

Education, Children and Families Committee

10am, Tuesday, 10 December 2013

Affordable Childcare

Item number	7.9
Report number	
Wards	All

Links

Coalition pledges	P6
Council outcomes	CO1 , CO9
Single Outcome Agreement	SO1 , SO3

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Executive summary

Affordable Childcare

Summary

The report outlines the challenges related to the development of an Affordable Childcare Strategy, and the work already in progress to respond to the needs of parents in low income households.

A [review of subsidised childcare funding](#) was undertaken by Economic Development in collaboration with Children and Families, and a report was submitted to the Economic Committee in November, to seek approval for a co-designed specification as part of the future commissioning of job focused childcare services. This specification will be co-designed by Economic Development, Children and Families, existing childcare providers and parents. It will ensure that support is provided to lowest income households on a wider geographical basis.

Work is also underway to:

- Explore how a wider group of parents can be supported to access affordable, flexible childcare that support their working needs, and provide high quality experiences for children where they are happy and secure.
- Map existing childcare services throughout the city to increase understanding of the childcare market and inform service development.
- Define and structure our understanding of affordability, factoring in the impact of Welfare Reform change, existing Childcare Tax Credits and employer incentive including vouchers or other tax relief schemes.
- Develop an understanding of the implications of pricing models to ensure the development of sustainable and affordable quality services.
- Consider how resources might be directed towards geographical areas or specific childcare needs that are currently under resourced or have the greatest cost implication for low income households.
- Consider how existing partnerships and Council resources, as well as forthcoming resources e.g. increased entitlement of 600 hours of early learning and childcare, after school clubs and breakfast clubs might be maximised to deliver more flexible and affordable childcare.

It is suggested that this collaborative work be monitored and directed by a Joint Steering Group in order to deliver an Affordable Childcare Strategy.

Recommendations

The Education, Children and Families Committee is asked:

1. To note the content of the report and the challenges associated with the development of affordable childcare.
2. To approve the development of an Affordable Childcare Strategy on a joint basis by officers from Economic Development and Children and Families and that the aim of the strategy is that average childcare costs in Edinburgh compare more favourably with national averages.
3. To approve the establishment of a joint steering group to direct the work and monitor the development of an Affordable Childcare Strategy.
4. To approve that the Strategy will :
 - define the population towards which the strategy is targeted
 - define 'affordability' which the Council will then apply when referencing costs of childcare provided by its own and other organisations
 - identify steps that that the Council might take to influence the pricing structures used by its key partners in order to reduce the costs of childcare in Edinburgh
 - identify the key structures and resources to be used to achieve the strategy
 - integrate with employment and enterprise services supporting families to maximise their earned income

Measures of success

The aim is to have a Council strategy that clarifies the best use of resources and partnerships to deliver affordable childcare to parents, while providing high quality experiences for children where they are happy and secure.

The Strategy will integrate and reflect the work that is being progressed to ensure that subsidised childcare is targeted to parents who require support that will enable them to make the transition into sustained employment.

The Strategy will express clarity about pricing structures and levels of flexibility of childcare available to parents across the City.

The work will result in an understanding of the location of provision and where there are gaps in service, and areas that particularly require development.

The average childcare costs in Edinburgh will compare more favourably with national averages.

There will be progress toward providing an improved level of information and guidance for parents regarding suitable childcare provision.

Financial impact

The Strategy will deliver best use of Council and partnership resources, including those resources made available by the Scottish Government in order to meet expanding duties and responsibilities.

Equalities impact

The rationale for this Strategy has been informed by the consultation of parents in the course of the review of Childcare Funding. The work will continue to be informed by surveys of parents in relation to the delivery of the 600 hours entitlement of early learning and childcare for all 3 and 4 year olds, and children aged 2 years old who are or have been Looked After. This work provides an opportunity to ensure an equitable approach to delivering flexibility and affordability to parents who need it.

Sustainability impact

This provides an opportunity to build on the work being developed to align Council funds with benefits and other public subsidies. The challenges of identifying availability of suitable and affordable models of childcare are key to ensuring parents are equipped to register for training or work. The intention is to ensure that the contribution made to affordable childcare by existing services including local authority schools and nurseries is well understood by all stakeholders.

Consultation and engagement

As well as previous and current consultations being undertaken with parents, the process of developing the Strategy requires further consultation. As an Authority we will be required to regularly consult with parents regarding the pattern of delivery of 600 hours entitlement to early learning and childcare.

Background reading / external references

[Early Years and Childcare Strategy and Action Plan, January 2010](#)

[The Development of Childcare Support for Working Parents, Economy Committee Report, November 2013](#)

[Family and Childcare Trust, Scottish Childcare Costs Survey 2013](#)

[CaskieCo, Review of childcare funding: Parents and Carers consultation findings \(August 2013\)](#)

Affordable Childcare

1. Background

- 1.1 The purpose of this report is to highlight the challenges related to the development of an Affordable Childcare Strategy and the work already in progress to respond to the needs of parents/carers in low income households.
- 1.2 Children and Families have the responsibility for the development, delivery and support of Early Years and Childcare services in Edinburgh. Economic Development have the responsibility for the development and delivery of support to parents with childcare needs to reduce the barriers to work and training. There has been increased collaboration between both services to take forward the issues related to access to affordable, quality childcare for families who are most economically disadvantaged.
- 1.3 Children and Families have an [Early Years Strategy and Action Plan](#) that includes as an aim, the development of affordable childcare. It also states a range of actions designed to support parents and carers in their parenting role. These actions are designed to increase knowledge and confidence in order to improve outcomes for children and therefore also have an impact on vulnerable parents who aspire to work. Addressing the factors that contribute to poverty is identified as a key driver within the framework of the Early Years Collaborative in achieving positive long term outcomes for children, reinforcing the imperative to develop an Affordable Childcare Strategy. The Early Years Collaborative is a national government initiative seeking to deliver improved outcomes for young children across Scotland.
- 1.4 A recent [review of subsidised childcare funding](#) was undertaken by Economic Development (Employability and Skills) in collaboration with Children and Families between October 2012 and May 2013. The findings of this review were presented to the Economy Committee on 19 November to seek approval for a co-designed process to develop a new specification as part of the future commissioning of job-focused childcare services.
- 1.5 It is suggested that a Joint Steering Group, reflecting the continued collaboration of the two departments be established to direct the work and monitor the development of an Affordable Childcare Strategy.

2. Main report

Childcare Provision

- 2.1 Parents access a range of childcare provision in order to support their employment or training needs. This includes: Council nursery provision, private and voluntary sector partner providers of early years provision, private and voluntary sector out of school care provision, Breakfast Clubs and childminders. Parents also use informal childcare through family networks and friends.
- 2.2 Forty percent of parents access their preschool education entitlement from the 120 partner nursery providers in the City. While it may be possible for parents to buy additional hours in Council nurseries, these are only available where there is capacity and in the main, only during the school term.
- 2.3 Partner provider nurseries provide the flexibility of 8am - 6pm, year round provision that the majority of council settings do not offer. Some parents will choose to mix their provision to access partner provider nursery care on a part week basis, with the remainder of their entitlement being taken in a Council nursery, mostly in a nursery class within their catchment primary school, if there is capacity.
- 2.4 Out of School Care is available to children attending the majority of primary schools in the City. This is provided by a mixed economy of private and voluntary sector providers and does not fully meet the needs of all parents in terms of capacity and scale of provision. Parents may have to register on a waiting list for a school based club as demand exceeds supply in some areas of the city.
- 2.5 Breakfast Clubs, in existence in some schools, were set up to ensure that children had access to a safe and healthy start in the morning, preparing them for learning. Breakfast Clubs also have an important part to play in the childcare arrangements for families. Approximately 1000 children access Breakfast Clubs across the city.
- 2.6 While the Council does not have any formal responsibility for the delivery of Out of School Childcare, a free let is provided when provision takes place in school premises, whether it is provided by a private or 'not for profit' organisation.
- 2.7 The length of day available to parents using out of school care is determined by facilities management arrangements at the end of the day. Providers report that this restricts what can be offered to parents, as well as the level of accommodation that is available to them in schools where they are often competing with other after school activities sought by parents and pupils.
- 2.8 There are currently 291 childminders registered with Edinburgh's Childcare Information Service. This is a well used service although inequitably represented across the City and, in some areas, there is not sufficient supply.
- 2.9 The Childcare Funding Review found that the main barriers expressed by parents in accessing registered childcare were the cost, availability and flexibility to enable them to wrap care around their sometimes complex work patterns, and

the availability of information and guidance that would help them work out the best option for their individual circumstances.

- 2.10 The strategy will explore the challenges related to offering a level of flexibility and variable pricing models which will support parents with their working needs and is also consistent with the needs of children.
- 2.11 A further challenge is to determine how Out of School organisations might have access to slightly longer opening hours within schools. This might be addressed through the work being undertaken on Community Access to Schools.
- 2.12 Work is also required to address the gaps in the provision of childcare information, and the report which went to the Economy Committee noted the need to map existing childcare services throughout the city to increase understanding of the childcare market and inform service development. The need for accurate, live vacancy information and guidance to manage more complex needs, including emergency or short term childcare was also highlighted.

Regulation of Care

- 2.13 Childcare providers are regulated by the Care Inspectorate, and the required qualifications of practitioners and managers set by Scottish Social Services Council (SSSC). These regulations serve to ensure the quality of childcare provision for all children but have placed additional burdens on organisations in terms of reporting on quality and qualifications of managers and staff. This is proving to be particularly problematic for parent led organisations, and Lothian Association of Youth Clubs (LAYC) has been commissioned to develop support amongst Out of School Care providers. Work is also underway to explore how the Council might develop more structured support to playgroups and voluntary sector early years providers.
- 2.14 A challenge will be to identify how resources can be used to effectively support parents in their access to appropriate, affordable childcare that is of a quality that is conducive to effective learning, play and nurturing experiences for children.

Childcare Costs

- 2.15 A range of costs apply to the differing range of provision available to parents. In the main, those accessing care from an early years partner provider will have to buy on a sessional basis i.e. 8am – 1pm or 12.30pm – 6pm basis, rather than only for the hours that they require. These costs range from between £39 - £44 per day. The preschool education grant to which every child aged 3 -5 years is entitled is £1550 per year and parents receive this from their provider either as a lump sum on a termly basis or as a reduction in their monthly fee. There may be an opportunity to use the partnership agreement to influence overall childcare costs. This requires further exploration.

- 2.16 Out of School Care costs range from £6.50 to £9.40 a day Mon -Thursday, and from £10 to £14 on Friday afternoons. During holidays, the costs range from £15 to £22 per day.
- 2.17 Childminding costs range from £3 to £5 per hour across the City.
- 2.18 Currently, the cost of additional hours charged in a Council nursery is £4 per hour. The cost of childcare in Cowgate Under 5s Centre for children aged 0-5 years is £41 per day. Parents whose children are aged 3 – 5 years are also in receipt of the preschool grant which reduces the cost of the provision.
- 2.19 Fort Early Years Centre and Queensferry Early Years Centre also provide year round childcare and this is provided at a cost of £4 per hour. Work is underway to identify the level of flexibility that can be on offer particularly to vulnerable families who require support into training and employment.
- 2.20 The Childcare Funding Review reported that the cost of childcare to average 2 earner household in the UK is 27% of the average net income,
- 2.21 The following tables illustrate an analysis of Edinburgh costs in comparison with Scottish and UK average costs and demonstrate that Edinburgh's average childcare costs are higher than the national figures collated by the [Day Care Trust](#).

Edinburgh Childcare Costs

Area/Region	Nursery 25 hours (under 2)	Nursery 25 hours (2yrs plus)	Childminder 25 hours (under 2)	Childminder (2yrs plus)	After School Club (15hrs)	Childminder After School pick up
Edinburgh	£126	£120	£95	£95	£42.83	£79.80
Scotland	£101.19	£94.35	£93.22	£92.92	£50.46	£79.63
Britain	£92.36	£90.49	£95.61	£95.02	£48.46	£68

Holiday Childcare Costs in Edinburgh

Regional Average	Maintained (school, local authority) sector holiday club or play scheme	Private, voluntary and independent sector holiday club or play scheme
Edinburgh	Not provided (CEC provides some funding for holiday clubs/play schemes to the voluntary and independent sectors)	£88.30 (average based on range of costs from £15 - £34 per day)
Scotland	£120.23	£101.35
Britain	£101.97	£109.23

- 2.22 The key challenge will be to define and structure our understanding of affordability, taking into account household income, parents' preferences for care and availability to match employment needs. This also needs to factor in account of Welfare Reform change, existing Childcare Tax Credits and employer incentive including vouchers or other tax relief schemes.
- 2.23 The childcare market has been developed across all sectors and has adopted different approaches to meet business models. Developing the strategy will require further understanding of the implications of pricing models to ensure the development of sustainable, quality services. The strategy needs to explore the reasons behind the relatively high cost of childcare in Edinburgh when compared with national averages.
- 2.24 The challenge of the strategy will be to define a level of affordability that might be applied when considering the cost of childcare provision, taking account of the issues that affect the sustainability of providers and their requirements to operate to specific standards. There is scope to direct resources towards areas which are currently either not funded, under resourced or have the greatest cost implications for low income households.
- 2.25 The costs of childcare are significantly higher, for example, for children aged 0-2 years due to the increased staff ratio requirements and the lack of availability of the preschool education grant. Consideration might be given in the strategy to providing support to parents who need childcare for this particular age group.
- 2.26 The research and data on low income households in the city provides a foundation on which to build further analysis on the impacts of childcare costs for a wider population of the city. This will help to address the challenge of how to establish a workable and practical scaled range of childcare rates, dependent on household income, including working households affected by in-work poverty.

Support for Childcare

- 2.27 Subsidised childcare is currently available to families who live within specific post code areas of the city, representing the areas most affected by poverty on the basis of the uptake of Child Tax Credit and the median household income of 60% of less than the Edinburgh average income. The report outlining the findings of the childcare funding review presented to the Economy Committee recommended the development of a new specification to commission job-focused childcare services with a demand led approach. The aim of this is to ensure that the support is provided to lowest income households on a wider geographical basis.
- 2.28 Currently, families in receipt of Childcare Tax Credit have access to up to 70% of childcare costs, most likely to be the case for lone parent households. However, it is unclear as to the impact that the introduction of Universal Credit will have with the implementation of Welfare Reform. The implementation of this benefit has been delayed in Scotland by Department of Work and Pensions until 2016 at the earliest.
- 2.29 For those parents accessing recognised job related training in order that they might enter the job market, DWP will provide £35 per day of childcare costs. Colleges will also provide support for childcare costs for students but only for the time that they are present at college and do not take account of travelling time that may be required or the need to retain childcare placements over holiday periods.
- 2.30 The increase of the preschool education grant from 475 hours to 600 hours per year will positively impact on the costs of childcare. Work is currently being undertaken to establish how much flexibility might be built into the delivery of service from local authority nursery establishments.
- 2.31 The forthcoming Children's Bill will also specify 600 hours of early learning and childcare for vulnerable 2 year olds who are or have been Looked After, including those who are placed with Kinship Carers, a group for whom childcare is often critical to maintain their employment.
- 2.32 Children and young people aged 0-18 years with additional support needs who attend partner provider or Out of School Care settings, currently have access to additional resources to ensure that parents have access to suitable childcare and that their child's needs are met within a mainstream setting. For children aged 3-5 years receiving their statutory early learning and childcare entitlement, these resources are provided by the Council. Children aged 0-2 years in partner provider settings and older children in Out of School Care are provided with additional support through funding to the voluntary sector.
- 2.33 There may be further opportunity to extend support to workless households, to offer funded childcare places for parents with 2 year olds through European Structural Funding. This is likely to be focused on the most disadvantaged parents to build their work skills, education and capacity with the goal of meeting

the legislative requirements in particular for lone parents to re-engage in the jobs market when their youngest child is 5.

- 2.34 While the Council does not directly provide Out of School Care, it does provide accommodation for the majority of Clubs through the letting process. It is suggested that a policy be developed that addresses the pricing structures and opening hours of organisations making use of a free let.
- 2.35 The challenge will be to identify the opportunities that will be maximised to develop an effective Affordable Childcare Strategy.

3. Recommendations

The Education, Children and Families Committee is asked:

- 3.1 To note the content of the report and the challenges associated with the development of affordable childcare.
- 3.2 To approve the development of an Affordable Childcare Strategy on a joint basis by officers from Economic Development and Children and Families and that the aim of the strategy is that average childcare costs in Edinburgh compare more favourably with national averages.
- 3.3 To approve the establishment of a joint steering group to direct the work and monitor the development of an Affordable Childcare Strategy.
- 3.4 To approve that the Strategy will :
- define the population towards which the strategy is targeted
 - define 'affordability' which the Council will then apply when referencing costs of childcare provided by its own and other organisations
 - identify steps that that the Council might take to influence the pricing structures used by its key partners bringing childcare costs in Edinburgh in line with national averages
 - identify the key structures and resources to be used to achieve the strategy
 - integrate with employment and enterprise services supporting families to maximise their earned income

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Links

Coalition pledges	P6. Establish city-wide co-operatives for affordable childcare for working parents
Council outcomes	CO1. Our children have the best start in life, are able to make and sustain relationships and are ready to succeed CO9. Edinburgh residents are able to access job opportunities
Single Outcome Agreement	SO1. Edinburgh's Economy Delivers increased investment, jobs and opportunities for all SO3. Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	None