary education (OECD, 2018). Regarding remuneration, 'pre-school staff' and 'childcare workers' in Spain are paid equally, at 3 times the minimum wage. Furthermore, primary school and preschool teachers are paid the same rate also (European Parliament, 2013). However, the perception of ELC staff is not necessarily positive. A number of factors have resulted in a generally low status accorded to ELC practitioners, as well as the profession itself (European Parliament, 2013).

UK research on good practice in early education (Callanan et al, 2017), found that as well as offering 'fair' remuneration, a number of other key work features could help retain quality staff. These included 'good communication and teamwork', 'leadership and vision', 'valuing staff'; 'flexible working practices' and 'career progression'. Barriers cited by providers to recruiting high quality staff included perceptions of low status of the ELC profession.

The International Labour Organisation (ILO, 2014) noted the importance of implementing a comprehensive recruitment and development strategy to attract adequate numbers of qualified ELC staff. They recommended that a strategy should

incorporate 'remuneration and other benefits comparable to other occupations with equivalent professional qualifications.' These included attractive working conditions, high quality initial training, relevant CPD, an agreed practitioner career structure and respect at a professional level. The ILO also noted that recruitment strategies should focus on professionalisation by way of mentoring opportunities, as well as career and workplace incentives such as leave provisions and non-monetary awards for exceptional performance. They argued that doing so could help raise job satisfaction levels (ILO, 2014).

In an Irish context, graduates have experienced low remuneration levels and a 'casualisation' of the sector (Oireachtas, 2017) in the context of broader professional morale challenges. ELC graduates surveyed by Moloney and Pope (2013), for example, reported a perception that ELC staff qualifications and the profession overall was less valued than primary school teaching. Graduate respondents reported perceptions that their higher degrees held little value in the sector, with many placed in an equal role to individuals who had not obtained graduate qualifications.

The 2016 *Survey of Early Years Practitioners* carried out by the DES aimed to capture the views of employers and practitioners in both private and community settings.<sup>38</sup> The survey results suggested that an unfavourable perception of the ELC profession is a key concern for practitioners. Almost 60% of respondents (n= 342) felt their contribution to children's educational development was 'not valued enough' by society or parents/guardians. Just over 12% felt that they were 'not valued at all'. Lack of respect for the ELC profession was commonly cited as a challenge to supporting children's educational development. The survey found strong practitioner support (86%) for the establishment of a professional standards body (along the lines of the Teaching Council, or the Nursing and Midwifery Board of Ireland,) to both regulate and promote the ELC sector. It may be noted that the *First 5* strategy (Government of Ireland, 2018), has committed to progressing the development of:

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<sup>38</sup> Three surveys were conducted overall: an early year's practitioners survey (531 respondents), a survey of employers and owners (260 responses) and an open submission survey (460 responses) which included, for example, parents, students and other interested parties.

A structure to review and oversee compliance with new standards and guidelines for further and higher ELC (and school-age childcare) education programmes and create a register of the ELC (and school-age childcare) workforce. This structure would, over time, move towards a professional standards body to promote and regulate the ELC (and school-age childcare) profession.

Furthermore and as part of the commitment to develop ‘an appropriately skilled and sustainable professional workforce,’ *First 5* also commits to the drafting of a new Workforce Development Plan.

### **Continuing professional Development**

Continuing Professional Development (CPD) is one of the key factors that influences ELC sector job satisfaction (ILO, 2014; Scottish Government, 2016; Callanan et al, 2017). Access to good quality CPD is a key contributor to a positive professional identity (see, for example: Scottish Government, 2016) and also a key determinant of ELC provision quality (ILO, 2014; Callanan et al, 2017).

In an Irish context, the DES Action Plan for Education 2016- 2019 (which includes actions on ELC delivery) emphasised ELC workforce development as a key factor in driving improvements in quality of provision:

We recognise that the provision of high-quality professional development opportunities for early years practitioners is needed to improve the quality of the learning experience for our youngest learners in the coming years. We will work closely with the Department of Children and Youth Affairs to improve initial and continuing professional development opportunities in this important sector.

As per the 2017 Action Plan update (DES, 2017), engagement in high quality CPD is key to improving the experiences of the youngest ELC learners at a crucial stage in their ‘physical, intellectual, emotional and social development’.

The *Report on the Working Conditions of the Early Years Education and Care Sector 2017* (Oireachtas, 2017) reiterates the importance of additional training. The Report notes that a lack of paid CPD is a key area of concern for practitioners. A year earlier, the Survey of Early Years Practitioners (DES, 2016) had found that 60% of ECCE staff had been provided with CPD over their previous 2 years of work.<sup>39</sup> The

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<sup>39</sup> This excludes the pursuit of a qualification



survey found a desire amongst the vast majority (91%) of practitioners to receive additional on the job training/ training during work hours. The European Commission's *Key Data on Early Childhood Education and Care in Europe* report (2019) has stressed that despite the importance of CPD, it is compulsory for staff engaging with 'younger children' in only a quarter of Member State 'education systems'. A key development in this regard has been the ongoing DES and DCYA work on a Workforce Development Plan for the ELC sector, in tandem with the implementation of the *First 5 Strategy* (Government of Ireland, 2018). The latter includes a commitment to 'develop a national programme of CPD opportunities for the ELC (and school-age childcare) workforce'.

### **The ECCE HC and Professional Identity**

The rationale for the ECCE HC payment does not include an assumption that the payment will raise the status of the ELC profession in a direct manner. Unfavourable perceptions of the professional status of the ELC sector may, however, have a negative effect on the attraction and retention of ELC graduates in ECCE Programme settings. This example may point to wider sectoral contexts that affect how the ECCE HC payment operates within the ELC market. The high rates of turnover across the sector suggest difficulties relating to the professional status of ELC staff that, although beyond the scope of the ECCE HC payment, will impact on the achievement of its objectives. The collection and monitoring of additional data, disaggregated according to qualifications and sector experience levels (as outlined in 2.1), could help broaden the DCYA's understanding of the potential link between CPD and the HC payment.

Further analysis could help ascertain the potential effects on overall ELC job satisfaction, levels of staff remuneration, access to CPD opportunities and overall perceptions of professional identity. These could be assessed in the context of ELC practitioner turnover rates. The ECCE HC payment could be explored as a potential policy lever to support the raising of ELC practitioner status and quality. For example, in the longer term, and subject to implementation of commitments under the *First 5 strategy* (Government of Ireland, 2018), the DCYA could consider including the achievement of a CPD credit programme as a condition of ECCE HC

payment funding. This, among other initiatives, could add value to the ECCE HC payment, while supporting improved job satisfaction in the ELC sector.

## **Section Summary and Policy Considerations**

Section 1.2 presented evidence to suggest that the ECCE HC payment appears to have been effective as a financial incentive to encourage more ECCE Programme services to recruit more graduate Room Leaders. However, as discussed in Section 2.1, the role of the ECCE HC payment in incentivising ELC graduates to remain in ECCE Room Leader positions is less clear. While the number of services availing of the payment has increased rapidly in recent years (see Section 1.2), the ELC sector has also experienced low remuneration differentials between graduates and non-graduates, as well as high staff turnover. In the ELC current funding context, it is not possible for the DCYA to require that ECCE Programme services pass on a proportion of the ECCE HC payment to graduate staff. This adds to uncertainty around the role of the ECCE HC payment in incentivising ELC graduates to remain in ECCE Room Leader positions. The collection and monitoring of more granular data would help deepen the DCYA's understanding of the role of the ECCE HC payment in the Irish ELC labour market. The DCYA could usefully collect and analyse data on ELC graduate employment uptake, turnover between services and sectors, remuneration levels, and sector experience.

This section explored trends relating to the key determinants of staff attraction and turnover. These included staff remuneration levels in the sector, as well as key aspects of ELC job satisfaction, such as high quality CPD, and perceptions of professional identity. The Irish ELC sector is characterised by high turnover rates and uncompetitive remuneration. Both graduates and non-graduates alike experience low wages. As per the literature, low levels of remuneration are associated with high turnover, both in Ireland and internationally. In addition, access to dedicated funded CPD programmes depends (for now) on whether a practitioner works in a service that provides these opportunities. Low remuneration and unfavourable professional status may contribute to the morale challenges experienced among ELC practitioners. The literature suggests that these challenges lead to high turnover rates, which in turn negatively affect ELC provision quality.

It is likely that higher graduate remuneration levels and a more favourable professional identity would help improve attraction and retention rates among highly qualified ELC staff. While these drivers are beyond the current policy reach of the ECCE HC payment, their implementation would support the achievement of the payment objectives.

The achievement of these objectives will be helped by the implementation of policy mechanisms outlined in the *First 5 Strategy* (Government of Ireland, 2018). There is also potential to achieve added value from the ECCE HC payment, to support the raising of ELC practitioner status and quality. For example, in the longer term, and subject to implementation of commitments under the *First 5 Strategy*, the DCYA could consider including achievement of a CPD credit programme as condition of ECCE HC payment funding.

The Section presented an assessment of the rationale underpinning the ECCE HC payment, namely, that the payment will help attract more ELC graduates as ECCE Programme Room Leaders. Based on this assessment, the rationale for the payment may benefit from clarification. In brief, the payment may be said to act as:

1. An incentive for ECCE Programme service providers to recruit graduate ECCE Room Leader staff, in order to qualify for HC funding
2. An incentive for service providers to retain a graduate ECCE Room Leader, in order to continue availing of HC funding.

The authors cannot assume that the ECCE HC payment acts as a financial incentive for graduates to take up, or remain in, ECCE Programme Room Leader roles. However, in terms of the payment's potential impacts on the ELC labour market, the payment may act as a signal to ELC practitioners that there will be consistent demand for ELC graduates. This may impact on the behaviour of practitioners (and prospective practitioners) in terms of pursuing graduate ELC qualifications.

## 2.2 Rationale: Graduate Qualifications and Provision Quality

### Introduction

Section 2.2 examines the second half of the ECCE HC payment rationale; that greater numbers of experienced graduate Room Leaders will support higher quality ECCE Programme provision. The Section is presented as follows:

- A review of the relationship between higher ELC staff qualification levels and higher quality ELC provision, as per the Irish and international policy and research literature. The literature supports the claim that holding a graduate qualification can positively impact on ELC provision quality.
- An assessment of literature suggesting that the provision of higher quality ELC by graduates may be more reliable where services also implement additional service-based quality measures. These will be presented according to a commonly cited differentiation between 'structural' and 'process' quality measures. It will be shown that the ECCE HC payment acts primarily as a structural quality initiative.
- An analysis of the scores of ECCE HC services on key quality measures on the Department of Education and Skills 'Early Years Education Focused Inspections' (EYEI). This includes a comparison of scores of ECCE HC payment services against standard capitation ECCE services. Although there are limitations to this analysis, the findings broadly support the rationale that higher capitation is associated with higher quality provision; though some higher capitation services also received poor inspection results.

A policy consideration from this Section is that further progress on the implementation of both structural and process quality initiatives is key to enabling higher quality in graduate-led ECCE Programme services. The consistent collection and analysis of data relating to process quality in ECCE Programme settings would help improve ECCE HC payment evaluation.

## Staff Qualifications and ELC Quality

A significant body of Irish and international research and policy literature supports the rationale that higher qualified staff will provide better quality ELC services.

The OECD's 2012 publication, *Encouraging Quality in Early Childhood Education and Care (ECEC) - Research Brief: Working Conditions Matter*, for example, noted that better educated ELC staff can be more effective in supporting a child's progress. The report recommended the implementation of minimum staff qualification levels for all OECD countries, to ensure healthy child development. EU institutions have consistently encouraged Member States to raise ELC staff qualifications levels (see, for example EU Commission, 2011; 2014; EU Council, 2019). The European Commission's *Structural Indicators for Monitoring Education and Training Systems in Europe - 2019* noted the importance of employing at least one Bachelor-level staff member to work directly with child groups in ELC settings. This was based on the assumption that higher qualified staff can provide leadership to other staff with regards to quality of ELC provision. The Commission's *Key Data on Early Childhood Education and Care in Europe*, meanwhile, noted that roughly one third of European ELC systems require at least one ELC centre staff member to hold a tertiary qualification relevant to ELC (EU Commission, 2019).

A few years earlier, the European Parliament *Report on Early Years Learning* (European Parliament, 2011) claimed that in countries where ELC staff were not required to undertake professional training:

...many of them lack the interactive skills and overall proficiency necessary to ensure that the children in their care develop adequate cognitive skills.

In the same year, the Commission proposed competence requirements for ELC provision, as assessed by the University of East London and University of Ghent (2011). The report (the 'CoRe report') concluded that 'the level of initial professional preparation for ELC practitioners should be set at BA level'.<sup>40</sup> To ensure ELC quality,

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<sup>40</sup> Equivalent to NFQ level 7/8 for ordinary/honours bachelor's degrees respectively

a preschool service would need at least one qualified (ISCED 5)<sup>41</sup> staff member with each group of children.<sup>42</sup>

In the UK, a 2007 study of the Neighbourhood Nurseries Initiative (Mathers and Sylva, 2007), found that the strongest predictor of children’s behavioural outcomes was the presence of a qualified practitioner. Using data from the Millennium Cohort Study, they suggested that staff qualifications were a significant indicator of provision quality.<sup>43</sup> The study also suggested that unqualified staff could negatively impact on quality (Mathers and Sylva, 2007).

In England, the Department for Education (DoE)’s Graduate Leader Fund (GLF) aimed to advance the professionalisation of the ELC sector by encouraging the development of a graduate-led workforce.<sup>44</sup> The 2011 evaluation report (Mathers et al, 2011) found that the presence of a ‘graduate leader’ positively impacted provision quality for children aged between 30 months and 5 years.<sup>45</sup>

More recently, the Scottish *Independent Review on the Early Learning and Childcare (ELC) Workforce and Out of School Care (OSC) Workforce* (Siraj and Kingston, 2015) highlighted a range of studies that demonstrated a positive relationship between higher staff qualifications and provision quality. One such study was a meta-analysis, conducted by Fukkink and Lont (2007), of quasi-experimental studies published between 1980 and 2005. They found education levels of ELC practitioners to be a ‘cornerstone’ of quality. The Scottish review report also cited Sylva *et al* (2004), whose 2004 paper, *The Effective Provision of Pre-School Education (EPPE) Project: Final Report*, presented findings from a longitudinal study funded by the DfES between 1997 and 2004. The study found a strong association between a service’s quality rating and staff qualification levels. Among the published papers based on the EPPE study, Siraj-Blatchford (2010, pp.149–165) found that

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<sup>41</sup> Equates to a short-cycle tertiary course.

<sup>42</sup> In an Irish context, the *First 5 Strategy* (Government of Ireland, 2018) has committed to at least 50% graduate coverage across the sector by 2028 (and an interim target of 30% by 2021), which will include all managers, deputy managers and room leaders who work directly with children.

<sup>43</sup> See list of Acronyms and Abbreviations

<sup>44</sup> Graduate Leader Funding ended in March 2011 and was replaced with the Early Intervention Grant.

<sup>45</sup> Quality was assessed using three ratings scales: ECERS-R, ECERS-E and ITERS-R (the Infant Toddler Environment Rating Scale- Revised Edition).

practitioners with tertiary qualifications helped facilitate the highest cognitive outcomes for children in their care. Sammons' 2010 study of childcare centres in England supported these results. Sammons found that children made most progress in centres with higher numbers of qualified practitioners.

In Ireland, Mary Moloney (2014) has suggested that higher qualified staff may be better able to engage with a dedicated ELC curriculum, such as *Aistear*. Moloney cited a 2009-2010 evaluation of the initial implementation of the *Síolta* QAP that highlighted a relationship between higher ELC qualifications and ability to implement quality measures:

A low level of qualification and lack of training impacts upon the sector's ability to engage with quality initiatives. For example, in their evaluation of an initial implementation of *Síolta* QAP in 134 services from 2009-2010, Goodbody Economic Consultants (2011) found that staff education and training levels impeded their ability to engage with and implement *Síolta*.

ELC policy in Ireland has consistently emphasised the importance of raising ELC staff qualifications levels, in order to improve quality. For example, the 2002 '*Model Framework for Education, Training and Professional Development in the Early Childhood Care and Education Sector*' (Department of Justice, Equality and Law Reform, 2002), focused on the development of a qualifications and skills framework. The report noted that government would need to support high levels of ELC provision quality with the adequate education, training and professional development of ELC practitioners.

A number of years later, *A Workforce Development Plan for the Early Childhood Care and Education Sector in Ireland* (DES, 2010) noted the following:

National and international research has established that the skills and qualifications of adults working with young children is a critical factor in determining the quality of young children's early childhood care and education experiences.

The Plan suggested that the development of ELC awards standards at all levels across the NFQ should be aligned with the 2002 framework and *Síolta* (2006) and

*Aistear* (2009) frameworks. Furthermore, the 2010 Plan noted that the (then) Office of the Minister for Children had been tasked with:

- (a) Ensuring the up-skilling of the existing work force through formal education, training and continuous professional development, in order to improve the quality of provision in early childhood education and care settings
- (b) Encouraging a greater number of early childhood care and education graduates to take up employment within the sector.

The DCYA subsequently introduced regulatory minimum NFQ Level 5 qualifications for all staff working in the Sector, via the Child Care Act 1991 (Early Years Services) Regulations 2016. The DCYA also introduced a contractual requirement for minimum NFQ Level 6 qualifications for ECCE Programme Room Leaders, via the ECCE Programme Grant Funding Agreement. It also supported the introduction of these minimum requirements by providing a dedicated Learner Fund that subsidised practitioners in upskilling to NFQ Levels 5 and/or 6.

The ECCE programme accounts for a significant proportion of publicly-funded ELC sector activity. However, the programme does not yet provide specific occupational profiles for 'Room Leader' and 'Room Assistant' roles. More recently, the *First 5 Strategy* (Government of Ireland, 2018) has committed to achieving a graduate-led ELC workforce comprised of at least 50% graduate managers and room leaders, supported by a DES and DCYA-led Workforce Development Plan. This Workforce Development Plan aims to establish occupational role profiles and career pathways for ELC practitioners, and to raise the profile of ELC sector careers.

### **Staff Qualifications and ELC Quality: Summary**

In summary the research and policy literature, prior to and during ECCE HC payment implementation and reform, has identified a positive relationship between higher ELC staff qualifications and better quality ELC provision. The literature presented in this Section identified this relationship in Irish, UK, EU, and OECD policy and research contexts. The literature supports the rationale underpinning ECCE Higher Capitation; that ECCE room leaders with ELC graduate degree qualifications will provide a higher quality ELC service.



## Defining Quality in ECCE Programme Services

As observed in the Irish and international literature, quality in ELC services may be measured in a number of ways and does not involve targeting any single initiative or service feature (see, for example: Council of Europe, 2019; Janta, Van Belle and Stewart, 2016; OECD, 2012; Litjens and Taguma, 2010). Instead, what constitutes high quality ELC can be a 'complex, and often contradictory matter' (Urban *et al*, 2012), with a myriad of definitions available. Ideas as to what constitutes 'high quality' may also vary between countries and may be dependent on socioeconomic context (Litjens and Taguma, 2010).

A common definition of ELC 'quality' identified in the literature (see for example OECD, 2019; Bonetti and Brown, 2018; Melhuish and Gardiner, 2018; Slot *et al*, 2015; Phillipson *et al*, 1997) involves classifying quality under two key headings; 'structural' and 'process' quality. Structural quality refers to the regulatory, organisational and environmental features of ELC, such as minimum building and safety standards, programme rules, staff-child ratios, remuneration and working conditions, as well as staff qualifications. Process quality, on the other hand, typically refers to children's daily experiences, including the quality of staff-child interactions and relationships. Janta, Van Belle and Stewart, (RAND Europe, 2016) have suggested that structural and process quality are closely related. To understand what 'high quality' ELC provision looks like in practice, it is necessary to account for both structural and process-related elements, operating simultaneously and interactively.

Researchers have consistently pointed to the importance of both structural and process quality, as well as the strong interdependence between the two (see, for example Luthar, 2006; Goelman *et al*, 2006; Dalli *et al*, 2011; Bonetti and Brown, 2018). Structural quality may indirectly influence child outcomes by providing the basis for better process quality. For example, minimum staff-child ratios allow for more frequent staff-child interactions. Litjens and Taguma (2010) highlighted how structural quality features act as a foundation from which process quality may flow. They cited Cryer (1999), who suggested that structural quality consists of 'inputs to process characteristics which create the framework for the processes that children experience'. More recently, Bonetti and Teager (2018) have suggested that

'structural elements provide the context in which process quality can operate most effectively'. The best quality ELC provision involves a high level of follow-through from structure to process quality. Structural quality therefore proves effective when it enables high quality processes.

A broad range of researchers and policymakers have also defined process quality. A helpful definition provided by Phillips et al (2000), cited in Harris, Thompson and Norris, (2007) and more recently in Janta, Van Belle and Stewart (2016), describes process quality as 'aspects of the classroom environment as experienced by children' and 'their interactions with teachers and peers'. The OECD's (2019) *Engaging Young Children* report has defined process quality as:

the more proximal processes of children's everyday experience and involves the social, emotional, physical and instructional aspects of their interactions with staff and other children (peer interactions) while being involved in play, activities or routines

A range of sources have also noted that aspects of provision that fall under process quality may directly influence a child's wellbeing and development (Litjens and Taguma, 2010; Janta, van Belle and Stewart, 2016). While high levels of process quality flow from high structural quality, process quality is entirely dependent on the competence and decision-making of front-line staff (Litjens and Taguma, 2010). The role of ELC practitioners in facilitating these experiential features is therefore pivotal (Bonetti and Brown, 2018).

In terms of government policy, the literature suggests that it may be easier to implement and monitor structural quality initiatives. Structural features are more tangible than process features, which rely on the emotional and relational aspects of service provision. This has led to greater engagement in structural quality from policymakers. Slot et al (2015) and Melhuish et al (2015) have discussed some of the challenges associated with measuring process quality. However, internationally validated measurement tools have been developed to help assess both structural and process quality features in ELC service settings. These tools have been used internationally, although they have proven expensive due to complexity of

deployment and practitioner expertise requirements. Examples include the Early Childhood Environment Rating Scale – Revised (ECERS-R) and Sustained Shared Thinking and Emotional Well-being (SSTEW) scale, which were two of four quality measurement scales used in research based on the UK SEED study (Melhuish, Gardiner & Morris, 2017).

### **Supporting ELC Graduates to Support Higher Quality**

As discussed above, there is a considerable body of literature that supports a positive relationship between higher qualified staff and higher quality ELC provision. At the same time, the relationship between higher staff qualifications and better quality ELC provision is complex and depends on the implementation of both structural and process quality features.

Early et al (2007) recommended that, in addition to higher qualifications, policy makers also encourage improvements to quality features such as mentoring, supervision and ongoing monitoring. Similarly, Pianta et al (2009) suggested that variables associated with programme quality, such as practitioner qualifications, may not necessarily guarantee high quality provision. Additional quality initiatives should encourage developmentally supportive practitioner-child interactions. While participation in high quality practitioner training facilitates engagement, services must implement these features consistently in order to ensure better provision quality.

Fukkink and Lont (2007) also recommended caution for policymakers who focus solely on ELC staff training. For them, positive results were mediated by the competence of trained practitioners to create a high-quality ELC environment. Siraj and Kingston (*Independent Review of Scottish ELC Workforce*, 2015), presented a review of literature pointing to the importance of defining good quality professional development. Their review suggested that benefits arose from the ability of higher qualified staff to use their knowledge to bring an informed pedagogical approach to the ELC setting. In addition to higher qualifications, staff should have opportunities to build on skills and attributes such as leadership, effective lesson planning, and

responsiveness to children based on an understanding of child development and learning.<sup>46</sup>

More recently, research based on the Department for Education in England's *Study of Early Education and Development* (SEED), investigated the characteristics of ELC settings that help precipitate good quality provision. Melhuish and Gardiner (2017), for example, looked at the relationship between structural and process quality. The researchers combined data on structural quality characteristics, with site visits. The findings suggest that structural quality features associated with good process quality include higher staff qualifications, suitable adult-child ratios, training plans and budgets, and lower staff turnover (Melhuish and Gardiner, 2017). Similarly, Callanan *et al* (2017) looked at how English ELC services achieved good quality practice. They developed case studies of services (n=16) that had received 'good' or 'excellent' scores as part of the wider SEED project. The measured process quality using the four scales referenced above, and a range of interviews with management, practitioners and parents. Features of good practice identified in the study included 'qualified, knowledgeable and experienced' staff. Of key importance was that services supported these staff through continuing professional development, strong leadership, and processes that focused on child development and well-being. These were delivered in an open and reflective organisational culture that engaged in ongoing self-evaluation. Taken together, these characteristics could help achieve consistently higher provision quality (Callanan *et al*, 2017).

### **Supporting Graduates to Support Higher Quality: The ECCE HC Payment**

While a robust evidence base supports the rationale for the ECCE HC payment, it also suggests that there are additional service features that would help enhance the reliability of ELC graduates' impacts on quality of provision. The Section will now proceed with an outline of the key structural and process quality initiatives currently in place in the Irish ELC sector. This will help situate the ECCE HC payment as a DCYA quality lever, within the broader ELC policy context. Ongoing progress in the implementation of structural and process quality initiatives is likely to enhance the

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<sup>46</sup> These skills and qualities were in line with skills outlined in the UK EPPE study (Sylva *et al*, 2004), as well as 2014 Scottish Government guidelines.

achievement of the ECCE HC payment objectives, from a broader ELC sector perspective.

### **Structural and Process Quality: The ECCE HC Payment**

The Affordable Childcare Scheme (ACS) Policy Paper (DCYA, 2016) identified three main policy levers by which the DCYA has sought to improve ELC service quality. These are in addition to the Childcare (Pre-School Services) Regulations (2016). The first includes contractual terms and conditions, such as those currently in place under the Grant Funding Agreement for the ECCE Programme. The DCYA has developed and refined these, over time. The second is the provision of funding for quality improvements (e.g. factors associated with professionalisation). The third is a higher subsidy to encourage higher quality service provision. The Paper cites the ECCE HC payment as an existing lever within this third category (DCYA, 2016).

According to the definitions of structural and process quality already discussed, the ECCE HC payment acts as a structural quality feature. The DCYA delivers the payment via an optional higher capitation payment provided to services that raise the qualifications levels of Room Leaders beyond the NFQ Level 6 minimum. The payment does not require implementation of specific processes beyond those required under the Childcare (Pre-School Services) Regulations (2016), or standard ECCE Programme Grant Funding Agreement.

### **ELC Funding System: Structural Quality Measures**

The ECCE Programme (and ECCE HC payment) is governed by a number of structural measures that have been informed by key international frameworks and recommendations. The Childcare (Pre-School Services) Regulations (2016) include minimum environmental and structural safety standards, staff: child ratios, and minimum staff qualifications levels (NFQ Level 5 Award). Structural quality levers required under the ECCE Grant Funding Agreement include a minimum NFQ Level 6 Room Leader requirement for participation in the ECCE Programme, and adherence to the *Síolta* and *Aistear* Frameworks. As mentioned above, the ECCE Higher Capitation payment has represented a key optional structural quality lever within the ELC government funding system.

## Process Quality Measures

As process quality is dependent on individual relationships, the implementation of dedicated national initiatives can be complex. Apart from regulation, the routine implementation and monitoring of specific process quality policy has been less pronounced. The Childcare (Pre-School Services) Regulations regulate for some process-based service features, such as ‘appropriate activities’, ‘interaction’ and ‘care practices’ to support child development. Regulation 19 of the Childcare (Pre-School Services) Regulations (2016) proscribes corporal punishment and harmful adult-child interactions.

The DCYA and DES have also introduced a series of dedicated process quality-related initiatives, which will be discussed below. In addition to these initiatives, the City and County Childcare Committees, National Voluntary Organisations and a number of Area Based Childhood Programme organisations have supported ELC services in raising both structural and process-based quality.

The Better Start initiative, launched in 2016, is an ‘integrated national approach to developing quality’ in ELC services, working with children from birth to six years. Led by a team of Early Years professionals, the Better Start ‘Quality Development Service’ involves working directly with services in a mentoring capacity to develop quality of provision, using the *Aistear Síolta Practice Guide*. As noted in *First 5* (Government of Ireland, 2018), the role of Better Start is set to grow in the coming years. The DCYA will align the proposed ‘national quality improvement infrastructure’ around the Better Start Quality Development Service.

The National *Síolta Aistear* Initiative (NSAI) was also established in 2016, to ‘support the coordinated rollout’ of *Síolta* and *Aistear*.<sup>47</sup> It is led by DES in collaboration with DCYA who provide the funding for the initiative. DES chair a steering group for the initiative which includes representation from DCYA, DES Early Years Education Inspectorate, Early Years Education Policy Unit, Better Start and the NCCA. A National *Síolta Aistear* Implementation Office was established in 2019 to provide

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<sup>47</sup>See [here](#)

central and national coordination of NSAI implementation and is situated in Better Start to further align and coordinate implementation of both frameworks.

A number of Síolta Aistear Mentors from CCCs, VCOs and ABC programmes have been commissioned to provide agreed NSAI training and mentoring supports to support understanding and implementation of Síolta and Aistear. This includes four introductory and awareness raising workshops. A key element of the NSAI is the 'Aistear & Play CPD' programme, which has been developed by a working group co-chaired by DES & NCCA with representatives of the NSAI, Early Years Education Inspectorate, DES, NCCA and Better Start. The CPD consists of five workshops and onsite support visits with an early years specialist to support application of learning in practice. Aistear and Play is delivered by Better Start Quality Early Years Specialists<sup>48</sup> as agreed with the National Síolta Aistear Implementation Office. A NSAI resource development group has been established to ensure that the development of all Síolta, Aistear and related CPD materials and resources are overseen and quality assured at a national level.

## **Early Years Education Focused Inspections: ECCE Programme Services**

### **Background**

At the request of the Department of Children and Youth Affairs, the Department of Education and Skills (DES) introduced the Early Years Education Focused Inspections (EYEI) of the ECCE Programme in 2016. These DCYA-funded inspections, carried out by the DES Inspectorate, provide an insight into the nature of process quality in ECCE programme settings. According to Strategic Action 2B of *First 5*, the EYEI remit is being expanded through a pilot of education-focused inspections relating to children of all ages from birth to 6.

Informed by the principles of both *Aistear* and *Síolta*, EYEIs are underpinned by core principles. These include the importance of high-quality early educational experiences, such as high-quality interactions with early-years practitioners. The practitioner plays a central role in this regard.

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<sup>48</sup> See [here](#)

Inspections are conducted according to a quality framework that incorporates elements of practice under four key areas:

- The quality of the context to support children's learning and development
- The quality of the processes to support children's learning and development
- The quality of children's learning experiences and achievements
- The quality of management and leadership for learning.

The DES has developed a quality continuum containing five quality bands, ranking a setting as: Excellent; Very Good; Good; Fair; or Poor under each of the four areas. Whilst all these domains of quality are relevant to the evaluation of process quality in early years settings, the quality of practice in relation to outcomes statements in Area Four, (the quality of management and leadership for learning) is regarded as particularly sensitive to the capacity and competence of early years practitioners. Outcome statements for this area include, but are not limited to:

- Planning, review and evaluation are informed by *Siolta* the national quality framework for early childhood education
- Management within the settings provides for a high-quality learning and development experience for children
- Clear two-way channels of communication are fostered between early years settings, parents, families and children
- Transitions into, from and within the setting are managed effectively to support children's learning and development.

The essential skills, knowledge and competences associated with high quality practice in relation to these outcomes are those often described as higher professional activities and are associated with the role profiles of graduates holding higher education qualifications.



## DES/DCYA Analysis

The DES, in collaboration with the DCYA conducted a review of almost 1,500 EYEI reports in May 2018 for the purposes of this Focused Policy Assessment. The DES conducted the review to help establish evidence for these professional competences in ECCE Programme settings. The review provided both quantitative and qualitative data.

Although a range of additional factors would need to be considered in order to attribute causality between ECCE capitation status and scores on measures of quality as per the EYEI framework, the findings of this analysis help illustrate some correlation between capitation status and EYEI ratings. The analysis found that since commencement of the EYEI in 2016, rates of higher capitation across Early Years settings inspected by the DES rose from 42% in 2016 to 47% in 2018. When data on Early Years settings receiving a rating of 'Excellent' across all four areas of the EYEI Quality Continuum is cross-tabulated with ECCE Capitation status it appears that the majority of such highly rated settings are in receipt of higher capitation (66% in 2016, 62% in 2017 and 72% in 2018). Of note is a higher occurrence of excellent practice in Area 2 of the EYEI Quality Framework, which specifically relates to teaching and learning practice, when the setting has higher capitation status. It should be noted however that these settings represent a small percentage of the total number of Early Years settings inspected each year.

Furthermore, some ECCE Programme services receiving Higher Capitation funding are also achieving evaluation outcomes that are lower on the EYEI quality continuum. In each year a small proportion of EY settings attracted evaluation outcomes on the EYEI quality continuum that were either 'Fair' or 'Poor' in all 4 areas of practice. In 2016 only 3 such evaluations were made and two of these settings were receiving higher capitation. In 2017, 71 out of 620 EYEI reports reviewed (11%) recorded such evaluation ratings, of which 25 were in receipt of higher capitation. In 2018, of the 357 inspection records reviewed only 7 settings were evaluated as fair or poor across all 4 areas of the EYEI quality framework with 3 in receipt of higher capitation.

Early Years Education Inspectors (Department of Education and Skills) were consulted for the purposes of this analysis. They have suggested that less than satisfactory levels of practice in relation to education provision may be due to variables which, although not possible to confirm through quantitative analysis of the inspection data may, in some settings, relate to the following:

- The ECCE graduate is not employed in a position of authority that would help them to influence the development of educational provision and practice in the setting
- The qualification profile of the graduate is not suited to the delivery of a programme of learning consistent with the aims and goals of *Aistear*, the early childhood curriculum framework
- There is limited support for the graduate from the management/leadership within the ECCE setting
- There is a high turnover of staff in the role of ECCE Programme Room Leader, which impacts negatively on quality of provision and practice.

### Thematic Analysis of EYEI Inspection Reports

In addition to the quantitative analysis above, additional analysis of the actions advised in Area 4 (Leadership and Management for Learning) of the EYEI inspection framework revealed characteristics of practice at higher and lower levels on the quality continuum. While not specific to HC this table offers an interesting insight into what good leadership and management looks like in ECCE settings.

Excellent/Very Good practice	Fair/Poor practice
Coherence between declared mission statement/curriculum statement and observed practice	Absence of coherent policies and statements of purpose/curriculum/programme
Clearly articulated roles and responsibilities for all staff	Limited or no evidence of evaluation and review processes
Dedicated time allocated to teamwork	Confusion in relation to roles and responsibilities
Well-structured and documented support and supervision processes	Low level of engagement with training opportunities or external support services

Regular engagement in CPD supported by management through provision for active learning activities for all staff	Distant and/or formal relationships with parents/families
Strong evidence of regular cycles of internal evaluation and reflection on practice	No support/supervision processes for staff
Active engagement with a range of external professional supports	
Use of a range of communication strategies with parents and other professionals e.g. school teachers	

The research literature identifies the presence of professional activities such as self-evaluation within an ECCE Programme service as positive indications of high-quality educational practice. Such activities are also generic attributes of graduates of higher education awards at Bachelors' degree level or above. It is worth noting that these types of practice are also associated with Quality and Qualifications Ireland (QQI) graduate role profiles of higher education, at Bachelors' degree level (QQI, 2014).<sup>49</sup>

The findings of the EYEI data analysis points to evidence, especially in services evaluated as 'Excellent' on the EYEI inspection framework, for these types of professional activities in ECCE Programme services. Given the association of such activity with high quality early years education in practice, this would support initiatives taken to increase the presence and influence of higher education graduates in ECCE settings. However, the findings also suggest that steps should be taken to ensure that graduates with such capacity are supported to undertake leadership roles in relation to the development and implementation of educational practice. This may in turn help reduce incidences where services receiving ECCE HC payments are scoring 'Fair' or 'Poor' on key inspection Areas.

Of note is that EYEI inspectors currently do not have access to the qualification levels of staff in the services they are inspecting. As a first step to gaining further insight into the nature of professional practice in the EY sector, it may be helpful for EYEI inspectors to record qualifications and role profiles in the ECCE Programme

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<sup>49</sup>See [here](#)

sessions they are inspecting. This would enable more in-depth analysis of the correlation between qualifications, role profile and quality ratings on the EYEI quality framework.

## **Section Summary and Policy Considerations**

There is a significant body of research and policy literature that supports a positive relationship between higher practitioner qualifications and better quality ELC provision. The ECCE HC payment is therefore underpinned by a solid policy rationale. As noted in this Section, there have been three main quality levers by which the DCYA has sought to improve the quality of ELC provision through its funding programmes. The DCYA considers subsidies, such as the ECCE HC payment, to be a key quality lever.

The literature also points to a range of definitions of ELC quality. A common definition of quality cited in the literature differentiates between 'structural' and 'process' quality service features. As noted in previous Sections, adherence to Regulatory and Grant Funding Agreement criteria such as minimum qualifications and staff/child ratios, have operated in parallel with the ECCE HC payment. These criteria support structural quality in ECCE Programme services, along with some process quality requirements. The rationale for the ECCE HC payment is that greater numbers of experienced ELC graduate Room Leaders will support higher quality ECCE Programme provision. While a range of other quality-related measures are required for receipt of ECCE Programme funding, improved staff-child processes such as staff-child interactions and relationships are not specified as requirements for receipt of the ECCE HC payment. Therefore, while graduates may be associated with higher quality ELC, a more accurate definition of the ECCE HC payment is that, taken in isolation, it acts as a structural quality lever.

The literature suggests that while the presence of graduate Room Leaders can be associated with the raising of provision quality, it will do so more reliably when interacting with other commonly cited quality drivers. Progress has been made in recent years in the implementation of dedicated quality initiatives that focus on process quality. These include the Better Start Quality Development Service, the

National Síolta Aistear Initiative, and the Early Years Education Focused Inspections (EYEIs). EYEIs provide an insight into the scope and nature of process quality in ECCE programme settings across the Irish ELC sector.

This Section presented an analysis of the Early Years Education Focused Inspections (EYEIs) of ECCE Programme settings, according to capitation status. The findings of the analysis illustrate some correlation between higher capitation status and better EYEI ratings, although the DCYA would need to consider a range of additional factors before attributing causality between capitation status and EYEI scores. The analysis found that a high proportion of services that received a score of 'excellent' across all four areas of the EYEI Quality Continuum were in receipt of higher capitation (66% in 2016, 62% in 2017 and 72% in 2018). This compared to 53% of all ECCE programme services in receipt of HC for the 2018/19 period. However, in each year a small proportion of ECCE HC services also attracted evaluation outcomes on the EYEI quality continuum that were either 'Fair' or 'Poor' in all 4 areas of practice.

A policy consideration from this Section is that further progress on the implementation of both structural and process quality initiatives is key to enabling higher quality in graduate-led ECCE Programme services on a more consistent basis. Relevant principles in this regard include consideration of the child's individual needs; consistent responsive relationships and experiences based on cooperation and respect. In addition, ongoing progress in the embedding of skills, knowledge and competences associated with high quality practice outlined in the Aistear Síolta Practice Guide, will help support ELC quality. Key considerations include the provision of adequate supports for graduates by ECCE Programme service managers. The consistent collection and analysis of data relating to process quality in ECCE Programme settings would help improve ECCE HC payment evaluation.

# Part 3: Implementation

## 3.1 Implementation: Administration and Compliance

### Introduction

Section 3.1 provides an assessment of the administration of the ECCE HC payment. Descriptive statistical and trend analyses of relevant data demonstrate that resource and IT system constraints, as well as administrative complexities, led to processing delays and additional ECCE HC payment expenditure across a number of preschool years. These factors may also have led to challenges with ECCE HC payment governance and compliance. These factors also preclude the calculation of overall ECCE HC payment administration costs. There have been improvements to the administration of the payment in recent years, however challenges remain. The Section also provides an assessment of the ECCE HC payment compliance process. Based on the assessment of compliance reporting conducted for this FPA, it is not possible to accurately estimate the cost of the ECCE HC payment compliance process. It is noted that compliance process effort estimates are also difficult to calculate based on the relative complexities of investigating compliance between DCYA childcare funded programmes. However, future compliance reports could separate ECCE HC payment compliance data from the broader ECCE Programme. Effort estimates for the ECCE HC payment compliance process would support payment monitoring and evaluation.

The collection of more granular administrative and applications processing data would also assist with monitoring and evaluation. In addition, the DCYA could explore simplification of the per-room ECCE HC payment model, while maintaining alignment with the ECCE HC payment policy rationale. Administrative and compliance processes are complicated by this rule, which impacts negatively on ECCE HC payment efficiency and governance.

It may be noted that key administrative processes associated with the ECCE HC payment help fulfil a broad function, such as decision-making on degree-level ELC qualifications, in lieu of a professional standards body.

## **ECCE Higher Capitation: Administration**

DCYA staff administered the ECCE HC payment from January 2010 to September 2018. The DCYA transferred responsibility for administration of the payment to Pobal in September 2018, with a 0.5 Full-Time Equivalent (FTE) resource remaining within the DCYA, dedicated to ECCE HC payment support.

Table 3.1 below shows the total numbers of ECCE HC applications and approvals, as well as total numbers of DCYA (2013/14 to 2017/18) and Pobal staff (2018/19) administering the ECCE HC payment. Overtime staffing hours are not included in the DCYA figures. Although there are records that overtime staffing hours assisted with the clearing of applications backlogs across a number of preschool years, data documenting numbers of overtime staff (or hours worked) are not available. It is therefore likely that the efficiency per staff member is inflated for these years. In addition, telephone and online supports are not included in the DCYA staff numbers. It is therefore not possible to estimate total DCYA staff resource requirements or costs for the preschool years covering 2010 to September 2018.

The total number of ECCE HC applications and subsequent approvals has increased across each of the preschool years outlined in Table 3.1, in line with the growing numbers of services availing of the payment. Similarly, the percentage of approved HC applications has increased steadily year on year, up to 97% for the 2018/19 preschool year.

As observed in Table 3.1, there has also been an increase in the numbers of Full Time Equivalent (FTE) staff allocated to the processing of ECCE HC applications, in response to increasing demand. An increase in the average number of approvals per staff member in 2014/15 may be accounted for by a separation of the qualifications approval process from the ECCE HC applications approval process. Since 2014/15, when a submitted qualification has not been included as a DCYA Early Years Recognised Qualification, administrative staff have submitted the qualification to a separate qualifications processing team to assess suitability (See Section 3.2). The significant increase is also explained by the enlisting of additional Early Years administrative staff to assist with processing. As mentioned above, data is



unavailable for the numbers of staff who assisted during this period, or the extent of assistance provided. In 2017/18, per-staff approvals appear to have been 30% higher (959) than the average for the 2013/14 to 2017/18 preschool year period. However, as stated previously, there are no records documenting the scale of overtime assistance provided to the core DCYA ECCE HC processing staff during these preschool years.

According to DCYA memos, the average application up to September 2017 required approximately 20 minutes to process. With the introduction of new administrative procedures from September 2017, new applications still required approximately 20 minutes to process, however re-applications required less time, i.e. 10 minutes per application.<sup>50</sup> Pobal data for 2018/19 ECCE HC processing times list appraisal (20 minutes), approval (10 minutes) and an average of 60 minutes' aggregated administrative time, to cover register maintenance, log updates, service correspondence and reconciliations. The DCYA did not calculate the time or resources required for these tasks for the 2013/14 to 2017/18 preschool years. However, the DCYA did engage in this additional administrative effort, which wasn't recorded in estimates of time spent on applications processing. In addition, it is not possible to quantify the administrative effort, year on year, expended on the qualifications approval process. As this process related to approvals of NFQ Levels 5, 6 and 7 qualifications, it may be seen as a broader function, with broader benefits to the DCYA in lieu of a professional regulator for ELC qualifications.

**In summary, a key learning from this analysis is that it is difficult to make robust claims regarding efficiencies based on the available data. However, what this analysis does emphasise is a need for better administrative data, for monitoring and evaluation purposes.**

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<sup>50</sup> From September 2017, the DCYA has kept a record of approved Higher Capitation staff qualifications and so only new ECCE HC applicants and/or new graduate staff have been required to submit proof of qualifications

**Table 3.1 ECCE HC Payment Applications and Approvals: 2013/14-2018/19**

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Total HC Applications</b>	N/A	N/A	1,562	1,996	2,122	2,785
<b>Total HC Approvals</b>	286	1,240	1,301	1,868	2,038	2,693
<b>% HC Applications Approved</b>	N/A	N/A	83%	94%	96%	97%
<b>Total HC Staff</b>	1.20	1.20	3.06	2.75	2.13	7.50
<b>Average no. of HC Approvals per Staff Member</b>	239	1,033*	425*	679*	959	359**

Source: DCYA, Pobal

\*2014/15, 2015/16 and 2016/17 Data on additional (overtime) staff inputs unavailable.

\*\* Total HC staff figures for 2018 are a mid-point between 10 X peak time HC staff, and 5 X off-peak HC staff.

**Note: 2018/19 figures provided by Pobal include appraisal (20 minutes), approval (10 minutes) and an average 60 minutes aggregated administrative time to cover register maintenance, log updates, service correspondence, reconciliations. The time spent on these tasks was not recorded by the DCYA for the 2013/14 to 2017/18 preschool years.**

Table 3.2 presents the total estimated processing workload (in hours), based on data available for the 2013/14 to 2018/19 preschool years. **Again, there are significant question regarding like-for-like comparisons of the data between the preschool years illustrated in Table 3.2. However, what the analysis emphasises is a need for better administrative data, for monitoring and evaluation purposes.**

**Table 3.2 Number of ECCE HC Applications, Approvals and Processing Times**

	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/19*
<b>Total HC Applications</b>	N/A	N/A	1562	1996	2122	2785
<b>HC Approvals</b>	286	1240	1301	1868	2038	2693
<b>Total Time (Hours)</b>	N/A	N/A	521	665	707	4,178
<b>% Approvals</b>	N/A	N/A	83%	94%	96%	97%
<b>Mean processing time (minutes)</b>	N/A	N/A	20	20	20	90*

Source: DCYA, Pobal

**\*Note: 2018/19 figures provided by Pobal include appraisal (20 minutes), approval (10 minutes) and an average 60 minutes aggregated administrative time to cover register maintenance, log updates, service correspondence, reconciliations. The time spent on these tasks was not recorded by the DCYA for the 2013/14 to 2017/18 preschool years.**

### **Processing Delays: 2014/15 and 2015/16**

According to DCYA documentation, the Department implemented a dispensation on applications during the 2014/15 and 2015/16 preschool years to cater for ECCE HC applications processing delays. The 2014/15 and 2015/16 dispensations on applications provided ECCE HC funding to all services that had applied for the payment, regardless of eligibility. As a result, the Department provided ECCE HC payments to services that may not have been eligible. By March of each year, the DCYA had not processed a large proportion of applications received during September and October of the previous year (for example, 900 unprocessed applications out of 1,562 received during the 2015/16 preschool year). Processing difficulties resulted from a combination of constrained staff and IT resources (discussed below in more detail). However, DCYA records do not indicate total additional costs, or the numbers of services provided with a dispensation. In 2015/16, the DCYA subsequently processed all applications to ensure that only those services deemed eligible for the ECCE HC payment would receive an ECCE HC pre-payment in the following preschool year.

### **Improved Resourcing and Processes: 2016/17 and 2017/18**

Some administrative difficulties persisted in the 2016/17 and 2017/18 preschool years. However, the Department helped limit these difficulties. The improved economic situation led to the lifting of the public service staff moratorium from 2015, with some additional temporary staff assigned to ECCE HC payment processing, and permanent staff assigned during 2016. These new staff addressed backlogs and restructured a range of administrative processes. As an example, administrative staff have, since August 2017, reverted all services to standard capitation at the beginning of each preschool year. Prior to August 2017, the DCYA automatically paid all ECCE HC-eligible services at the higher capitation rate in the following preschool year, until their new application had been reviewed. Thereafter, an application refusal led to cessation of ECCE HC payments, and implementation of a recoupment plan, for example via reductions in subsequent ECCE programme payments. However, as mentioned above both the 2014/15 and 2015/16 preschool years were subject to dispensations on applications in this regard.

A key motivation for implementing the September 2017 administrative change was to avoid a repeat of the overpayments experienced in previous years. Although this change required more rapid DCYA processing of applications, records suggest that delays of the magnitude experienced in the 2014/15 and 2015/16 preschool years were not repeated in subsequent years.

### **ECCE HC Payment Reform: Administrative Processes**

As outlined in Part 1, the DCYA has, since September 2016, awarded the ECCE HC payment at individual room level rather than at whole-service level. In terms of payment administration, the service must specify the numbers of children who will attend a Higher Cap session as part of the application process. This figure will then be inputted into PIP as the maximum ECCE HC payment ceiling for that service, and the service will be paid accordingly. The overall maximum ECCE HC payment ceiling is based on the maximum staff: child ratio prescribed under the ECCE Programme.

As an example, where an ECCE service provides one ECCE session, has a graduate Room Leader and 8 FTE ECCE-registered children, the service will be paid at the HC rate for 8 FTE children. However a service with two sessions providing the

ECCE Programme to 22 children, one with a graduate Room Leader and another with a non-graduate Room Leader, will be paid the HC rate at the maximum staff: child ratio of 11 FTE ECCE-registered children. The Department calculates each FTE as one child attending an ECCE service on a full-time basis (i.e. 15 hours over 5 days per week). The DCYA does not prescribe which children should attend a graduate-led session.

The DCYA amended the ECCE HC payment application process in response to this reform, so that applicants would document staff qualifications on a room-by-room basis. Services submitted amended application forms to the DCYA either by scanned email attachment or hard copy postal submission. They provided details on individual ECCE sessions/rooms such as start/ finish times, and numbers of children per session. DCYA staff manually processed each application during the 2016/17 and 2017/18 preschool years.

The DCYA also introduced additional administrative steps. The DCYA required services to notify the Department of changes to their graduate Room Leader staffing complement, where those changes affected ECCE HC payment eligibility. Specifically, services had to notify changes in writing by completion of an 'ECCE Higher Capitation Amendment Form', which was submitted via email, or by post. The DCYA processed forms on a case by case basis, and then manually updated the PIP system. This process helped prevent overpayments where, for example, graduate Room Leaders had left a service, or been replaced. Similarly, services had to notify any reduction in the numbers of children availing of the ECCE Programme through the completion of a new 'Session Capacity Reduction Form'. The DCYA processed these forms manually, and then manually inputted the updated HC FTE status into Excel spreadsheets for bulk updates to the Programmes Implementation Platform (PIP). The DCYA processed amendment forms throughout the preschool year.

Taken together, the administrative procedures that accompanied the 2016 reform required additional administrative effort from ECCE Programme services and DCYA/Pobal staff. DCYA records indicate that sector representative groups such as Early Childhood Ireland (ECI) and the Association of Childcare Professionals (ACP)

expressed dissatisfaction with the additional administrative burden associated with the payment reform. They expressed this dissatisfaction in the context of a perceived cumulative burden arising from combined reforms associated with each of the DCYA's funding Programmes (ECCE, CCS and TEC).

It is likely that time requirements may vary from service to service. Nonetheless, as demonstrated in Part 1, there continues to be a rapid rise in the proportion of services availing of the payment.

To help services administer the DCYA funding programmes, the DCYA has, since 2017, provided an additional 'Programme Support Payment' (PSP). The PSP is an additional payment to service providers to help with child registrations, other administrative work and additional activities outside of child contact time. The PSP covers all DCYA childcare funding programmes (ECCE, CCS and TEC).

#### **Pobal Administration: 2018/19 and 2019/20**

The DCYA transferred the administration of the ECCE HC payment to Pobal in September 2018, to integrate the management and administration of the ECCE HC payment, from application to payment. Pobal deliver the updated administration process primarily via the PIP system, with qualifications documents scanned and attached to the online application.

As with the 2017/18 preschool year, the DCYA require that 'amendment' forms must be submitted to Pobal, as required, throughout the preschool year. Providers complete these forms manually and email them to Pobal for manual processing by Pobal staff. The 2018/19 forms include an ECCE HC service FTE tracker, to help services note their week-to-week ECCE HC FTE eligibility, on a room-by-room basis. Pobal online supports include a SharePoint collaborative system to help services submit accurate ECCE HC payment applications. This support was not available in previous preschool years. Pobal provide a daily report to the DCYA, detailing numbers of ECCE HC payment applications received and processed.

Delays of the magnitude experienced in 2014/15 and 2015/16 have not occurred during the 2018/19 or 2019/20 preschool years (to date). However, delays have

been experienced in relation to the processing of ECCE HC payment applications, in particular during the 2019/20 preschool year (up to end 2019). The DCYA will monitor progress in this regard, as the preschool year progresses.

## **IT Supports**

Administration of the ECCE HC payment has been subject to IT system-based constraints. Between January 2010 and September 2014, the DCYA administered the ECCE Programme (and ECC HC payment) using a customised MS Excel-based database developed by programmers under management contract with the Department of Health and hosted on its Lotus Notes platform. The database created an administrative process based on combined handwritten hard copy documentation submitted by ECCE Programme services, and manual DCYA staff inputs. This process raised the potential for human error.

The 2014 ECCE Internal Audit reported that database development had been at a low cost but had led to problems including continuity and security issues, a lack of reporting of data changes, an insufficient 'audit trail', and efficiency and control issues. The Audit noted that the ECCE database required an MS Excel-based 'manual workaround', and by mid-2014 this workaround represented approximately 1 person-year of work. The audit also identified problems with the monitoring of ECCE HC payment registrations on the database.

### **Programmes Implementation Platform (PIP): ECCE HC Module**

The DCYA transferred ECCE HC payment functionality to the Pobal-hosted Programmes Implementation Platform (PIP) in September 2016. Although PIP functionality helped address administrative inefficiencies associated with the former database, challenges remained. Pobal (in collaboration with the DCYA) had designed the PIP system to capture service-level registrations for the ECCE, CCS and TEC Programmes. This was according to the existing DCYA funding model, which could not provide for the registration of Programme service employees, or for the assigning of children to specific Programme sessions.

The system was not, therefore, designed to cater for registrations or payments based on the reformed ECCE HC payment, which grants ECCE HC funding on an ECCE session basis. As discussed earlier in this Section, the DCYA reformed the ECCE Programme, ECCE HC payment and CCS simultaneously, in advance of the 2016/17 preschool year. In this context, the development of the PIP ECCE HC module according to a pro-rata option offered expediency, while avoiding the administrative requirements associated with a more complex IT system that could provide ECCE HC payments based on specific children and/or graduate Room Leaders. Instead, ECCE service providers declare the numbers of FTE children attending each ECCE HC session as part of the ECCE HC application process. Once approved, the PIP ECCE HC module applies a funding rate based on the approved number of FTE children.

However, the ECCE HC module cannot track which session a child is attending, or whether services are allocating the correct numbers of registered children to graduate-led ECCE Rooms. These must be checked as part of Pobal's compliance process, which will be discussed in detail below.

### **PIP ECCE HC Module: Impacts on Payment Administration**

The ECCE HC module exploited existing PIP system functionality, with the addition of a series of manual workarounds. As a result, the PIP module has served to drive ECCE HC payment administrative processes. For example, as already discussed in this Section, the DCYA introduced separate ECCE FTE child and graduate staff 'Amendment Forms' in September 2016. These forms have required a manual calculation of FTE eligibility, which administrative staff have then uploaded separately to the PIP system. While not impacting on compliance procedures, per se, the fact that PIP does not assign ECCE child registrations to ECCE sessions or to specific Room Leaders, means that governance of the payment relies on the compliance process.

There have also been issues with PIP HC module efficacy. A January 2017 PIP error resulted in overpayments totalling €388,274 across 330 ECCE Programme services, (with a solution implemented in April of that year, and all funds recouped). DCYA and Pobal staff agreed a manual work-around, which used Excel-based solutions to re-



calculate funding due, versus funding allocated. This solution also introduced an unexpected administrative requirement that impacted on processing times and administrative costs during the 2016/17 and 2017/18 preschool years.

It may be noted that a new online DCYA Funding registration and payments system is due to replace PIP.

### **PIP ECCE HC Module (Data Limitations)**

ECCE HC payment registrations on the PIP system operate at service level, rather than at the level of the individual child. It is therefore difficult to capture data on numbers of children attending graduate-led ECCE sessions, or to associate individual children with graduate-led provision. This limits the potential for impact evaluations that match service quality, and/or children's experiences, with records of graduate-led ECCE Programme provision.

PIP is also unable to produce historical trend data for individual ECCE HC-funded services. It provides current registration and capitation status and snapshots of historical points in time. As a result, monitoring of the payment is constrained. The DCYA could capture historical data that tracks a service's capitation and registration patterns, which the Department could scale up to sector-wide reporting.

Remittance advices provided to services availing of the ECCE HC payment do not differentiate between higher and standard ECCE capitation payments. More detailed remittance advices showing both standard and higher capitation funding amounts, would prove helpful for services and for the DCYA.

### **IT System Development and ECCE HC Payment Rules**

As mentioned above, a new online DCYA Funding registration and payments system is due to replace PIP. It may be possible to simplify some existing administrative processes, in order to support system efficiency. For example, subject to future arrangements regarding the appropriate collection of staff data, ELC graduates could be enabled to apply for HC status approval on a once-only basis. All verified graduates could opt for a dedicated ID number demonstrating approved qualifications and sector experience levels. Practitioners could use the number as

proof of qualification during compliance and inspection visits. Each service could potentially add current employee details to the relevant IT-based administration system and make edits as needed, without the need for staff amendment forms. An ID number could also provide better data in relation to graduate qualifications, experience levels, and the movement of graduates between services, over time.<sup>51</sup> This data could assist with ELC workforce planning.

A key question for the development of a new ECCE HC payment online registration and administration system will be whether efficiency is possible under the current per ECCE room payment model. It will be difficult to integrate the registration and amendment processes, unless the new platform registers children at the ECCE Programme room level. The platform may also need to assign a specific graduate Room Leader to this room. While the registration and amendment processes could be integrated in this way, the process would still require ongoing amendments by ECCE services, as children and staff move between sessions. This could represent significant additional administrative effort on the part of ECCE programme services.

An alternative solution may be to simplify the ECCE HC payment model. The simplification of the per-room model could help to make the administration of the ECCE HC payment more efficient for ECCE Programme service providers. It could also serve to make the ECCE HC compliance process more efficient for all stakeholders. The compliance process will now be discussed in detail.

## **ECCE Higher Capitation: Compliance**

Governance of the ELC and School Age Funding Programmes includes a dedicated compliance process. Pobal have administered this process on behalf of the DCYA since 2010. The DCYA and Pobal have redeveloped the compliance process over time in line with changes to payment rules, emerging risks, evolving DCYA priorities and DPER requirements.

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<sup>51</sup> If pursuing such an initiative, further research would be required in respect of potential legal or data protection issues. Consideration would also need to be given to the administrative requirements associated with maintaining a staff register.

Pobal deliver the DCYA Funding Programme compliance process through a dedicated Compliance Audit and Risk (CAR) Directorate. Pobal conduct the DCYA ELC Funding Programme compliance and governance process in accordance with a Compliance Service Offer, agreed between Pobal CAR and the DCYA on an annual basis. Both parties agree on resource alignment.

Pobal compliance officers conduct unannounced visits to all services that provide ELC and School Age Funding Programmes and inspect service documentation and procedures against DCYA Funding Programme rules. A single compliance visit will incorporate checks on all Funding Programmes provided by the service. In 2017, there were 17.10 FTE Pobal staff working on EY Funding Programme compliance, with 25.55 FTEs employed during 2018. Pobal and the DCYA record the number of FTE Pobal inspectors working on compliance for all Funding Programmes. ECCE HC payment compliance is therefore included within the overall Funding Programmes compliance process. While this makes sense from a broader Funding Programme perspective, it means it is not possible to disaggregate specific ECCE HC payment compliance effort, for the purposes of this FPA.

Pobal submit compliance reports to the DCYA for all site visits. These have been presented according to ECCE programme, CCS and TEC programme findings. ECCE HC payment findings are included within the wider ECCE programme findings. Compliance visits result in the designation of an ECCE contract as 'compliant', 'minor non-compliant', 'moderate non-compliant' or 'major non-compliant'. The non-compliance level assigned depends on which ECCE Programme rules have been breached. The DCYA have redefined ECCE HC non-compliance categories over time, based on prioritisation of rules with respect to risk to Exchequer finances. The numbers of ECCE HC- awarded services inspected therefore varies from year to year.

## **ECCE HC Compliance - Estimating Pobal Effort**

### ***Data Limitations***

As the DCYA and Pobal include the ECCE HC payment within the overall ECCE Programme compliance process, it is difficult to isolate ECCE HC compliance effort.

The FPA report authors extracted figures from Pobal quarterly reports and compliance outcomes spreadsheets provided by DCYA Early Years Division. It is not possible to accurately estimate the proportion of CAR resources that Pobal and the DCYA assign to ECCE HC payment compliance.

Compliance effort is not standard across DCYA Childcare Programmes. For example, the monitoring of child attendance in the ECCE Programme is more straightforward than under the CCS Programme (which may be sessional, part or full-time). Within ECCE Programme services, checking staff qualifications is less time-consuming than checking child registration versus attendance records. Any estimates of Pobal effort on ECCE HC compliance are therefore approximations only.

As Pobal's compliance reporting follows the preschool year and crosses calendar years (e.g. November to end January), it is difficult to calculate annual effort estimates for compliance under individual DCYA Childcare Funding Programmes. It is also difficult to separate effort relating to non-compliance findings (which includes follow-up actions with the service by Pobal), from those that result in findings of compliance. Furthermore, there may be contextual issues relating to reprioritisation of funding rules from year to year. As an example, the DCYA may have prioritised rules relating to the DCYA's Targeted Funding Programmes (CCS and TEC) in a given year, which would require a higher proportion of Pobal compliance effort.

In order to provide a more accurate calculation of ECCE HC payment compliance costs, the DCYA could request effort estimates relating to the ECCE HC payment. This could be calculated as a marginal effort estimate, capturing the additional compliance effort over and above visits to services that are not in receipt of the ECCE HC payment. This could help clarify the proportion of overall compliance effort dedicated to the payment.

Additional reporting data could also include numbers of compliance and non-compliance findings relating to the ECCE HC payment, data on effort relating to follow-ups with services found to be non-compliant, and numbers of (and reasons

for) services being reverted to standard capitation as a result of the compliance process. In order to provide data on protection of exchequer finances resulting from the ECCE HC compliance process, the DCYA could request that Pobal include recouped ECCE HC payment funding amounts. This additional data would assist in the ongoing monitoring and evaluation of the ECCE HC payment.

### **Pobal ECCE HC Payment- Compliance Findings: 2015/16 to 2017/18 Preschool Years**

The FPA report authors calculated the numbers of compliance visits made to ECCE Programme services between November 2015 and August 2018, and the proportion of those services that received a finding of 'major non-compliance' during this time. The data suggested that there were more compliance visits made to ECCE Programme service providers during the 2015/16 preschool year (2,075) than during the 2016/17 (1,645) or 2017/18 (1,598) preschool years. According to the DCYA Early Years Division, these changes were due to a re-prioritising of compliance resources to address the most significant risk to Exchequer finances in subsequent years. Approximately 40% of inspected ECCE Programme services received a finding of 'major non-compliant' during the 2015/16 preschool year. The figure for the 2016/17 preschool year was 45%. In 2017/18, approximately 8% of inspected ECCE services received a major non-compliant finding, which was a significant drop on previous years. Again, this reflected a re-categorisation of a number of breaches from 'major' to a new 'moderate' non-compliance category.

Given the re-categorisations mentioned above, 'major non-compliant' findings are not comparable across preschool years. The figures therefore do not capture changes in compliance behaviour. It is therefore not possible to accurately track whether services in receipt of the ECCE HC payment are more, or less compliant from year to year. The figures instead appear to demonstrate how the number of ECCE Programme services inspected by Pobal fluctuates from year to year in line with changing DCYA/Pobal CAR priorities, and what constitutes an incidence of 'major non-compliance' has changed over time, with the introduction of a 'moderate non-compliant' category in 2017/18.

### **Non-Compliance: Consequences**

Historically, the main penalty imposed on services found to be repeatedly 'major non-compliant' under ECCE HC rules has been removal from the HC payment, and reversion to the standard capitation payment. Currently, the DCYA does not collect data on numbers of services reverted to standard capitation following findings of major non-compliance under ECCE HC rules. Future monitoring and evaluation of the ECCE HC payment would benefit from the collection of this data.

Since 2016/2017, the Department has also chosen to adjust subsequent ECCE payments downwards to recoup any overpayments accruing from repeated non-compliance. Current records do not indicate how much funding the Department has recovered as a result of these adjustments. Future monitoring and evaluation would benefit from collection of this data.

The DCYA has stated that the purpose of changes to the compliance process has been to target breaches that have a material impact on exchequer funding in the 'major non-compliant' category. There is also a growing focus on services that are consistently 'major non-compliant.' The DCYA is seeking to approach compliance breaches through follow-up visits, as well as through the provision of individual service-relevant advice. The DCYA and Pobal now deem HC services to be 'major non-compliant' where:

- The employee with the minimum qualification requirement (L7) is not employed in an ECCE room or not employed in an ECCE room for a full session/week
- The employee with the minimum qualification requirement (L7) no longer works in the facility, or is employed but absent for an extended period and the DCYA have not been informed
- The Room Leader does not hold a Major award L7 or the qualification held is not included on DCYA Early Years Recognised Qualifications list or deemed eligible by DCYA.
- Where the approved number of children are not attending the ECCE HC room and Pobal have not been informed.

The focus for major non-compliance is on both the graduate Room Leader and the per ECCE room HC payment model.

### *Administrative Complexity and Compliance Limitations*

As discussed earlier in this Section, administration of the ECCE HC payment has been characterised by complex administrative processes and IT system constraints. This has limited the workability of the DCYA and Pobal CAR compliance process. The compliance process may benefit from clarification and simplification of ECCE HC payment rules and administration processes. Without simplification, ongoing non-compliance is likely to occur. While the Department has addressed concerns relating to ECCE HC payment administration delays, questions remain around the workability of this model in terms of efficiency of administration and compliance processes. As already mentioned in this Section (see: 'IT System Development and ECCE HC Payment Rules'), it will be difficult to cater for the ECCE HC payment within a new online DCYA ELC funding platform. It is likely that the administration process will continue to require ongoing administrative effort from ECCE Programme services and Pobal administrators. The compliance process for the payment will also remain difficult, with complex and time-consuming processes associated with the checking of ECCE room attendance, ratios and the allocation of graduate Room Leaders. However, any changes to payment rules and administration processes would need to align with the rationale for the payment.

The Department could explore alternatives to the per ECCE Room model that, in the first instance deliver on policy, but that also deliver on more efficient payment administration. An alternative delivery model could replace the current focus on ensuring correct numbers of children in individual graduate-led ECCE rooms. However, alternative delivery models would need to include assurances that robust payment rules and compliance procedures are in place. It may be the case that alternatives to the existing per ECCE Room model become more feasible as the proportion of graduate-led ECCE rooms continues to rise, from year to year. The DCYA could instead build on controls that encourage graduates within ECCE programme services to provide high quality ECCE sessions on a more consistent basis (see Section 2.2).

## Section Summary and Policy Considerations

This Section presented an assessment of ECCE HC administrative procedures. The assessment highlighted that the administration rules and processes associated with the payment have at times been complex, requiring significant time and effort by ECCE Programme services, DCYA and Pobal staff. Administration delays were experienced across a number of preschool years, resulting in additional DCYA expenditure. These delays resulted from a combination of resource constraints (staff and IT systems) and administrative complexity. Based on available data, it is not possible to calculate administration costs of the payment. There have been improvements to the administration of the payment in recent years, however some constraints remain.

Administration of the existing ECCE HC payment model would benefit from the collection of additional data, to assist with monitoring and evaluation of the payment. Suggestions for additional data collection were identified across the Section including, for example, compliance costs and numbers of non-compliance findings directly linked to HC.

The Section also provided an assessment of the ECCE HC payment compliance process. Based on current reporting processes, it is not possible to calculate the cost of administering ECCE HC payment compliance. Compliance reporting could separate ECCE HC payment compliance data and effort estimates from the broader ECCE Programme. This would support the ongoing monitoring and evaluation of the payment.

The DCYA could explore simplification of the current per-room ECCE HC payment model. Administrative and compliance processes are complicated by this rule, which impacts negatively on ECCE HC payment efficiency and governance.

It may be noted that key administrative processes associated with the ECCE HC payment help fulfil a broad function, such as decision-making on degree-level ELC qualifications, in lieu of a professional standards body.



## 3.2 Implementation: Key ECCE HC Payment Characteristics

### Introduction

This Section explores the key rules underpinning the ECCE HC payment. Specific attention is given to: the standardisation of quality and content of ELC degree programmes accepted for the ECCE HC payment; the ECCE HC three years sector experience rule; the provision of graduate HC funding to ECCE Programme sessions only; limiting HC funding to one graduate per session. Beyond this, the Section also considers variations in regional uptake, and how these may relate to the 'progressive universalist' approach adopted by the DCYA ELC funding programmes. The Section concludes with a brief consideration of information asymmetries in the ELC market, from a parent perspective.

### Degree Quality

When considering degree programme content and quality during the period under review in this FPA, a starting point is the *DCYA Early Years Recognised Qualifications* list (DCYA, 2018a). This list has been the basis for approval of minimum qualification requirements at NFQ Level 5, introduced by the *Child Care Act 1991 (Early Years Services) Regulations 2016*, and all NFQ Level 6 courses approved for the role of ECCE Room Leader, as per Grant Funding Agreement requirements. The list also provides the titles, institutions and awarding bodies for all graduate-level qualifications approved for ECCE HC funding. The DCYA has developed the list iteratively since 2013.

A process has also been established by which practitioners whose qualifications are not on the DCYA recognised qualifications list (e.g. because they are from another country) can apply for recognition of qualifications by the DCYA. The DCYA require evidence of completed programmes of learning that are specific to child development from 0-6 years of age. These relate to early childhood education theory and practice, child health and welfare and evidence of professional practice in an ELC setting. The Early Years Division of the DCYA and the Early Years Education Policy Unit of the DES have developed and agreed these criteria.

The DCYA/DES decision-making process, though rigorous in its application by both DCYA and DES staff, has depended on a small number of key personnel with specialist knowledge. DCYA records indicate that in earlier years of ECCE programme administration, some qualifications were deemed eligible for ECCE HC that would not now be accepted for DCYA Programme funding purposes. Although the current list does not include this small number of legacy-based awards, some ECCE Programme staff may continue to hold certification from the DCYA on this basis, indicating their eligibility for the ECCE HC payment.<sup>52</sup> The DCYA has not recorded the numbers of such qualifications. The DCYA and DES have not granted new applications made by practitioners based on these awards in recent years.<sup>53</sup>

Responsibility for the checking of graduate ECCE Room Leader qualifications was transferred to Pobal in September 2018, and is conducted as part of the broader ECCE HC payment administration process. Processing delays relating to the checking and validation of graduate qualifications have arisen during the 2019/20 preschool year. The DCYA will work with Pobal to address these issues.

In terms of the ECCE HC payment, ELC graduate qualifications should ideally be underpinned by agreed professional awards standards.<sup>54</sup> In 2010, the *Workforce Development Plan for the Early Childhood Care and Education Sector in Ireland* (DES, 2010) recommended the development of award standards across all levels of the NFQ. The Plan also suggested regular (5-yearly) reviews of occupational role profiles for ELC practitioners, the first of which was conducted on behalf of the DES

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<sup>52</sup> Some of these certificates relate to cognate disciplines such as Social Care and Social Studies, as well as Nursing.

<sup>53</sup> Note: according to the *Child Care Act 1991 (Early Years Services) Regulations 2016*, the DCYA may deem a qualification to be equivalent to minimum Level 5 requirements. Where staff feel that their mix of qualifications and experience are equivalent to a major award, or where there may be legacy awards that had previously been accepted by the DCYA to be equivalent to a Level 5 award, the individual may apply to the DCYA to be furnished with certification from the Minister for Children and Youth Affairs that their qualifications meet minimum Regulatory requirements. This process has been applied by the DCYA on a programme funding rules basis, for both NFQ Levels 6 (for ECCE Room Leaders) and for Level 7 ECCE HC Room Leaders. These individuals' qualifications are not added to the DCYA Early Years Recognised Qualifications List.

<sup>54</sup> Examples of existing graduate professional awards standards are primary school teaching and nursing qualifications. The DES validate primary school teaching qualifications, which are recognised by the Teaching Council who promote professional development and regulate standards within the profession. For nursing professionals, the Department of Health and the Nursing and Midwifery Board of Ireland (NMBI) decide on accepted undergraduate and postgraduate degrees based on agreed professional awards standards. For further information, see [here](#)

by Urban, Robson and Scaachi in 2017. The 2017 review detailed key areas of progress within the ELC sector in Ireland, and systemic challenges to be addressed. The DES also published a consultation paper in 2017, citing key Irish policy literature (such as DES, 2016; Urban, Robson and Scaachi, 2017) which highlighted variability in the experiences of ELC degree course participants both in Ireland and internationally (DES, 2017). The paper suggested that such variability is likely to impact on the experiences of children in Irish ECCE Programme settings (DES, 2017, p3). The paper also noted a significant increase in the level of qualifications undertaken by Early Years professionals in recent years, partially in response to the introduction of the ECCE HC payment. The introduction of minimum qualification levels at NFQ Level 5, coupled with the HC incentive to employ degree-qualified staff, was seen as indicative of a sector that is progressing toward greater professionalisation (DES, 2017).

Aligned with work on ELC sector workforce development, the DES in 2019 published *Professional Award Criteria and Guidelines for Initial Professional Education (Level 7 and Level 8) Degree Programmes in Early Childhood Education and Care in Ireland*, following a process of development over several years. The process of implementing the new Professional Award Criteria and guidelines is now under way.

Their implementation will help ensure that the NFQ Levels 7, 8 (and above) qualifications approved for ECCE HC payment eligibility contain an appropriate mix of pedagogical instruction and practical experience. This should help graduate ECCE Room Leaders to work in a quality-raising capacity, which should in turn help ensure that the quality-raising aspect of the ECCE HC payment rationale is achieved in a more reliable manner.

It may be noted that a qualifications advisory board has been established on an administrative basis to review the new professional degree programmes to ensure their alignment with the published Professional Award Criteria and Guidelines. The board will have an independent chairperson, an expert from outside this jurisdiction, and representation from DES and DCYA, as well as nominees from the HEA, QQI, and the bodies representing universities and institutes of technology. To complement and align with the review of higher education programmes, proposed

new awards standards at NFQ Levels 5 and 6 for Early Learning and Care have been published for consultation by QQI. These new standards will be based on the NFQ Professional Award-type Descriptors. This will help facilitate the development of efficient progression pathways for the Early Learning and Care Workforce from QQI Levels 5 and 6 through to degree programmes at Level 7 and 8. The new Early Learning and Care professional awards standards will be for major awards and will make clear and transparent access, transfer, and progression pathways in and out of all awards.

### *Graduate Supply and the ECCE HC Payment*

The DCYA may require further analysis to explore the extent to which the further and higher education sector may have been responding in recent years to an expanding ELC graduate market. The Economic and Social Research Institute's (ESRI) 2018 publication, *Evaluation of PLC Programme Provision*, investigated some of the mechanisms underpinning the provision of Post Leaving Certificate (PLC) courses. The report noted that the decision to provide a PLC course may be part-driven by student demand, rather than by employer requirements or government objectives. The report also noted that, as of the 2011-2012 academic year, the largest number of student enrolments was for ELC courses. Annual enrolment levels in PLC courses had often exceeded the estimated number of jobs available for those completing the courses, with the estimated ratio of PLC enrolments to jobs at 4:1 in the ELC sector (ESRI, 2018). While the ESRI report doesn't focus on graduate qualifications, the substantial weighting given by the DCYA ELC funding model to supply side subsidies could influence decision-making in the establishment of ELC degree courses. This may reflect the effectiveness of ECCE HC funding as a financial incentive, but also the potential for unintended impacts on the ELC market. The DCYA may usefully consider the potential for this high ratio to lead to oversupply. Oversupply could affect ELC sector staff remuneration levels within a market-based funding model (see Section 2.1). However, for the purposes of understanding how market dynamics may affect graduate remuneration levels, it would be important to differentiate between supply rates at NFQ Levels 5, 6 and graduate levels.

It would be helpful to better understand the developmental paths of those undertaking ELC courses. This should include those who progress to ELC

employment, those in other sectors of work, and those who progress to further study. The *Graduate Outcomes Survey* (HEA, 2019) for the class of 2017, notes that of those surveyed, 69% of graduates from early years education programmes were employed within nine months of graduating, 27% were in further study and just 2% were unemployed. Furthermore, the survey also found that the vast majority of early years graduates who were employed in Ireland were working as early years educators. Meanwhile, the Pobal *Early Years Sector Profile Report 2018/19* suggested that the recruitment of staff was a challenge for ELC services. Specifically, 53% of services reported difficulties in hiring suitably qualified staff during the previous 12 months. As discussed in Part 2 of this FPA report, it may not be the attraction or supply of graduates into the sector that is leading to recruitment difficulties, but rather the supply or retention of staff, over time. Further analysis may help the DCYA to better understand ELC market dynamics in this regard, including longer-term ELC graduate career pathways and how they may interact with graduate supply and demand.

### **ECCE HC Payment Rule: 3-Year Sector Experience**

Since the introduction of the ECCE HC payment, the DCYA has assessed eligibility according to documentary evidence that a qualified graduate (NFQ Level 7 and above) is working as a Room Leader in an ECCE session. A key payment rule, from 2010 to present, has been that the service can also demonstrate that the graduate Room Leader holds 3 years of ELC sector-relevant experience.

Services document the experience levels of ECCE HC Room Leaders on an annual basis as part of the applications process. However, to date, the Department has not inspected against this requirement via ECCE Programme compliance. General adherence to the 3-year experience rule by ECCE HC-funded services is unclear. However, in order to implement stronger compliance checks, the Department would need to define 'Sector experience,' and communicate this clearly to ECCE Programme services. A definition of 'experience' would need to include guidelines on hours and weeks of experience per year, which employers could use to calculate experience levels. The Department could also consider incorporating mentoring or work shadowing arrangements into classifications of 'sector experience.'

## Target Age Group (Preschool Age)

### Graduate Displacement

Since introduction, the DCYA has limited its graduate subsidy to ECCE Programme provision. The ECCE programme is currently available to children aged between 2 years and 8 months and 5 years and 6 months. The ECCE HC payment in its current format incentivises services to position graduate staff in ECCE Room Leader roles, to ensure maximum capitation funding. Services may displace staff working with younger children (0-2 years 8 months) and full day care to ECCE sessions. As extrapolated from Table 3.3 below (Pobal *Early Years Sector Profile 2018/19*), of the 5,798 staff that hold a relevant degree at level 7 or above (which is roughly 25% of all staff within the sector), approximately 73% (or 4,279 graduates) work with children aged 3 to 5 years. For comparison, just 19% of graduate practitioners work directly with children below 3 years of age and 7% work directly with children aged 5+.

**Table 3.3 Staff working directly with children by highest level of qualification attained and age range of children**

	Up to 1 year	1 year+ to 3 years	3 years+ to 5 years	5+ years	Totals by range
Total number of staff by age range	1,268	6,027	13,626	2,269	23,190
NFQ Level 5 or above*	95%	94%	97%	75%	94%
No childcare qualification	4.8%	5.7%	3.1%	23.5%	5.8%
NFQ Level 4 Award	0.6%	0.4%	0.2%	1.8%	0.6%
NFQ Level 5 Award	38.2%	36.3%	21.2%	29%	26.8%
NFQ Level 6 Award	41.7%	41.6%	44.2%	28.6%	41.8%
NFQ Level 7 Award	4.8%	4.8%	9.3%	5.5%	7.5%
NFQ Level 8 Award	9.6%	10.6%	20.4%	9.4%	16.1%
NFQ Level 9/10 Award	0.3%	0.6%	1.7%	2.2%	1.4%

Source: Pobal Early Years Sector Profile 2018/ 2019, pg. 133

Based on a review of the relevant literature, the displacement of graduates to ECCE sessions may not be in the best interests of the youngest age groups. As suggested in *Right from the Start* (DCYA, 2013):

Quality matters for young children of all ages, equally for under-3s and for over-3s. It is essential, therefore, that quality standards apply equally to all age groups and that quality-raising supports are available equally to services working with all age groups. Quality early care and education services for children of all ages rests, above all, on the interactions between children and the adults around them. That is why the recruitment, training and professional development of the early care and education workforce is so important.

The report noted concerns about differing levels of support for under 3s and over 3s across the Irish ELC sector, and evidence that services allocated less qualified staff to rooms with the youngest children. The EU Commission had also expressed concern about this in a 2011 paper:

There is still a tendency to allocate 'educational' work to qualified staff, and 'care' to less qualified staff, which often leads to a lack of continuity in the individual child's care and education.<sup>55</sup>

Key to this displacement of graduates away from the youngest children in ELC services is a perceived separation between care for the youngest children, and education for children of preschool age (EU Commission, 2011). However, according to Heckman (2006), investment in quality ELC for the youngest age groups yields the highest returns overall, attracting considerable returns on investment throughout childhood and early adulthood.<sup>56</sup> The DCYA cited this point in 2014 in *Better Outcomes Brighter Futures: the national policy framework for children and young people*.

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<sup>55</sup> *Early Childhood Education and Care: Providing all our children with the best start for the world of tomorrow*. Brussels: European Commission, 2011. Available [here](#)

<sup>56</sup> It is noted that early interventions can have a greater return on investment than later ones. One suggested reason for a higher rate of return for earlier interventions is that 'skill begets skill'; with early skills making later skills acquisition easier Heckman, 2006)

In terms of the displacement of graduate staff to ECCE Programme sessions, it may be worth considering the challenges that exist internationally in encouraging higher qualified staff to work with the youngest ELC children<sup>57</sup>

In a UK context (Mathers et al, 2011), Department for Education researchers experienced difficulties in measuring graduate ‘Early Years Professional’ staff performance on quality measures in infant/ toddler rooms. This was because there were significantly fewer graduates in these rooms than in rooms for older children. The receipt of the 2015 UK Graduate Leader Fund was not linked to work with any particular age cohort (unlike the ECCE HC payment). The researchers nonetheless observed that fewer graduate staff worked with children in the infant/toddler age bracket. The 2015 Independent Review of the Scottish ELC Workforce (Siraj and Kingston, 2015) also identified this pattern.

These challenges have been identified in countries where additional government subsidies are not provided to graduate staff working with preschool-aged children. It may be the case that, in an Irish context, the ECCE HC payment may exacerbate the displacement that already occurs in other jurisdictions. Further consideration of displacement patterns, and the potential impact of the ECCE HC payment on these patterns, may be useful in an Irish ELC context.

It may be noted that, according to the First 5 Strategy, progress will be made towards ‘all ELC provision being equally regarded, resourced, and quality assured’ as well as ‘addressing the current disparity in approaches, for example between provision for 0–3 and 3–6 year-olds’.

### **High Quality Provision: 0-2 Years 8 Months**

A broad range of literature points to the importance of quality in centre-based ELC for younger children, particularly those under three years of age. Key benefits of high-quality provision include a reduction in socioeconomic-based outcome inequalities (Sylva et al., 2010 cited in Siraj and Kingston, 2015; Melhuish 2016). Where quality is poor there is potential for negative effects and these negative

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<sup>57</sup> See EU Commission, 2011, as per footnote 48



effects are more likely when children are aged under one year (see also: Melhuish et al, 2015).

A key feature of quality for the youngest age groups is the creation by practitioners of attuned and stable adult-child relationships. Socio-emotional development at this age is built on 'secure attachment to their primary caregivers' (Tankersley, 2016). In a secure and attuned relationship, primary caregivers can act as a secure base from which a child can explore their wider physical and social environments. The best ELC will therefore support stable child-caregiver relationships (Tankersley, 2016). The *First 5 Strategy* (Government of Ireland, 2018) references the importance of secure, consistent and trusting relationships for all children in centre-based ELC.

As we have shown, higher qualified staff are associated with higher quality provision, and the ECCE HC payment has been effective in raising the proportion of graduates in ECCE Programme settings. In theory, an expansion of the current subsidy to graduates working with pre-ECCE aged children could help to connect ELC provision for all children, supporting the closing of a perceived gap between 'care' for the youngest children and 'education' for children of preschool age (EU Commission, 2011). A key issue is that graduates are supported to follow through from good structural to process quality, and that they are supported by additional structural and process-related quality features (see Section 2.2). These additional features can help graduates implement the skills acquired during initial graduate training. The DCYA should also consider how to address turnover rates among staff working with children in the youngest ELC age groups.

In addition, an expansion of the existing graduate subsidy to practitioners working with pre-ECCE programme-aged children, would require higher DCYA expenditure per child, based on the adult-child ratio requirements specified in the *Child Care Act 1991 (Early Years Services) Regulations 2016*. To counter this, the DCYA could explore the possibility of replacing the current per-room payment model, to cover a wider range of child age cohorts and respective adult-child ratios. As the proportion of graduates working in the ELC sector rises in future years, the DCYA could also consider targeting its graduate subsidy to areas or age groups with lower graduate coverage.

The *First 5* Strategy references research evidence indicating the particular importance of high quality provision for children under 3 years of age. The Strategy references research pointing to the potential for negative cognitive and socio-emotional impacts where quality is low, and where children under 3 spend prolonged periods of time in centre-based ELC (Government of Ireland, 2018). While there are parallel efforts to extend parental leave and family flexible working (Government of Ireland, 2018), full-time ELC will remain a requirement for some children/families. An expansion of the current graduate subsidy to include this age group would need to take these issues into consideration. An expansion to include ELC services over and above ECCE programme hours would require an estimate of additional cost. However, other policy levers also exist. These include regulatory and/or condition of funding requirements, which may require some up-front exchequer funding, but for which expenditure is time-limited. It may be noted that the DCYA introduced a minimum NFQ Level 5 qualification requirement in 2016, via the Child Care Act 1991 (Early Years Services) Regulations. The Department also introduced a minimum NFQ Level 6 ECCE Programme Room Leader requirement in 2016, via condition of funding (Grant Funding Agreement). The Department had supported services in the years leading up to introduction, through dedicated DCYA Learner Funds. These Learner Funds subsidised practitioners undertaking NFQ Level 5 and 6 qualifications, to enable compliance with the new minimum qualification requirements.

Indeed, as the proportion of graduates in the sector rises in the coming years, the current ECCE Higher Capitation model (one graduate per ECCE session only) could serve to discourage the hiring of additional graduates. The *First 5* graduate target of 50% across the ELC sector includes managers and deputy managers. While these graduates may expect higher remuneration than non-graduates, services may be less inclined to hire graduates for whom they do not receive a HC payment.

### **The ECCE HC Payment: Universal Provision**

A key function of the ECCE Programme is to fund universal free preschool, whether in private or community-based ELC services. Based on existing rules, the ECCE HC payment is also available on a universal basis; any ECCE Programme service

provider that hires a graduate Room Leader may apply for Higher Capitation. However, child attendance at a graduate-led ECCE Programme session depends on the willingness of the service to recruit a graduate Room Leader, and the supply and willingness of graduates to work in the service. The payment therefore has the potential to lead to market-based inequities. An issue here is that, as per the literature, the effects of high quality ELC provision may be greatest for disadvantaged children (see, for example Melhuish, 2004, 2016; Melhuish et al, 2015, 2017; EU Commission, 2011; Heckman, 2006 cited in Akgündüz et al, 2015; Bauer and Riphahn, 2009 cited in Van Belle, 2016). The FPA report authors have assessed the distribution of payment uptake across the Irish ELC sector to help ascertain whether the ECCE HC payment may be equally distributed among socioeconomic and geographical areas.

Table 3.4 presents ECCE Programme registration and Pobal HP Deprivation Index data, broken down by the number of ECCE Programme services by capitation status and service location deprivation score.

**Table 3.4 Small Area/Electoral Division Deprivation Score and ECCE HC Scheme Status**

Deprivation Category	In receipt of Higher Capitation		In receipt of Standard Capitation		Total ECCE Services	
	No. of Services	% Total Services	No. of Services	% Total Services	Total no. of services	% Total services
Very Affluent	1	0.05%	1	0.04%	2	0.05%
Affluent	184	9.56%	184	8.23%	368	8.84%
Marginally above average	846	43.95%	981	43.87%	1827	43.91%
Marginally below average	791	41.09%	913	40.83%	1704	40.95%
Disadvantaged	97	5.04%	150	6.71%	247	5.94%
Very disadvantaged	5	0.26%	7	0.31%	12	0.29%
Extremely Disadvantaged	1	0.05%	0	0.00%	1	0.02%
<b>Grand Total</b>	<b>1925</b>	<b>100%</b>	<b>2236</b>	<b>100%</b>	<b>4161</b>	<b>100%</b>

Source: Pobal

Note: All figures relate to the services with counter signed contracts under ECCE 2017/18. Geographic data correct as @ 14/02/2019. Geographic data could not be located for 66 services.

The data presented in Table 3.4 suggests that overall, the ECCE HC payment is relatively equally distributed among services located in areas of above and below average affluence.<sup>58</sup> It may be noted that the Pobal HP Index deprivation scores are assigned to organisations based solely on geographic location.<sup>59</sup>

It may also be useful to assess potential differences in uptake of the ECCE HC payment among private services versus community/voluntary services. The latter have historically catered predominantly for families in circumstances of disadvantage. Table 3.5 provides a breakdown of the ECCE capitation status of community/voluntary ELC services, according to those in receipt of the payment and those that are not. Of the 4,221 ECCE services in total, 24% are community services and 76% private providers. However, 20% of community services are in receipt of the ECCE HC payment, while almost 80% of private services are in receipt of the payment. This suggests that a slightly lower proportion of community/ voluntary services avail of the payment than private services.

**Table 3.5 ECCE HC Scheme Status and Service Type**

ECCE Service Type	In Receipt of Higher Capitation		Not Receiving Higher Capitation		Total No. of Services	% of Services by Type
	Count of DCYA Ref.	% of Total Services	Count of DCYA Ref.	% of Total Services		
Community/Voluntary Organisation	388	20.1%	636	27.7%	1024	23.9%
Private Enterprise	1539	79.9%	1658	72.3%	3197	76.1%
Grand Total	1927	100%	2294	100%	4221	100%

Source: Pobal

According to Pobal Sector Profile data, qualifications levels are higher among private service staff than they are in community services. In 2018/19, for instance, 26.8% of staff in private facilities were educated to NFQ Levels 7 and 8, compared to 17.6% in community services.

<sup>58</sup> There is a slightly lower proportion of ECCE HC payment services located in 'marginally below average' to 'extremely disadvantaged' areas (46%), compared with the proportion of standard ECCE capitation services located in these areas (48%).

<sup>59</sup> It may be the case that a deprivation score may not reflect the economic circumstances of ECCE Programme children, for example where there may be work-related parental commuting.

### **DCYA Funding Model- Progressive Universalism**

The DCYA's provision of ELC Programme Funding has, since 2010, been based on the concept of 'progressive universalism'. This approach aims to support all children, with augmented funding for those in disadvantaged circumstances. According to the Office of the Minister for Children's *Agenda for Children's Services* (Department of Health, 2007), progressive universalism provides 'help to all and extra help to those who need it most'. Similarly, *First 5* (Government of Ireland, 2018) acknowledges that not all babies and young children have the same needs; with some having additional needs and/or being at risk of disadvantage. The Strategy notes that "progressive universalism" is a key mechanism in ensuring that all babies, young children and families can benefit from supports and services. Specifically, the Strategy includes 'particular measures for children and families who need additional support and ensures that services and interventions are proportionate to the level of disadvantage.'

Since 2010, the DCYA has made universal provision of funded preschool available through the ECCE Programme. The Department has made targeted subsidies available for parents in circumstances of socioeconomic disadvantage and/or on eligible training courses and pathways back to employment. These have been provided through the Community Childcare Subvention (CCS) and Training and Employment Childcare (TEC) programmes.

More recently (2016), the DCYA introduced targeted ECCE funding interventions for children with disabilities under the Access and Inclusion Model (AIM). The DCYA also introduced the CCS Private Scheme to provide funded ELC for low income families in private ELC services. In addition, the DCYA introduced the CCS Resettlement Scheme (providing access to free part-time ELC to Programme Refugees), and the CCS Transitional Scheme (providing free part-time ELC to families experiencing homelessness). The National Childcare Scheme (NCS), which the DCYA launched in November 2019, will replace the CCS and TEC Programmes. The scheme will be delivered according to a progressive universalist approach. It will provide a base level of universal support to families with children aged 0-3 years, and additional targeted funding supports and dedicated sponsorship arrangements to families with lower incomes or additional needs (DCYA, 2018b).

As discussed earlier in this Section, the return on investment in terms of child outcomes may be greatest for children in circumstances of disadvantage, with quality of provision key to better outcomes among disadvantaged children (Melhuish, 2017; 2016; 2015; 2004; EU Commission, 2011; Heckman, 2006 cited in Akgündüz et al, 2015; Bauer and Riphahn, 2009 cited in Van Belle, 2016). In order for the ECCE HC payment to align with a more progressive approach, future policy considerations could include targeting ECCE Programme services that cater predominantly for disadvantaged children. The DCYA has committed to the development of DEIS-informed supports for ELC settings in disadvantaged communities (see *First 5*, Action 8.3). There may be scope, via the ECCE HC payment (or another policy lever), to encourage greater uptake of graduate-led ECCE provision among both community/voluntary ECCE service providers, and private services that cater for disadvantaged families.

### **Market Uptake - Geographical Variations**

Another key factor when assessing access to graduate-led ECCE Programme services is geographic location. Based on Pobal data, Table 3.6 provides a breakdown of ECCE services, highlighting the proportion of services availing of the ECCE HC payment across each City and County Childcare Committee (CCC) area.

**Table 3.6 Breakdown of ECCE services by county, capitation status and average wage rate**

Breakdown of ECCE Services Contracted for the 2018 Programme Call with Higher Capitation				Average Hourly Wage by County (€)	Rank
City and County Childcare Committee (CCC) Area	No of Services with ECCE 2018 Registrations	No. of Services in receipt of ECCE 2018 Higher Cap Payments	% availing of Higher Capitation		
Carlow	47	44	94%	11.96	23rd
Cork City	79	59	75%	13.20	3rd
Monaghan	59	42	71%	11.76	28th
Cavan	62	43	69%	11.99	21st
Kilkenny	94	64	68%	12.02	20th
Wicklow	158	103	65%	12.63	7th
Wexford	134	86	64%	12.08	16th
Waterford	89	57	64%	12.44	12th
Longford	33	20	61%	12.26	14th
Laois	79	47	59%	11.83	26th
Offaly	68	40	59%	11.86	25th
Dún Laoghaire Rathdown	180	105	58%	13.28	2nd
Cork County	356	206	58%	12.89	4th
Roscommon	54	31	57%	11.80	27th
Kildare	194	108	56%	12.47	11th
Limerick	171	95	56%	12.50	9th
Galway	251	139	55%	12.54	8th
Kerry	125	69	55%	12.19	15th
Westmeath	78	43	55%	12.05	19th
Mayo	122	66	54%	12.49	10th
Tipperary	158	85	54%	12.07	17th
Dublin South County	232	120	52%	12.80	6th
Leitrim	31	16	52%	11.96	22nd
Donegal	132	68	52%	11.56	30th
Sligo	65	31	48%	11.56	29th
Dublin City	381	180	47%	13.64	1st
Louth	113	52	46%	12.06	18th
Dublin Fingal	303	138	46%	12.82	5th
Meath	192	85	44%	12.43	13th
Clare	128	49	38%	11.94	24th
<b>Total</b>	<b>4168</b>	<b>2291</b>	<b>55%</b>	<b>12.55</b>	

Source: Programmes Implementation Platform (PIP) System; wage data sourced from the 2018/ 2019 Pobal Early Years Sector Profile<sup>60</sup>

<sup>60</sup> Early Years Sector Profile 2018/ 2019; Pobal (2019) pg. 137.

As per Table 3.6, the DCYA awarded HC status to 55% of all ECCE programme services in 2017/18. There was considerable variance in the proportion of services availing of the payment across different counties. Specifically, there was a difference of 62 percentage points between counties Clare (at 38%) and Carlow (at 94%); the counties with the lowest and highest HC uptake, respectively. As the national average uptake is 55%, it is evident that Carlow is somewhat of an outlier; there is a 19pp difference in uptake between Carlow and the next highest CCC area; Cork City (at 75%).

The payment has therefore been more effective in encouraging ECCE service providers to hire graduate staff in some counties than others. This level of variance is certainly worthy of further examination by the DCYA in its administration of the payment, to identify the factors at play at a geographical uptake level.

To help explore potential reasons for these geographical differences, Table 3.6 includes data on the average hourly wage by county. However, the data shows no correlation between the proportion of services awarded HC in a county and corresponding sectoral remuneration rates.<sup>61</sup> For example, some of the lowest average hourly wages are observed in counties such as Monaghan, Cavan and Kilkenny. However, these counties rank 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> respectively, in terms of proportion of services availing of the ECCE HC payment.<sup>62</sup>

Nor are intercounty differences based on a rural/urban divide. For example, uptake in Dublin South County is 52%, which is a similar proportion of uptake in Leitrim (52%), while uptake in Dun Laoghaire-Rathdown (at 58%) is similar to uptake in Offaly (59%). There are no clear patterns in terms of regions or neighbouring counties.<sup>63</sup> While some neighbouring counties have similar uptake levels (e.g. Mayo, Roscommon, Galway), other neighbouring counties differ somewhat, such as Clare (38%) and Limerick (56%).

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<sup>61</sup> A small negative correlation is observed (-0.067)

<sup>62</sup> It should be noted that graduate staff remuneration levels at county level are not available. The collection of data that link staff remuneration to qualifications at the county level, as well as service capitation status, could help enable further analysis.

<sup>63</sup> Note: An analysis of the numbers of active ECCE services per capita across individual counties has not been included



Access to third level (minimum) NFQ Level 7 ELC degree courses could be a factor. Counties with high levels of uptake, e.g. Carlow, Wexford and Wicklow are in proximity to NFQ Level 7 ELC graduate programmes, while counties with low levels of uptake (e.g. Clare) do not provide local, graduate ELC programmes. However, good availability of degree programmes in counties such as Louth or South Dublin, has not resulted in higher ECCE HC payment uptake. Access, cost, suitability and overall course standards play a part in degree programme uptake, with access to part-time courses that enable work and study, and those that cater for recognition of prior learning/experience, proving more popular.<sup>64</sup>

Another potential factor is local labour market competition. Where competition is high, services may be incentivised to hire more graduates and encourage existing non-graduate staff to pursue graduate qualifications. The DCYA may explore localised ELC markets in more detail to ascertain how they may impact on subsidy uptake.

### **Information Asymmetry: Parents of ECCE Programme Children**

According to DCYA documentation, a key feature of the ECCE programme has been that ‘all the children in a particular setting must be afforded the same opportunity to access higher quality early childhood care and education.’ However, parents may not be aware of the qualifications levels of the staff working with their children. This could potentially limit their ability to make informed decisions regarding their child’s ECCE programme experience.

Between 2010 and September 2016, given the requirements in place at the time, ECCE HC services were fully staffed with graduate Room Leaders. Parents could ascertain at the service level whether their child’s ECCE Programme provision was graduate-led. This may have become more difficult following the September 2016 payment reform, with the payment now awarded at the individual ECCE session level. Differences in information provision by ECCE Programme services and information seeking among parents could therefore influence whether a child attends a graduate-led session. This could disadvantage children whose parents or

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<sup>64</sup> The 2010 Department of Education and Skills, *Workforce Development Plan for the Early Childhood Care and Education Sector* (DES, 2010), highlights a number of common challenges to course uptake. See: [https://www.education.ie/en/schools-colleges/information/early-years/eye\\_workforce\\_dev\\_plan.pdf](https://www.education.ie/en/schools-colleges/information/early-years/eye_workforce_dev_plan.pdf)

guardians are unaware of the qualifications differences among practitioners within or between ECCE services. It is noted that the *First 5 Strategy* commits to developing guidance for parents on ELC options and entitlements, as well as key indicators of high-quality provision (Government of Ireland, 2018).

# **FPA Conclusion and Policy Considerations**

The purpose of this Focused Policy Assessment was two-fold: to assess the rationale for the ECCE HC payment; and to review ECCE HC payment administration and implementation. The report was presented in three main parts:

Part One provided an overview of the HC payment and the rationale underpinning its introduction. Section 1.1 provided an introduction to the FPA, including its purpose, scope and a short overview of methods and data used in the analysis. Section 1.2 provided a review of the policy context within which the DCYA introduced the ECCE HC payment, as well as an overview of the rules underpinning the payment and key expenditure and uptake trends. Based on a review of DCYA documentation, the payment rationale was presented as follows:

- A higher capitation payment will incentivise ECCE Programme services to recruit greater numbers of experienced graduates to work as Room Leaders, who will in turn support higher quality ECCE Programme provision.

Part Two presented a detailed examination of the effectiveness of the ECCE HC payment, as per the payment rationale. Section 2.1 used the available evidence to assess whether the payment has incentivised the hiring of experienced graduates to work as ECCE Room Leaders. Section 2.2 used the available evidence to assess whether the hiring of experienced graduates supports higher quality ECCE programme provision.

Part Three presented a review of ECCE HC payment implementation and administration. Section 3.1 provided a definition of the model governing the administration of the payment and then examined this model to help identify how the DCYA matches funding with target recipients. This included an assessment of payment inputs such as funding, staffing, IT systems; activities, such as application and approval processes; and outputs, such as numbers of approved ECCE HC services. The Section also included an assessment of the key governance

mechanism; the Pobal-led compliance process.<sup>65</sup> Section 3.2 followed, with an assessment of the key characteristics of ECCE HC payment implementation, including:

- Ongoing progress toward the standardisation of ECCE HC-funded degree-level qualifications
- The requirement for HC-eligible practitioners to hold at least 3 years of relevant experience
- The potential to extend graduate incentives to practitioners who work outside of the ECCE programme
- Availability of ECCE HC services at a county level and across areas categorised by level of deprivation.

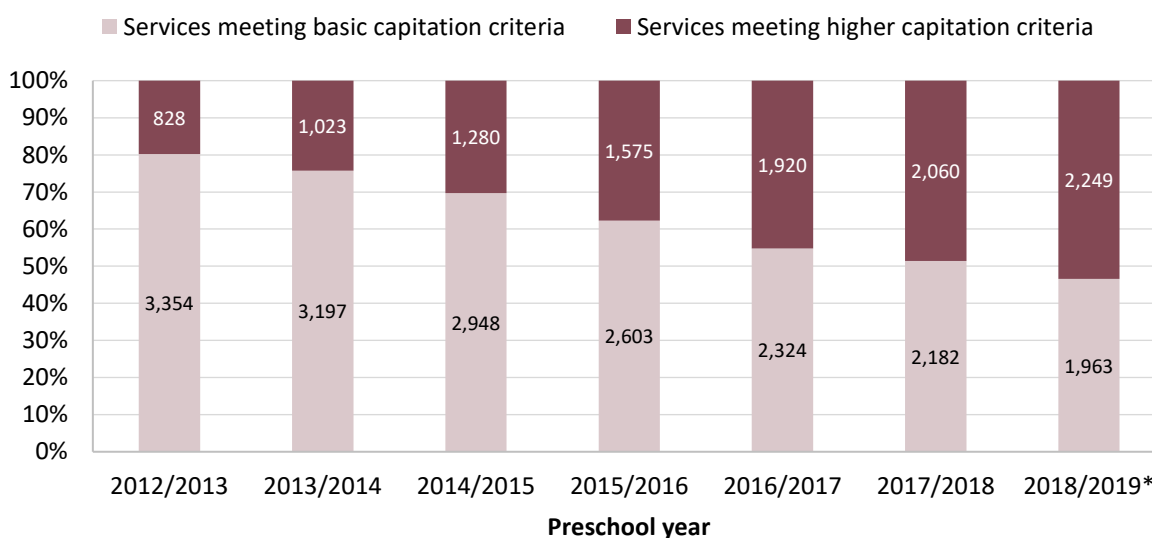
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<sup>65</sup> Note: Pobal is a non-profit organisation that 'works on behalf of Government to support communities and local agencies toward achieving social inclusion and development.' Pobal provides management and support services to the Department of Children and Youth Affairs in respect of its Childcare Funding Programmes, including the ECCE HC payment.

## Summary of FPA Findings

From an assessment of the available data, the FPA concludes that the ECCE HC payment has been an effective funding initiative which has incentivised ECCE Programme services to recruit more graduate ECCE Room Leaders. For example, the overall proportion of ECCE services availing of the ECCE HC payment has risen, from 20% of all ECCE services to 53% between the 2012/13 and 2018/19 preschool years (see Figure 1.3).<sup>66</sup>

**Figure 1.3 Proportion of ECCE Services Registered for Higher Capitation (2012/13 - 2018/19)**



Source: DCYA ECCE Database; Pobal Programmes Implementation Platform (PIP)

The rising numbers of ECCE services that have availed of ECCE HC in recent years has been accompanied by an overall rise in qualifications levels among the ELC workforce. The proportion of graduates at NFQ Levels 7 (or above) has risen from 13% at end 2013 to almost 25% by May 2019.

The assessment points to a considerable body of Irish and international policy and research findings that support the rationale that graduate ELC staff will provide higher quality services. However, the assessment also highlights how ELC quality depends on the interaction of a range of service features relating to both service

<sup>66</sup> There were 828 Higher Capitation services in 2012/13, compared to approximately 2,249 for the 2018/19 preschool year

structures and service processes. These are discussed in more detail below. The DCYA will be considering a broad range of quality features as part of the implementation of the *First 5 Strategy* (Government of Ireland, 2018).

## **Staff Remuneration, Professional Identity and Retention**

While the rationale for the payment is that it will incentivise services to recruit graduate Room Leaders, continuation of the payment requires ongoing graduate retention. The research literature highlights the importance of staff continuity in terms of the child's experience of the ECCE service, with high staff turnover associated with lower quality. The continued retention of graduates, over time, is therefore a key issue in terms of realising the quality rationale for the ECCE HC payment. Part 2 of the report focused on staff remuneration, and how it may influence the retention of higher qualified staff.

Graduate remuneration in the Irish ELC sector is only marginally higher than that of non-graduates. Analysis within this FPA report suggests that a small proportion only of the HC premium is reflected in graduate remuneration.<sup>67</sup> A key concern in terms of staff retention is the relationship between staff remuneration and turnover. The ELC sector, in Ireland and internationally, has experienced consistently high rates of staff turnover both at inter and intra-sectoral levels. Under the current ELC funding model the DCYA is not in a position to require services to pass on a proportion of the ECCE HC payment to graduate staff.

Another key factor that influences staff retention is practitioner perceptions of professional identity. The ECCE HC payment does not assume a direct relationship between payment implementation and a more favourable professional identity among graduate ECCE Programme Room Leaders. However, as the literature presented in Section 2.1 describes, practitioners who identify positively with their ELC role and profession are likely to have better retention rates, and will attract more qualified practitioners into the sector. It may be noted that the DCYA are currently developing a dedicated Workforce Development Plan (See 'First 5', Government of

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<sup>67</sup> This does not account for the possibility that graduates may command a remuneration premium even in the absence of the ECCE HC payment.

Ireland, 2018), which builds on a range of existing initiatives, to help develop career pathways for ELC and school-age childcare and raise qualification levels.

## **ECCE HC and Higher Quality Provision**

Part 2 focused on a key assumption of the ECCE HC payment; that ECCE Programme Room Leaders with ELC graduate qualifications will provide higher quality ECCE programme services. Much of the Irish and International ELC literature supports the assertion that there is a positive correlation between higher qualifications and higher quality ELC provision.

Research also indicates that raising ECCE Programme quality overall is contingent on the co-delivery of both structural and process quality features. Structural quality refers to the regulatory, organisational and environmental features of ELC, such as minimum building and safety standards, programme rules, staff-child ratios, remuneration and working conditions, as well as staff qualifications. Process quality, on the other hand, typically refers to children's daily experiences, including the quality of staff-child interactions and relationships. According to the literature, understanding what 'high quality' ELC provision looks like in practice requires accounting for both structural and process-related service features, operating simultaneously and interactively.

Within this definition, the ECCE Higher Capitation payment represents a key DCYA structural quality lever. The FPA report outlines the range of quality features already in place in ECCE HC services under Regulations and conditions of Programme funding, as well as quality initiatives such as the 'Better Start' and National *Síolta* and *Aistear* initiatives, and Early Years Education-Focused Inspections (EYEIs). The additional embedding of these initiatives will reinforce overall quality within graduate-led ECCE Programme sessions.

While the ECCE HC payment is not designed to be a lever of process quality, an analysis of EYEI reports for approximately 1,500 ECCE services found that of the services that scored highest on each of the key quality-related inspection areas, a higher proportion were in receipt of the ECCE HC subsidy. In inspections conducted



during 2018, 72% of the Early Years settings that received a rating of 'Excellent' across all four areas of the EYEI Quality Continuum were in receipt of the ECCE HC payment.

Some ECCE HC services also scored poorly. For example, of the 357 inspection records reviewed for 2018, 3 out of 7 settings evaluated as 'fair' or 'poor' across all 4 areas of the EYEI quality framework, were in receipt of higher capitation. According to feedback from inspectors and an analysis of qualitative inspection report data, key features of good process quality include opportunities for graduates to take up leadership roles, the presence of good management supports, ongoing internal reflection and practice evaluation, regular CPD and external professional supports.

In terms of future policy development, a key question is how ECCE Programme services may more reliably benefit from the hiring of graduate Room Leaders, in particular through delivery of the quality features listed above. There is significant potential for these features to be supported through existing and additional policy levers. The Expert Group on the development of a new ELC funding model (as outlined in the *First 5 Strategy*) will be considering these issues in detail in the coming years.

## **ECCE HC Payment Rationale**

This FPA report has demonstrated the added value of the ECCE HC payment, which is that it:

- incentivises ECCE Programme services to recruit more graduates to work as ECCE Room Leaders
- acts a market signal to ELC staff that graduate qualifications are in demand among ECCE service employers
- improves structural quality in ECCE Programme services.

The analysis suggests that the HC payment, which acts as a key DCYA initiative to help raise ECCE programme quality, needs to be further embedded within a suite of existing (and emerging/new) structural and process quality measures. The FPA

emphasises the synergies between the recruitment of graduate staff and the implementation of existing (and additional) service quality features. The FPA therefore supports the case for implementing complementary measures to help improve quality.

## **Strengths, Challenges and Policy Considerations**

The following is a summary of key FPA findings, broken down according to ECCE HC payment strengths, challenges and future policy considerations.

### **Strengths**

- The ECCE HC payment has been effective as a financial incentive, given the large year-on-year increases in the numbers of services availing of the payment, and in the proportion of staff with Level 7 and 8 qualifications employed in ECCE Room Leader roles.
- The research and policy literature supports the assumption that higher ELC staff qualification levels are positively related with service quality.
- The Department of Education and Science has conducted an analysis of 1,500 EYEI reports (based on capitation status) for the purposes of this FPA. The majority of highly rated settings were in receipt of higher capitation.
- There have been improvements in the administration of the payment in recent years (although challenges remain).
- The management of the DCYA recognised qualifications list has continued to improve year on year. The implementation of ELC graduate awards standards is underway. Once implemented, these standards will help ensure further progress is made within the ELC sector.
- The ECCE HC payment is distributed proportionately among services located in areas of above and below average affluence (based on data taken from the Pobal Deprivation Index).<sup>68</sup>

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<sup>68</sup> Although a deprivation score may not necessarily reflect the economic circumstances of ECCE Programme attendees

## Challenges

- There are high staff turnover rates across the Irish ELC sector, including among graduates. The literature suggests that this negatively affects quality of provision
- Staff remuneration levels are a key determinant of staff retention. ECCE graduate remuneration levels are only marginally higher than ECCE non-graduate remuneration. The FPA report provided indicative evidence that, on average, services pass on a small proportion only of the ECCE HC payment to individual graduate ECCE Room Leaders. However it may be noted that this was a headline analysis which did not account for the complexity of pay arrangements within ECCE services, or factors that impact on service providers' pay policies, such as length of service or length of time working in the ELC sector
- Perceptions of ELC as a low status profession acts a barrier to recruiting high quality ELC practitioners
- The DES analysis of 1,500 EYEI reports found that a proportion of services with low ratings were in receipt of the ECCE HC payment. For example, of the 357 inspection records reviewed for 2018, 3 out of 7 settings evaluated as 'fair' or 'poor' across all 4 areas of the EYEI quality framework, were in receipt of higher capitation. According to the DES and EYEI Inspectors, lower quality of practice may be due to graduates not being employed in positions of authority, qualification profiles not suiting the aims and goals of *Aistear*, limited support from management/leadership in the ECCE service and high turnover among Room Leaders.
- ECCE HC payment administration processes have changed regularly based on changes to payment rules. Rules and processes have been complex, requiring significant time and effort by ECCE Programme services, DCYA and Pobal staff. The DCYA experienced administrative delays across a number of preschool years, resulting in additional DCYA expenditure. Delays resulted from a combination of resource constraints (staff and IT systems) and administrative complexity. It is not possible to quantify the costs of ECCE HC payment administration

- It would not have been possible for Pobal to anticipate the DCYA's ECCE HC per-room payment model, when developing the Programmes Implementation Platform (PIP). As a result of pre-existing PIP design, the ECCE HC module does not cater for this model. The PIP ECCE HC payment module has driven administrative processes, including ongoing submission of amendment forms, manual form processing and manual payment workarounds, which have reduced administrative efficiency. Transition to the Early Years platform presents an opportunity for more flexibility in this regard
- The complexity associated with the current payment rules, administration and compliance processes may limit the efficiency of the ECCE HC payment compliance process
- The DCYA has committed to a 2028 target of a minimum of 50% graduates working as room leaders or managers in the ELC sector (Government of Ireland, 2018). If the DCYA maintain the current payment model (limited to ECCE programme Room Leaders only) then, in the coming years, the ECCE HC payment may not be adequate in terms of realising the broader DCYA ambitions presented in *First 5* (DCYA, 2019)
- There is broad variation in ECCE HC payment uptake between counties, which affects equality of access to graduate-led ECCE services. This is not based on rural/urban divides or local access to third level ELC courses. There is no association between ECCE HC uptake and staff remuneration levels within a county.
- Parents may not be aware of the qualifications levels of staff working with their children. This could limit parental decision-making regarding their child's ECCE Programme experience. It was noted that the *First 5* Strategy commits to developing guidance for parents on ELC options and entitlements, as well as key indicators of high-quality provision (Government of Ireland, 2018)

### **Policy Considerations**

- As observed within the literature, there is a clear relationship between job satisfaction and turnover. Competitive remuneration, good communication and teamwork, leadership, valuing staff, flexible work practices and opportunities for career progression are key determinants of job satisfaction

- Structural and process quality are mutually supportive and interactive. Both need to be present in order to ensure high quality service provision. In terms of processes, day-to-day decision-making of service providers and front-line staff is key to the quality of a child's ELC experience
- There is the potential to incentivise ECCE services to pass on a proportion of the ECCE HC payment to graduate ECCE Room Leaders. The mechanisms to achieve this would require further DCYA consideration. An example of a low-cost incentive could be where services provide voluntary public notifications that they pass on a specified proportion of the ECCE HC payment to their graduate staff, in the form of a remuneration premium
- The DCYA could consider requiring ECCE Programme services to pass on a defined proportion of the payment to graduate Room Leaders under a reformed DCYA ELC funding model. The DCYA would require additional analysis to ascertain the most efficient proportion in this regard
- Ongoing progress in the embedding of skills, knowledge and competencies associated with high quality practice (according to, for example, the *Aistear Síolta* Practice Guide), should help reduce instances where ECCE Programme services score poorly on EYEIs.
- Administrative efficiency could improve by reducing the number of payment errors arising from complex processes that require manual workarounds.
- If the DCYA were to expand the graduate subsidy based on the existing administrative model, then issues relating to complexity would remain, at larger volumes. Simplification of the rules and administrative processes could also simplify the compliance process. For example, in the longer term the DCYA could consider replacing the per-ECCE room HC payment model as the proportion of graduates working as Room Leaders in ELC settings continues to rise (while ensuring accordance with ECCE HC payment policy). This would reduce the burden on services, administrators and compliance officers, to count ECCE children in ECCE sessions and compare the numbers with those registered on the PIP system. It could also enable the delivery of a more efficient IT administration system

- The DCYA should define ‘sector experience’ for the purposes of ECCE HC payment compliance. For example, the DCYA may need to provide guidelines on hours and weeks of experience per year that constitute ‘sector experience’.
- The Department could include additional conditions of funding to add value to the ECCE HC payment. As an example these could include, in the longer term, completion of a credit-based CPD programme.
- A body of literature points to the importance of high quality in ELC settings for children under three years of age. There is a potential for negative effects where quality is poor. There is evidence to suggest that services place graduates in ECCE sessions so that they can avail of the ECCE HC payment. This may limit graduate coverage among pre ECCE-aged ELC sessions. However, UK and EU researchers and policymakers have also expressed concerns regarding the low proportions of graduates working with infants/toddlers. It may be useful to consider incentivising ELC graduates to work with pre-ECCE aged child cohorts (in line with the *First 5* commitment to move progressively towards a graduate-led ELC workforce).
- The return on ELC investment is greatest for children in circumstances of disadvantage. Future policy considerations could include incentivising greater levels of graduate-led ELC provision within services that cater predominantly for disadvantaged children

## Monitoring and Evaluation Data

The collection of additional data would help support the monitoring and evaluation of the ECCE HC payment, while also clarifying administration costs, and how the payment interacts with the ELC market. The FPA analysis presented in this report included the following suggestions:

- Additional data on staff turnover rates, an assessment of which could help deepen the Department’s understanding of key determinants of graduate turnover in the Irish ELC sector
- According to the 2018/19 Pobal Early Years Sector Profile, remuneration levels are highly influenced by staff role, experience and qualifications

attained (Pobal, 2019). More granular data on remuneration levels among ELC graduates, including length of time in a service/the ELC sector, could help deepen an understanding of the role of the ECCE HC payment within the ELC labour market

- Data could be collected that captures graduate recruitment experiences among services (employers) and ELC graduates (employees). This would help deepen an understanding of demand, supply and remuneration dynamics
- Data on ECCE HC services reverted to standard capitation and, potentially, reasons for reverting
- Data relating to provision quality among ECCE HC payment services, to inform ongoing payment implementation. EYEI reports could provide a key resource in this regard. It may also be noted that the *First 5* Strategy commits to the development of 'measurement tools to measure and monitor the quality of practice in ELC settings' (Government of Ireland, 2018).
- Data estimating overall staff resource effort, both in Pobal and the DCYA, to help calculate administration costs

To conclude, the ECCE HC payment is an important policy lever that has helped the government realise its commitment to supporting high quality ECCE Programme provision. The FPA report highlights scope for further development of the ECCE HC payment. This is timely, given the range of ELC policy commitments outlined in the 'First 5' Strategy that are due for implementation in the coming years. The analyses presented in the FPA report (and summarised in this document) should provide a useful resource in this regard.

## Appendix- Focused Policy Assessment: Terms of Reference

Early Years funding accounts for a significant proportion of the DCYA's annual budget; this is set to increase in the coming years with increased government focus on ensuring progress towards provision of accessible, affordable and high quality childcare. By conducting an FPA of the ECCE Higher Capitation Scheme, as laid out in this document, we hope to provide relevant and timely information to the Department that adds value to discussions, both current and future, around this important policy area.

### What is ECCE Higher Capitation?

ECCE Higher Capitation is an additional capitation fee of €11.25 per week, per child, administered by Pobal on behalf of the Department of Children and Youth Affairs (DCYA). The payment is made to a preschool service that has:

- (a) Registered with the DCYA to provide the ECCE Programme
- (b) Been granted ECCE Higher Capitation status by the DCYA for children attending individual ECCE sessions where:
  - There is a Room Leader with a graduate qualification recognised as meeting the minimum contract requirements for 'ECCE Higher Capitation'
  - The Room Leader has a minimum of 3 years' experience working in the ELC sector
  - The ECCE session meets the required ECCE adult: child ratios.

### The following assumptions underpin the Scheme:

1. Higher capitation payments to ECCE services with graduate room leaders (currently an additional €11.25 per child per week) will encourage the employment and retention of a greater proportion of graduates;
2. ECCE pre-school leaders with ECCE graduate degree qualifications provide higher quality services;
3. Higher quality services lead to better social and educational outcomes for children



## **FPA Aims and Objectives**

The proposed FPA will focus on evaluating the factors that influenced how the Department has defined and administered the Scheme, from 2010 to present. It will have the following as its Aims and Objectives.

1. Document the history, aims and administrative model of the ECCE Higher Capitation funding scheme;
2. Assess the extent to which the scheme's administrative model supports the operation of the scheme and, in turn, the achievement of its stated aims
3. Assess the scheme's ongoing relevance, from a contemporary policy perspective

Based on the above, we will suggest whether/how the scheme might:

- (a) Better support the achievement of its aims
- (b) Benefit from reduced administrative costs
- (c) Optimise its relevance in a changing policy context

## **FPA Core Questions**

The FPA aims and objectives will be addressed via the following core questions:

### **History and Aims**

- Why was the Scheme introduced?
- What are its stated aims?

### **Administrative Model**

- To what extent does the current administrative model support the achievement of its stated aims?
- Has the administrative model helped achieve the effective operation of the scheme?

### **Costs**

- How much does the Scheme cost and in what ways have costs changed over time?
- Where do costs lie; what proportion is spent on grant funding and what proportion on administration?

- Does the administrative model involve complexities that might be simplified so as to improve the operation of the scheme and/or reduce administrative costs?

### Ongoing Relevance

- Are the aims of the scheme still relevant?
- Is the associated administrative model still relevant?
- In what ways might contemporary issues within the Irish/international ECCE sector affect how we understand/define the aims of the scheme?

### Findings and Recommendations

Might there be (a) tweaks to the current model or (b) alternative administrative models that might help:

- Better achieve the aims of the scheme;
- Reduce administrative costs;
- Operate the scheme in a more efficacious manner;
- Refresh or redefine the aims of the scheme in light of changing sectoral contexts.

## Data and Methods

### Report Structure

The proposed FPA will represent the first dedicated evaluation of the ECCE Higher Capitation scheme to date. The parameters will be defined according to Terms of Reference agreed between the REU and IGEES. The FPA will be conducted with ongoing reference to a defined 'Programme Logic Model'.<sup>69</sup>

**Note: See Figure 1.1 'Programme Logic Model for the ECCE Higher Capitation Scheme'.**

A 'programme logic model', as per the UK Treasury's *Magenta book*<sup>70</sup> and IGEES Guidelines for VFMPRs and FPAs, assumes that the aim of any funding scheme is to achieve a range of defined outcomes and impacts. We have identified a number

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<sup>69</sup> The contents identified within the logic model, as outlined in Appendix A, may be subject to change as the FPA progresses.

<sup>70</sup> [H M Treasury](#), (2011), *The Magenta Book: Guidance for evaluation*, UK Government. Available [here](#)

of outcomes for the ECCE Higher Capitation scheme (Appendix A), such as a greater proportion of graduates working as ECCE room leaders; and impacts such as better quality ECCE provision and better educational and socio-economic outcomes for children.

These must be supported by a chain of inputs, activities and outputs that support the scheme in achieving its aims. Under the logic model for the ECCE Higher Capitation Scheme (Appendix A), we have identified a range of **inputs** such as: DCYA staff, IT registrations systems and grant funding; **activities** such as the application and approval process; and **outputs** such as numbers of approved ECCE graduates. These follow a defined sequence according to the stated aims of the scheme. The extent to which the aims have been achieved depends on how well-supported the scheme is along each step of the chain.

For this FPA, we will touch upon and discuss key outcomes such as the proportion of graduates working in ECCE settings. An assessment of the Scheme's **impacts** will not be feasible. To compensate for this, we will ground our consideration of the scheme's ongoing relevance in a review of the key Irish and international literature that links the Scheme's outputs with its impacts (higher quality provision, better outcomes for children). This will help interrogate the assumptions underpinning the scheme (See page 1 above).

We will structure the report as follows:

### **History and Aims**

We will conduct a documentary review of the key policy documents to outline the background and policy contexts relating to the introduction of the scheme and to establish the core aims behind its introduction and administration. This will help define its relevance within the broader Early Years programmes and policy landscape. We will critically assess these aims, with reference to national and international policy and research literature.

### **Administrative Model**

The model governing administration of the Scheme will be defined according to DCYA and Pobal administrative documentation from 2010 to present. We'll examine how the current model identifies and matches funding grants to its target recipients (ECCE graduates at NFQ Level 7 and above). We'll undertake a descriptive analysis of the current administrative model and the processes by which key inputs and activities support the achievement of key outputs.

Performance indicators will be identified for **inputs** such as grant funding, staffing, IT systems; **activities** such as application and approval processes and; **outputs** such as numbers of approved ECCE Higher Capitation graduates. Records of any output delays/ backlogs will be considered in terms of resourcing, procedural and IT system issues.

In order to identify where adjustments might be made to the administrative model, we will reflect critically on descriptive statistical and trend analyses of the key performance indicators. We will assess how key outputs have been achieved through the inputs and activities of the administrative process, and whether changes to that process might yield a more effective operation of the scheme.

### Costs

We will document the overall costs of the scheme, to include grant funding and administrative costs. We will analyse trends, from 2010 to present and explore whether:

- More outputs might be produced at same cost
- Same output might be achieved at less cost
- More outputs might be achieved at less cost
- Significantly more outputs might be produced at lesser cost *per unit*.

### Ongoing Relevance

We will assess the ongoing relevance of the Scheme and, in light of an evolving policy context, whether a redefinition of the aims of the scheme may be recommended. We'll do so by reviewing key Irish and international literature to examine the evidence for a relationship between qualifications and quality in early years settings, as well as the evidence for a relationship between quality and the defined roles of graduates such as room leader, childcare assistant, manager or

administrator. This will help in critically assessing the main assumptions of the scheme.

Particular attention will be paid to the potential effects on the scheme of forthcoming reforms, such as the Affordable Childcare Scheme, and ongoing debates within the sector around issues such as staff professionalisation. Attention will be paid to the international literature and comparative schemes in other jurisdictions. We will examine issues such as whether the Scheme should be limited only to ECCE 'Room Leaders', and whether funding should be limited only to staff working with children at ECCE-eligible age.

### **Findings and Recommendations**

The report findings will be summarised, to inform an exploration of how the administrative model of the scheme might be streamlined to better support the achievement of its aims, ensure the effective operation of the scheme and assist in reducing administrative costs (per unit of output).

We will then explore ways of optimising the relevance of the scheme in a changing policy context. Depending on findings within the report, this may include a recommendation to redefine the aims of the scheme, with suggestions provided around potential alternative models to the current scheme.

### **Limitations**

- Although it is anticipated that the financial and operational data available will be adequate, some administrative data may not be easily accessible and may require analytical tools that are beyond the scope of this study
- As stated above, an impact assessment of the Higher Capitation Scheme is beyond the scope of the proposed study. A review of the literature, as outlined above, will help compensate by considering outputs and objectives in terms of key national and international findings. It is anticipated that the study will provide a foundation for more complex analyses.

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