

PEER REVIEW REPORT 2016

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Economic and Social Research Institute

Peer Review Report

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Foreword to Peer Review Report 2016

In 2010 the Council of the ESRI decided that a Peer Review of the Institute should be undertaken, and that such reviews would be undertaken on a regular basis in the future. The Council also decided that all Peer Review reports would be published. The second Peer Review has now been completed and the members of the Peer Review team have provided this report which contains their findings and recommendations.

Given the Institute's unique role in pursuing the twin goals of research excellence and policy impact, it was important that the Peer Review team was comprised of leading figures in the policy and research domains. It was also important that the team brought both national and international perspectives to the task of assessing the ESRI. In this context, we were honoured that six distinguished individuals¹ meeting these criteria accepted the invitation to conduct the review.

The Council was extremely pleased to read the positive assessment that has been provided by the Peer Review team. For example, the team noted how the ESRI 'has a strong reputation for credible, objective, independent research of an excellent academic standard and of strong policy relevance'. Given the twin goals mentioned above, such a comment points to our success in delivering on these goals.

The report also contains references to the funding challenges which the Institute has faced in recent years. While noting that the Institute 'has managed these significant challenges effectively and has succeeded in putting in place a range of alternative arrangements to sustain its activities', the Peer Review team also raised a concern about the current mix of funding sources. As they put it, the 'increased reliance on specific and shorter-term funding reduces [the Institute's] ability to stand back and examine some of the important longer-term issues which may have implications for the Irish economy and society'. In that context, the report refers to the ongoing importance of the Institute's grant-in-aid.

The report will provide a highly valuable input into the Council's deliberations as we review our current Statement of Strategy (2014-2018) and begin to reflect on our strategy for the years beyond 2018.

To conclude, I would like to take this opportunity to thank the members of the Peer Review team for their time and for their professionalism in conducting the review.

Padraig McManus
Chair

¹ Brigid McManus (Co-Chair), Chairperson of the National Council for Curriculum and Assessment; Michael G. Tutty (Co-Chair), Member of the Irish Fiscal Advisory Council (IFAC); David Blackaby, Professor of Economics at Swansea University; Christian Dreger, Research Director for International Economics at DIW Berlin; Ingrid Schoon, Professor of Human Development and Social Policy at the Institute of Education, University College London; Chris Taylor, Professor of Education Policy at Cardiff University.

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1. Background

The Economic and Social Research Institute undertakes periodic Peer Reviews to inform the strategic direction of the Institute. The first Peer Review of the ESRI was undertaken in 2010 and this is the second Review.

The members of the Peer Review Panel were:

- Brigid McManus (Co-Chair), Chairperson of the National Council for Curriculum and Assessment;
- Michael G. Tutty (Co-Chair), Member of the Irish Fiscal Advisory Council (IFAC);
- David Blackaby, Professor of Economics at Swansea University;
- Christian Dreger, Research Director for International Economics at DIW Berlin;
- Ingrid Schoon, Professor of Human Development and Social Policy at the Institute of Education, University College London;
- Chris Taylor, Professor of Education Policy at Cardiff University.

The Review Team was asked to assess the extent to which the Institute is achieving its objectives in the context of the mission set out in its *Research Strategy, 2014-2018*. Specifically, the team was asked to address the following questions:

1. Research Agenda

Is the ESRI's research agenda, as set out in its current strategy, appropriate to current and likely future trends in Ireland's social and economic circumstances?

2. Research Quality

Is the ESRI's research of similar quality and quantity to that of relevant and comparable institutions in other countries?

3. Research Dissemination

Is the dissemination of the Institute's research appropriate, given the resources available and the Institute's mission?

4. Research Role

Does the Institute fulfil its role as an independent centre for policy research?

5. Resources

Are the financial and human resources available to the Institute adequate in the context of the mission?

6. General

The Peer Review Committee is invited to comment on other issues if they deem such additional commentary to be appropriate.

2. Context

The ESRI was founded in 1960 to conduct independent research to inform public policy in Ireland. Over 50 years later, the Institute's importance in providing authoritative research to inform public policy is widely recognised. The Institute works towards a national vision of 'Informed policy for a better Ireland' producing high-quality economic and social research with the capacity to address the greatest challenges facing policymakers in modern Ireland. Research is conducted across 12 key policy areas, aiming to deliver on the twin goals of research excellence and policy impact laid down in the ESRI's current Research Strategy. Additionally, the ESRI is engaged in two significant longitudinal research studies. In 2015, the ESRI commenced the second phase of *Growing Up in Ireland*, the National Longitudinal Study of Children. The Institute's researchers also contribute to The Irish Longitudinal Study on Ageing (TILDA).

There are currently 95 staff members of whom 61 are post-graduate level research staff including 50 PhDs. In addition to conducting research, ESRI staff members contribute to a broad range of expert committees and commissions set up by the Irish government. Former ESRI staff members have gone on to contribute to public life in positions at a wide range of national and international organisations.

The ESRI is a company limited by guarantee, answerable to its Members and governed by a Council made up of interested individuals drawn from the academic, public and private sectors. The Institute's constitution stresses its independence, and the practice is to publish all research that reaches an appropriate academic standard. The ESRI has a strategic alliance with Trinity College Dublin (TCD).

3. ESRI Funding Model

The Institute receives a grant-in-aid from the Department of Public Expenditure and Reform, which has accounted for 30 per cent of the Institute's income in recent years. The grant-in-aid supports some of the public good activities carried out by the Institute, including:

- Development of the SWITCH tax-benefit model, the macroeconomic model and models for short-term economic forecasting, as published in the *Quarterly Economic Commentary*;²
- Producing high-quality research for publication in scientific journals;
- Disseminating research at national and international conferences;
- Methodological research;
- Interacting with public and professional bodies, national committees and visiting delegations;
- Participation on national committees and expert groups;
- Dissemination of publications free of charge on the Institute's website.

Most of the remaining funds needed to sustain the research of the ESRI come from research programmes in partnership with government agencies and departments; commissioned research projects mostly for public bodies; competitive research grants (e.g. EU Framework programmes, IRC, HRB, SFI); and income received for *Growing Up in Ireland*, the National Study of Children. Membership subscriptions also contribute to the Institute's income.

4. Review Process

The structure of the site visit was organised by the ESRI in consultation with the Co-Chairs. To improve the efficiency and scope of its Review, the Panel was broken into two teams for several sessions. The composition of the teams was as follows:

Team 1 – Economics: Michael Tutty (Chair), David Blackaby, Christian Dreger;

Team 2 – Sociology: Brigid McManus (Chair), Ingrid Schoon, Chris Taylor.

On Monday, 9 May 2016 the Peer Review Panel members were provided with data requested by the Co-Chairs as background for the Review as follows:

4.1 Organisation

1. Terms of Reference/Timetable for the Review;
2. Biographies of Peer Reviewers.

² While the macroeconomic model and the *Quarterly Economic Commentary* are fully funded from the grant-in-aid, the SWITCH model is co-funded by the Departments of Social Protection, Health and Finance.

4.2 Academic/Research Papers

1. Brief information about the Institute;
2. Overview of strategic actions in response to the previous Peer Review;
3. Research Agenda;
4. Summaries of the Institute's 12 Research Areas;
5. Summary of *Growing Up in Ireland*, the National Longitudinal Study on Children;
6. Biographies of Research Area Coordinators;
7. Relevant ESRI Key Performance Indicators.

4.3 Strategy and Annual Review of Research Documents

1. ESRI *Research Strategy 2014-2018*;
2. Annual Review of Research documents for 2014 and 2015.

The Peer Review commenced with a preliminary meeting of the Panel at 18.30 on 1 June. The Panel met for full-day sessions on 2 and 3 June and presented initial conclusions to the Management Committee on 3 June. In the course of its visit to the ESRI the Panel met with:

- The Director and other members of the ESRI Management Committee; the Research Area Coordinators of each research area; a group of junior researchers representative of a range of research areas
- Representatives of key external stakeholders, covering many government departments and agencies.

The full programme for the Peer Review is attached in the Appendix. The Panel had access to the Institute's staff as required and all requests for additional information in the course of the review process were dealt with speedily and professionally.

5. General Observations of Panel

Overall the Panel was impressed with the scope and quality of the work conducted by the ESRI and its impact on policy and setting the research agenda in Ireland. The ESRI occupies a unique and important place in Ireland's economic and social research and policymaking ecosystem. It has a strong reputation for credible, objective, independent research of an excellent academic standard and

of strong policy relevance. Its work is a point of reference in many public policy debates and has an influential impact on policymakers' deliberations.

The ESRI has an extensive research remit, a team of highly-qualified full-time research staff and a multi-disciplinary team-based project approach. It has long experience in the application of the latest research techniques to policy issues, in processing and analysing large databases, in using economic models and in drawing on international contacts. The ESRI has developed successfully a range of different funding arrangements to deliver on its mission. The Panel was particularly impressed by the evident collegiality, teamwork, flexibility, enthusiasm, commitment and professionalism of ESRI staff.

The ESRI has had to deal with considerable organisational change and funding challenges over recent years. Its core grant from the Government was reduced by 26 per cent in the context of national fiscal difficulties, from €3.5 million in 2008 to €2.575 million in 2015. In 2014 it was decided by the Minister for Health that a significant part of its work, the Hospital Inpatient Enquiry Project, would be transferred to the Health Service Executive in the context of a reorganisation of health structures. This was the Institute's single largest project, providing 22 per cent of its income in 2014 and a significant contribution to fixed overheads. The ESRI has managed these significant challenges effectively and has succeeded in putting in place a range of alternative arrangements to sustain its activities. This is undeniably a major achievement.

The cut in grant-in-aid has important implications for ESRI's role. Its increased reliance on specific and shorter-term funding reduces its ability to stand back and examine some of the important longer-term issues which may have implications for the Irish economy and society going forward. External stakeholders including senior civil servants recognised the importance of the independence of the ESRI and the valuable role the Institute plays in informing Government, stakeholders, the press and the public on important economic and social issues. An increase in grant-in-aid as the economy recovers to restore core funding would support ESRI in delivering more fully on its potential.

6. Research Agenda

The Institute's research agenda is grouped under 12 programmes:

- Macroeconomics
- Internationalisation and Competitiveness

- Energy and Environment
- Communications and Transport
- Labour Market and Skills
- Migration, Integration and Demography
- Education
- Taxation, Welfare and Pensions
- Social Inclusion and Equality
- Health and Quality of Life
- Children and Young People
- Behavioural Economics.

The Peer Review in 2010 recommended that the programme areas should be reduced through amalgamation to enhance synergies. Since then the number of programme areas has been reduced from 15 to 12. Not all of the current areas have a significant level of staffing and research and there could be scope for further amalgamation. However the Panel notes that there is significant flexibility in moving resources from one area to another as the need arises so that the synergies seem to be coming through as things stand. Having different headings rather than a smaller number of groups is seen as useful by ESRI staff in making clear to the public the range of different research undertaken. Accordingly the Panel is not recommending any further reduction in programme areas.

The funding arrangements for the ESRI have different impacts on different areas of work. Certain research areas are funded by the core grant and/or by multi-annual funding arrangements; others depend almost entirely on project-by-project financing, making a strategic approach to these research areas more difficult. This constrains somewhat the ability of ESRI to ensure that its research agenda is fully appropriate to current and likely future trends in Ireland's social and economic circumstances, where work of an independent credible think-tank could contribute to identifying and addressing important longer-term social and economic issues. If the core grant is not increased or funding issues addressed in an alternative manner, it may be necessary for the ESRI to reconsider its research priorities and the long-term sustainability of certain research areas.

6.1 Macroeconomics

The macroeconomic research programme in the ESRI covers a wide range of issues related to the overall performance of the Irish economy. The programme

simultaneously assesses the domestic macroeconomic outlook on a regular basis while also conducting in-depth research on related issues such as the housing market, economic growth and the interaction of the real economy with both the financial sector and fiscal policy.

The Institute has a long tradition in short- and medium-term economic forecasting and it should continue in this role. It has put a lot of work into developing the new macroeconomic model, COSMO, in cooperation with the Central Bank. This model incorporates the financial sector, which was missing from the previous model. Due to this extension, the effects to the real economy of shocks arising in financial markets can be studied. It is unclear to the Panel how heterogeneous firms and households are embedded in the framework. In the aftermath of the financial crisis, a distinction between households with and without credit constraints could generate additional insights. Furthermore, a sound microeconomic foundation of the model with optimising agents is essential for convincing policy advice.

The Panel suggests that further modelling steps should not be led by a one-size-fits-all strategy. For instance, COSMO replaces the former HERMES model, where the latter had comparative advantages to explore energy-related issues. The ESRI should consider whether a detailed energy sector should be linked to COSMO only as a satellite, and should not be part of the core model. The distinction between core and satellite elements will improve the maintenance of the model and can facilitate the interpretation of the results. In addition, more emphasis should be put on the medium-term analysis, where the supply side of the economy becomes increasingly important.

Having put so much effort into COSMO, the Panel recommends that its use should be maximised by facilitating access by interested Departments and agencies. Furthermore, regular forecasts could be extended by providing ranges of uncertainty around the point forecasts. Appropriate intervals can be obtained from the model.

Research was undertaken in recent years in a range of areas including housing, SME finance and various macroeconomy and taxation themes. It is hoped to continue with the programme of research in macroeconomy and taxation funded by the Department of Finance (the current funding commitment runs to end 2016) but other funding streams have ended. The ESRI has built up the team's expertise in relation to housing markets, taxation and economic growth – areas of

policy significance – and it is important that the ESRI continues to carry out policy-relevant research in these areas.

6.2 Internationalisation and Competitiveness

A key feature of research in this area is the integration of micro-, mezzo-, and macro-economic developments by linking enterprise behaviour and performance with industry, regional and macroeconomic outcomes. The Institute has built up a considerable role and reputation in this area, including international publications. Research fields such as external finance and firm growth or international trade and investment linkages are highly relevant in policy debates. The integration of micro- and macroeconomics by linking individual firm behaviour with the industry and macroeconomic level is appreciated by the Panel.

There seems to be a concentration on FDI-related issues. On the one hand, the focus might be too narrow, as the overarching topic of the research area is on competitiveness. On the other hand, specialisation has advantages, given resource constraints and the need to build up specific expertise for particular projects.

The Panel considers that there is potential for this research area to intensify involvement in EU-financed projects.

6.3 Energy and Environment

In the Energy area, the Institute has built up a significant relationship with both the public and the private players in the market and continues to get multi-annual funding from them and from national research funds. While the strategy is commended by the Panel, the area should also continue to pursue academic research goals. In relation to industry-funded projects, the ESRI needs to continue to succeed in ensuring independence in its research and that opportunities for publication are maintained.

The area needs to be constantly looking ahead to where the energy sector is going and what added value it can bring by timely research. Energy-related issues were formerly studied by the HERMES model which is not being further developed. The Panel suggests that consideration be given to enhancing simulation capabilities by constructing a satellite to the COSMO model, taking the specific needs of the field into account.

There is ongoing cooperation with the area of behavioural economics to investigate the effects of different regulation measures. This research is based on experiments and could generate important insights for policymakers, as noted by some stakeholders.

Environment research encompasses a wide range of topics from climate change, to water quality, and environmental valuation. Over a long period the ESRI has undertaken research in this area largely on an ad hoc basis, though in the period 2007-2012 there was a relatively large programme of research funded by the Environmental Protection Agency (EPA). Since 2012 research in this area has been largely dormant due to lack of funding. Three multi-annual funded programmes have commenced recently covering climate change, water and fisheries and environment.

6.4 Communications and Transport

Communications and Transport were separate areas in the past but were amalgamated into one research area more recently. This is consistent with the recommendations in the 2010 Peer Review which recommended a consolidation of research areas. However, it seems to the Panel that potential synergies have not been fully exploited. In effect they still operate as two separate areas.

While Communications has funding in place, funding for transport research is less certain. There would seem to be scope for the ESRI to develop a broader approach to researching the impact of infrastructural issues on regional and spatial development drawing on expertise in these areas.

6.5 Labour Market and Skills

The institute has built up substantial expertise in labour economics in recent years. This includes the evaluation of labour market programmes to bring the unemployed back into work, mismatch of skills and the analysis of youth unemployment, such as measures to improve the employment chances of graduates when they first enter the labour market. In addition, the area contributes to the European Employment Policy Observatory.

Researchers are involved in EU programmes and contribute to the academic debate in major international peer-reviewed journals. The Panel commends the labour market research undertaken and considers the strategic direction for this area should continue. The time series database at the micro level could provide excellent research perspectives from a methodological view and can also provide

an instrument to intensify international cooperation, for instance by means of guest researchers.

This is an area of activity where the two divisions of the ESRI, the economic and the social, have worked closely together. This presents a good opportunity for greater interdisciplinary research.

6.6 Migration, Integration and Demography

The ESRI hosts the National Contact Point (NCP) of the European Migration Network and is supported by the European Commission and the Department of Justice and Equality to provide information on migrants and asylum seekers in Ireland in a comparable fashion across the EU. The Department of Justice and Equality also funds the Integration Monitor that analyses different topics affecting migrants again in an analysis framework determined at EU level. This work is likely to continue for the foreseeable future so the ESRI should be able to continue to produce a steady stream of migration-related work.

The ESRI maintains its own demographic model which is used in work on macroeconomics, health, housing, transport, welfare and pensions.

Since 2010 Trinity College Dublin is leading The Irish Longitudinal Study on Ageing (TILDA). The ESRI has maintained a very strong link to the project. TILDA is a rich public policy data resource and the ESRI should be well placed, given its general areas of expertise and specific knowledge of the project, to develop work based on TILDA. Some work has already been undertaken on pensions and retirement and there is significant scope for important work in this area to address current and future policy issues.

6.7 Education

The ESRI has a long tradition of high-quality education research which is seen as having a significant impact in policy development as well as being well connected into international networks and to publication in high-quality international publications. Dissemination is a key component of the work, with researchers actively engaging with stakeholders in the education sector. Interdisciplinary work with other ESRI research areas is a feature of the work.

The availability of data collected for *Growing Up in Ireland* offers major research potential which to date the team have only been able to exploit in a limited way.

There is also the potential of linking this research with other research that uses the pupil databases being developed and improved by the Department of Education and Skills.

Currently the area faces challenges due to funding being available only for relatively small projects on a project-by-project basis. This hinders the development of a cumulative body of work and the development of the research team in a sustainable way. The consequences of this are two-fold. First, the production of high-quality journal papers is constrained by contractual arrangements and the time needed to develop international publications. And second, it has not been possible to add junior members to the team as has happened in other areas. This creates a burden upon a small number of senior and more experienced staff to spread themselves over multiple projects. The team does however show considerable flexibility and is an excellent example of working collaboratively with other areas of the Institute.

There is potential over the next year for a longitudinal study of primary school students which would provide a significant multi-annual piece of qualitative and quantitative research that could anchor the work programme. We also understand from our discussions with the relevant education bodies that it is the intention in a year's time to have more clarity about the research priorities across the sector which will determine the research work to be commissioned by the Department and its agencies and should facilitate ESRI planning. Other possibilities for growth the ESRI may wish to consider would be to add further expertise on the economics of education, and to consider as part of its forward planning whether its work on *Growing Up in Ireland* could be built on by developing psychometric and test development work, where ESRI's expertise could be used to bring added value in areas not generally measured by standardised tests.

A strategic issue that the ESRI will need to consider is the change underway in the education research landscape at higher education and the implications of this for the ESRI's research work. The reforms to teacher education involve the development of a smaller number of significant centres with a stated public policy of developing strong education research within these centres to support research-informed teacher education. This objective may also be a factor in the identification of research projects within the sector. The ESRI should consider how best it can build on its strengths and develop the potential for future cooperative work. The most notable area for cooperation is in ESRI's expertise in quantitative research and use of large-scale datasets.

6.8 Taxation, Welfare and Pensions

This part of ESRI activities grew out of the poverty research conducted at the Institute. ESRI research on taxation, welfare and pensions examines the impact of actual policy changes on real households and explores 'what if' questions about the effects of future policy changes of interest. The aim is to inform policy debate and policy choices with analyses of the impact of past and potential future policy changes. Areas covered include the distributional impact of tax and welfare policy, the impact of policy on financial incentives to work, the impact of universal, age-related and income-related health entitlement policies and the overall distribution of income. Much of the work is based around SWITCH, the ESRI tax-benefit model (Simulating Welfare and Income Tax Changes).

Since 2008, a multi-annual programme of research is funded jointly by the core grant-in-aid and from multi-year funding from the Department of Social Protection (DSP), and, as of last year, by multi-year support from the Department of Health. Decisions on the work programme are taken by a Steering Group (Departments of Social Protection, Public Expenditure and Reform, Finance, and Health and the ESRI). This mode of operation has proved effective in ensuring a flow of research results to inform policy debate and policy formation, and in building capacity within relevant Departments to use the model to analyse policy options and impacts and to advise Ministers and Government in budgetary discussions. The external stakeholders were very satisfied that the work programme addressed the needs of their areas.

The Panel notes the expansion in this area and developments since the first Peer Review in 2010, with a significant increase in usage and developments underway to capture indirect taxes and a sustainable funding arrangement in place. The Panel commends the team for undertaking a joint project with the Institute of Fiscal Studies and considers there is good potential for further such joint work. The team itself would like to develop more research in the area of behavioural economics, pointing towards potential bridging projects with that group, especially regarding responses to tax changes, child care issues, and individualisation of tax credits

6.9 Social Inclusion and Equality

ESRI research on social inclusion and equality investigates factors influencing access to the resources required to participate in economic and social life and the processes that lead to inequalities in opportunities and outcomes. The work is interdisciplinary and involves sociologists, economists and psychologists with

both wide-ranging and in-depth national and international expertise. The ESRI has a strong history of research in this area. The team's major strengths are the measurement and monitoring of social inclusion, poverty, and household worklessness. In particular, they have developed measures for the national poverty strategy.

An ongoing research programme on social inclusion, funded by the Department of Social Protection, ended in 2016 and the Department is currently considering its future research focus. Some other project funding has stopped following public body reconfiguration.

The stakeholders expressed some concerns as to whether the work undertaken by the ESRI was aligned with their needs in formulating appropriate public policy responses to the challenges they were trying to address. They mentioned that good quality evidence is provided, but that the conceptual and methodological focus could sometimes be narrow, in particular regarding the reliance on SILC. They would like to see more mixed methods, including more fine-grained qualitative analysis, provision of quick updates and overviews, and benchmarking.

It would be useful for the ESRI to discuss with the relevant Departments and bodies the type of work they are likely to commission in the medium term and to identify any skills gaps necessary to be able to tender for the work in due course.

6.10 Health and Quality of Life

Health is an area that has developed significantly for the ESRI in recent years, despite the loss of the Hospital Inpatient Enquiry Survey and related work. A major focus of ESRI health research traditionally has been health inequalities, and specifically how health behaviours and outcomes vary across socio-economic groups. More recently, researchers are examining not only individual influences on health and wellbeing, but also the wider environment in which we work and live, including the issue of work-related illness and injury. A long-standing theme underlying ESRI health research has been an examination of the structure and functioning of the Irish healthcare system, and in particular the financing system, and this has expanded since 2011. Researchers have also examined demographic changes and implications for health and social care demand. Detailed examinations of particular sectors have also been carried out (e.g. pharmaceuticals; long-term care; palliative care; stroke care). Recently researchers have begun work on the development of a projection model for healthcare demand and expenditure, drawing in part on expertise from the macroeconomic research team at the ESRI.

Quality of Life (QoL) research incorporates a wide range of issues including material circumstances, health, wellbeing, employment, family, social integration and access to services. Research on health and quality of life has been enhanced by data from the two national longitudinal studies.

There is a core multi-annual research programme with the Department of Health and a range of other funders, including the EU, for work in this area. The area has been successful in accessing competitive Health Research Board grants.

This area has been effective across a range of objectives; publishing in high impact journals, maintaining academic rigor, strategic planning, diversifying their funding resources, minimising short-term projects, and being conscious of and maintaining close interaction with pipeline funders.

6.11 Children and Young People

The principal work of this area is delivering on *Growing Up in Ireland*, the national longitudinal study of children. The study is currently in its second phase of funding which guarantees funding from 2015-2019. The first phase of funding ran from 2006-2014. The study has been carried out by the ESRI and Trinity College (TCD) since it began in 2006. The ESRI is the prime contractor; TCD is the Institute's subcontractor. *Growing Up in Ireland* is increasingly becoming a central part of the research infrastructure in Ireland for all stakeholders with an interest in children and childhood – policymakers, researchers, practitioners, media and the general public. There is a big uptake of the data collected for *Growing Up in Ireland*, including a growing international reputation and use of the data by international users and visiting scholars.

The project itself is being delivered successfully and there is strong funder interest in undertaking further phases. A key challenge and a major area for development is undertaking research drawing on this rich dataset. This has been done to a limited extent and ESRI is very aware of the potential and the need to generate interest in and funding for such research. This should be a priority for the ESRI.

6.12 Behavioural Economics

The Panel welcomes this new area in the Institute, while noting that it is a research methodology potentially useful in all areas rather than a research area

in itself. Apart from the energy sector, cooperation with other ESRI research areas is in its infancy and needs to be intensified to justify a stand-alone area. Research to date has brought early results and a number of keen clients. In principle, it could be highly relevant both from the perspective of academic journals and policymakers. The Panel is concerned that the area may be too dependent on one individual researcher and recommends that adequate backup should be developed as quickly as possible.

6.13 Other

In examining the ESRI's research agenda the Panel considered there were some horizontal issues covering all areas that the ESRI might consider further.

Identifying emerging trends and issues is important to the ESRI and its stakeholders. Developing a foresight unit or building in staff time for each area to do some foresight work collaboratively across different areas and issuing a regular monitor on new trends and issues arising from literature reviews is an approach that might be considered.

Another potential area is the ability to provide a quick response on certain matters without compromising the solid research basis for any work and which would meet certain needs and could be delivered through a specific unit or an arrangement within each area.

There is strong potential work on linking administrative data and exploiting it for research purposes. This could be of benefit to both Government Departments and academic research. This is being considered in certain ESRI areas such as Health. In other areas such as education it is not currently a significant feature given the stage of development of certain datasets and the approach being adopted by the relevant Department. It may be worth the ESRI taking a look at this issue across all its areas in consultation with relevant Government Departments and building this in to its strategic planning.

Following the recent elections, the Oireachtas is undertaking significant reform of its involvement in the preparation of the annual budget, and monitoring of its execution. This will include the establishment of a Parliamentary Budget Office to assist members with information and analysis. There should certainly be a role for the ESRI in providing relevant research input into this strengthened role for the Oireachtas.

7. Research Quality

In general, stakeholders were very happy with the quality, relevance, impact and delivery aspects of ESRI work and the Panel received many outstandingly positive comments across different areas. There were a small number of references to individual reports or particular areas of work where concerns had arisen. Some comments related to quality per se, but it seemed to the Panel that other concerns may have arisen from a lack of clarity between the ESRI and the funder on the nature of the work to be delivered or issues arising in a tight deadline context. Though such comments relate to a very small proportion of the work, if such issues arise they carry significant reputational risk. It would be desirable for ESRI to maintain a close oversight of its internal Peer Review and client management processes and to ensure that the processes are implemented in ways that minimise such risks.

Publication in peer-reviewed journals assures high research quality. The 2010 Peer Review considered that the quality of the Institute's work warranted publication in higher quality journals and that the Institute's researchers should focus on getting papers published in the more prestigious journals. The ESRI acknowledges that it has not achieved this goal, partly because it is challenging to get highly applied work published in top peer-reviewed journals. However it remains committed to it. Even if the nature of the work constrains publication in the top ten journals, research should be published in the other major journals in the relevant field.

The Panel thinks this is an important issue, particularly in the context of ensuring quality and increasing the international engagement of the Institute. The Panel notes that publication is part of staff objectives, a strong factor in promotion criteria and that part of the grant-in-aid is used to support academic publication. However if progress is to be made in achieving this goal as the ESRI wishes, it may need to consider additional measures – for example more explicit targets for individual researchers/research areas, setting aside time explicitly for writing articles, developing staff incentives for publication or for particular types of publication.

8. Research Dissemination

The Institute has increased its use of conferences and seminars to disseminate its research in recent years. It has also introduced Research Bulletins which are designed to give more accessible and readable short summaries of journal articles. All publications are now available free of charge.

The Panel welcomes these developments. Stakeholders, both funders and others, particularly welcomed ESRI efforts in disseminating its research and saw this as a very valuable contribution to policy debates. It was suggested to the Panel that the extent to which research is disseminated in a way that is widely accessible varies across the range of ESRI research and the ESRI may wish to consider whether there are effective approaches in certain areas that could be adopted across the board.

An area which would benefit from more attention is the use of social media. Given the way in which people are increasingly using social media as a key way of accessing information, the ESRI should ensure that it keeps up with developments in this area.

The Institute has a very good media profile, though perhaps in the past it was concentrated too much in one or two individuals. The Panel is aware that the ESRI prepares a range of people for media exposure and is making efforts to spread the exposure among them so as not to have too much emphasis on one or two researchers. This should continue and, in an ongoing fashion, successors to these researchers should also be developed.

There may be more scope for the Institute to turn research reports into articles suitable for publication in newspapers.

9. Resources

9.1 Human

ESRI staff composition has changed since 2010. In part this reflects the transfer of the Hospital Inpatient Enquiry project but the ESRI has also deliberately restructured to increase the ratio of junior to senior research staff and to reduce administrative overhead costs. Since 2014/2015 there has been a concerted effort to recruit research staff, particularly at the junior level (research assistants and post-doctoral researchers). The research areas that have built capacity in this way see it as working very positively. There are areas such as Education and Social Inclusion and Equality where lack of research funding has constrained the team being built up in this way, leading to senior research staff being spread across a range of small diverse projects and this is seen by the teams as a negative factor. Certain research areas, such as Health and Energy and Environment, have encountered recruitment difficulties due to the shortage of relevant specialists and high demand for them. A shift in the staff composition to a greater reliance on post-doctoral researchers carries some risks such as greater

staff turnover and loss of human capital. The appropriate staff composition to deliver on ESRI objectives will need to be monitored over time.

Generally the Panel was impressed by the commitment and enthusiasm of the staff, closely integrated teams and flexibility and cross-divisional work and sense that staff enjoy a high quality working environment. Maintaining and developing its human capital is key to ESRI effectiveness and will need ongoing focus particularly with the structural changes, potentially higher turnover and strong market demands for certain skills. The Panel commends work in capacity building and PhD training in certain teams. The Panel suggests that there is potential for more capacity building in the research staff of the Institute through giving more space to researchers to develop their own research interests and training and support in writing journal articles. There are certain areas where the work demands and type may make this more challenging, for example the SWITCH modelling and *Growing Up in Ireland* delivery, and may require particular approaches.

Stakeholders expressed concern in relation to certain areas about critical dependency on particular staff members and expressed a wish for more than one contact person. The Panel notes efforts made to address this in certain areas such as SWITCH team. Given the size and importance of the *Growing Up in Ireland* project, this issue may need consideration in that project.

The Panel considers that there is scope to use the strategic alliance with TCD to have PhD students jointly managed and working with ESRI teams for part of their time. The ESRI should also consider the potential of research funding dedicated to building up research teams and leaders such as HRB funding for developing significant research leaders.

The ESRI carried out an employee pulse survey in February and are planning a comprehensive employee survey later this year as part of preparation for assessment for the 'Excellence Through People' quality standard. The Panel commends this work.

9.2 Financial

The Panel considers that the ESRI plays a significant role in Irish public life which justifies special funding through the grant-in-aid from the Department of Public Expenditure and Reform. This funding has formed a smaller part of ESRI income over the years and was cut back in the crisis years. The ESRI has been successful

in getting multi-annual funding streams in certain parts of its work but not in others and also shorter term contract work. In practice its work programme is determined in part, not by what it sees as priority social or economic policy issues to be addressed, but by funding availability. While this makes the ESRI responsive to policymaker needs, it does limit its role as a think-tank identifying and researching important current and long-term issues across the range of its remit. The lack of funding to exploit the datasets available from *Growing Up in Ireland* and TILDA is a particular gap in the contribution ESRI could make to informing national policies.

The grant-in-aid is used for certain projects, for overarching objectives such as academic publication and dissemination, and then as a residual where funding difficulties arise for particular areas. It would be desirable that it could be used in a more strategic/long term investment fashion to seed fund new areas, identify important gaps where it could fund research perhaps in partnership with other funders. The Panel considers there is a strong case for benefit to be derived from additional core grant-in aid and considers it desirable that the cut be reversed with the improvement in the public finances.

9.3 Planning

The ESRI plans its resource allocation on a one-year timeframe. Given ESRI reliance on two- or three-year year funding arrangements and contracted work, it is important that the ESRI should have strong monitoring and oversight on a multi-annual basis of areas where funding is up for review, possible gaps in funding and the end of significant projects. While ESRI management is very aware of these issues and as indicated earlier has managed very effectively, this seems to be done on an informal basis. The Panel considers there would be a benefit in the ESRI having a formal structured multi-annual planning document reviewed on a regular basis that would help anticipate and address threats and opportunities.

10. Relationship with Funders/Stakeholders

The Institute has developed a number of research programmes with individual agencies covering two or more years, with the individual research topics agreed over time between the agency and the Institute. This is an excellent development which allows the Institute to commit its resources over a longer period than for an individual project. While these seem to be working well generally, there were problems in the past with funding lines finishing unexpectedly from an ESRI perspective.

Issues also arose in discussions with some funders about specific issues which could usefully be addressed. From our discussions we found that different clients have different needs and expectations about the level of engagement on the detail of research approaches partly depending on the level of expertise in the client. Concerns in relation to ESRI work being relatively expensive were also raised. Some of the cost issues arise from ESRI staff composition which is being addressed; some from an understandably different approach to costing projects than applies in higher education institutions and some reflects the natural tension about the cost of work that arises between funders and providers.

The Institute should work on its relationship with its various funders to ensure that they give the optimum service to them and meet their needs as fully as possible. Different structures to manage this may be required for different funding areas and projects. There are already a range of arrangements in place in ESRI for managing relationships in different areas and it would be useful to review these to ensure the most appropriate client management structure for different areas, taking account of the scale of client funding and experience of effective structures in different areas. Protocols on how communications (including around publication of research) should be handled with each client would be useful to avoid potential problems.

In the areas where the Institute is dependent on winning individual projects from agencies, the Panel recommends that the Institute seek to identify with the agencies where the needs will arise for research in the future and develop their expertise accordingly. This may require the funding of specific time for research teams to do this.

A Peer Review provides the opportunity for a formal feedback from a range of funders and stakeholders about their interaction with the ESRI. The Institute might consider whether there would be benefit in capturing this more formally on an annual basis. While the Director does meet the main funders regularly to discuss issues, it would be useful if mechanisms such as an annual meeting between the Director and the CEO of major funding organisations captured systematically the full range of client feedback. Regular surveys of wider stakeholder views might also be considered.

11. Strategic Alliances and International Work

The Institute has developed a strategic alliance with Trinity College. The Panel considers that this could be developed further, particularly in terms of drawing on Trinity's administrative support in tendering for international projects. For

example, many EU-financed projects require substantial management qualifications likely available at Trinity. The possibility of PhD students being jointly managed would also seem to offer potential. The potential of using the Alliance to support ESRI academic publication objectives should also be explored.

The Panel feels that the Institute should have a greater involvement at international level through international affiliates and partnerships and joint work with external bodies. This is important if it wishes to secure EU research funding. This would be assisted by greater visibility in quality journals – see under Research Dissemination – and by publicising better on the website the international work and links it has already, and making it clear on the website that it is available for international cooperation and that the data are available for qualified national and international researchers. It might also give some consideration to having International Research Associates. Consideration might also be given to developing further research links with Institute for Fiscal Studies.

12. General

The ESRI plays an important role in Irish society and is known as a beacon of independence. It is in a unique position to bridge academic and policy-related research, and it is important that it is able to continue to succeed in being credible and relevant. It has many strengths: it is leading the field in forecasting and modelling, both on the macro (COSMO) and micro (SWITCH) level. It has a strong tradition in social policy research and has expanded its health economics research capacity. The availability of longitudinal datasets offers significant research potential in an area of ESRI research strength. Despite major financial cuts, the ESRI has maintained its position and was able to adjust. Thus its flexibility is another strength.

The Panel considers there is scope for further exploitation of ESRI capacity in contributing to public policymaking, in particular the research potential from major longitudinal studies. There is a risk that funding mechanisms will constrain the ESRI in delivering on its potential across all its research areas and this needs to be addressed. The ESRI will need to maintain and enhance its focus on developing staff capacity and ensuring effective relationships with the principal funders.

The Panel hopes its work will assist the ESRI in its strategic planning and in enhancing its work.

Appendix - ESRI Peer Review Schedule

Wednesday 1 June 2016

Time	Participants	Meeting
18.30-19.30	Peer Review Team	Introductory meeting for the team with a brief introduction from ESRI Director
19.30	Peer Review Team Director and Heads of ESRI Research Divisions	Dinner

Thursday 2 June 2016

Time	Participants	Subject
08.30-09.30	Full Peer Review Team ESRI Management Committee Council Chairman Padraig McManus and Council Member Bríd O'Brien	General introduction and discussion of documents provided to Peer Review Team

Team 1 – Economics: Michael Tutty (Chair), David Blackaby, Christian Dreger.

Team 2 – Social: Brigid McManus (Chair), Ingrid Schoon, Chris Taylor.

Thursday morning meetings 9.30-13.00 are between the Review Teams and senior ESRI researchers.

Time	Team	ESRI Researchers	Subject
09.30-10.00	Team 1	Kieran McQuinn, Edgar Morgenroth	Macroeconomics
	Team 2	Emer Smyth, Selina McCoy	Education
10.00-10.30	Team 1	Iulia Siedschlag, Martina Lawless	Internationalisation & Competitiveness
	Team 2	Tim Callan	Taxation, Welfare, Pensions
10.30-11.00	Team 1	Seán Lyons, Valentin Bertsch	Energy & Environment
	Team 2	Dorothy Watson, Helen Russell	Social Inclusion & Equality
11.00-11.30	Tea Break		
11.30-12.00	Team 1	Seán Lyons, Edgar Morgenroth	Communications & Transport
	Team 2	Anne Nolan, Helen Russell, Maev-Ann Wren	Health & Quality of Life
12.00-12.30	Team 1	Seamus McGuinness, Adele Bergin	Labour Markets & Skills
	Team 2	James Williams, Aisling Murray	Children & Young People
12.30-13.00	Team 1	Pete Lunn	Behavioural Economics
	Team 2	Alan Barrett, Emma Quinn	Migration, Integration & Demography
13.00-14.00	Lunch in ESRI Boardroom		

Thursday afternoon meetings 14.00 -17.15 are between the Review Teams and external stakeholders.

Time	Team	External Stakeholders	Subject
14.00-15.00	Team 1	Brendan O'Connor, Department of Finance Terry Quinn, Central Bank of Ireland Thomas Conefrey, Irish Fiscal Advisory Council	Macroeconomics
	Team 2	Anne Looney, NCCA Seán Ó Foghlú, Department of Education & Skills Tom Boland, Higher Education Authority	Education
15.00-16.00	Team 1	Declan Hughes, Department of Jobs, Enterprise & Innovation Niall O'Donnellan, Enterprise Ireland	Internationalisation & Competitiveness
	Team 2	John Conlon, Department of Social Protection Simonetta Ryan, Department of Social Protection	SWITCH/ Social Inclusion
16.00-16.15	Tea Break		
16.15-17.15	Team 1	David Moloney, Department of Public Expenditure & Reform Gary Tobin, Department of Finance	Grant-in-aid and Dept. of Finance research programmes
	Team 2	Fergal Lynch, Department of Children & Youth Affairs	<i>Growing Up in Ireland</i>
19.30	Review Team dinner		

Friday 3 June 2016
Friday morning is a continuation of meetings between the Review Teams and external stakeholders, as well as a meeting with junior ESRI researchers. The afternoon sessions are for deliberations and a briefing on high-level findings.

Time	Team	External Stakeholders/ESRI staff	Subject
09.00-10.00	Team 1	Garrett Blaney, Commission for Energy Regulation Catherine Licken, Department of Communications, Energy & Natural Resources	Energy & Communications
	Team 2	Graham Love, Health Research Board Muiris O'Connor, Department of Health	Health
10.00-11.00	Team 1	Fiona Hartley, SOLAS John McKeon, Department of Social Protection	Labour & Skills
	Team 2	Fergal O'Brien, IBEC Rory O'Donnell, NESC Tom Healy, Nevin Economic Research Institute	Impact on public debate and policy
11.00-11.15	Tea Break		
11.15-12.15	Team 2	Daire McCoy, Michael Savage, Oona Kenny, Yota Deli	Meeting with ESRI Post-Docs and Research Assistants
12.15-15.00	Peer Review deliberations and lunch in ESRI boardroom		
15.00-16.00	Peer Review presentation to ESRI Management Committee – high level findings		



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Whitaker Square, Sir John Rogerson's Quay, Dublin 2

Telephone +353 1 8632000 **Fax** +353 1 8632100 **Email** admin@esri.ie **Web** www.esri.ie **Twitter** @ESRIDublin