

# Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 1 December 2022

## Affordable Childcare for Working Parents

Executive/routine Wards Council Commitments	Executive All
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### 1. Recommendations

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- 1.1 It is recommended that Housing, Homelessness and Fair Work Committee:
  - 1.1.1 Note the output from the Affordable Childcare for Working Parents report in Appendix 4;
  - 1.1.2 Note the intention to extend the four current Affordable Childcare for Working Parents contracts for a second year, up to 31 March 2024;
  - 1.1.3 Note the intention of officers to commence a further co-production with the wider market, both employability and childcare, including market testing with other childcare providers interested in bidding for a future contract; and
  - 1.1.4 Agree that the envisaged model for the future of this funding outlined in 4.18-4.26 should form basis for co-production.

#### Paul Lawrence

Executive Director of Place

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## Affordable Childcare for Working Parents

### 2. Executive Summary

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- 2.1 This report outlines the current Affordable Childcare Service, funded from the Council's Employability budget, and considers the research undertaken by consultant Ekosgen into its effectiveness and the recommendations they provide for a future funding model.
- 2.2 The report notes the intention to extend the current contracts for Affordable Childcare for Working Parents and seeks approval to progress with a proposed model for co-production of future contracts (as outlined in paragraphs 4.18 – 4.26).

### 3. Background

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- 3.1 The Council currently funds an Affordable Childcare Service, which aims to help low-income parents gain or sustain employment. The Affordable Childcare Contracts were awarded at Finance and Resources Committee on [7 March 2019](#) to four providers, North Edinburgh Childcare, Smile Childcare, Childcare Connections and Kidzcare. Each provider receives varying amounts of funding to deliver pre-school nursery and after school (0-12 years) care.
- 3.2 The overall contract value is £872,572 per annum and was agreed for an initial period of three years from April 2019 – March 2022 with the option to extend for a further two periods of 12 months each, at the discretion of the Council. The contracts are currently in the first of the available extension periods.
- 3.3 £398,526.50 (or 46%) of the overall contract is directly used to subsidise fees for working parents, with the remaining £474,045.50 (or 54%) subsidising three of the four providers' business overheads (Appendix 1).
- 3.4 The Affordable Childcare Service was reviewed in 2013, with [new contracts awarded to existing grant recipients from 2015-2019](#). A further review was carried out in 2018 with a revised service awarded through a negotiated tender process following a lack of market interest and historical lack of commercial interest in any advertised procurement.
- 3.5 The contracts provide community-based, subsidised childcare places with a target of supporting up to 490 low-income families per annum in the four areas of Wester Hailes, South Edinburgh, North Edinburgh and Craigmillar (Appendix 1).

- 3.6 To qualify for the subsidy, the provider(s) are required to carry out a financial assessment with each family. Eligibility for the subsidy was originally based on whether the cost of childcare would take the household below 60% of median income which is recognised as relative low income. For this purpose, income includes money received through welfare benefits. Through discussions with providers, this threshold was later altered to 75% of the median income to support a greater number of parents.
- 3.7 Each of the contracted providers offer different fee structures (Appendix 2). Within that, they all offer different subsidy rates and number of places to different age groups, based on their business model. Appendix 3 provides information on the targets and achievements for each of the providers.
- 3.8 All providers are required to use the management information system, Helix (previously Caselink), to record basic details on clients in receipt of the subsidy to allow for contract management and to enable the Council to understand the efficiency of the contracts.

### **Scottish Government's Best Start, Bright Futures delivery plan**

- 3.9 As of August 2021, 1,140 hours of high quality funded early learning and childcare (ELC) is available annually to all three and four year olds, and to eligible (eligibility generally being dependent on the parents receiving certain benefits) two year olds.
- 3.10 As well as benefitting children themselves, this expansion of ELC is already making a direct contribution to reducing household costs, with the full offer of 1,140 hours saving households up to £4,900 per eligible child in 2021. It also gives parents greater opportunity to access training, employment and learning.
- 3.11 In March 2022, the Scottish Government launched a new Child Poverty strategy: [Best Start, Bright Futures 4 year delivery plan from 2022-2026](#). This includes the expansion of ELC for children aged one and two, starting with low-income households, within this Parliament and the commitment to develop a system of wraparound out of school care (OSC), which will be funded for those on low incomes.
- 3.12 The vision is that those on the lowest incomes will pay nothing for ELC and OSC. This will remove one of the key barriers preventing parents - particularly those on low incomes - from gaining access to training, study or secure employment.
- 3.13 The six priority family types identified by the Scottish Government as being at highest risk of child poverty are outlined below:
- 3.13.1 Lone parent families;
  - 3.13.2 Minority ethnic families;
  - 3.13.3 Families with a disabled adult or child;
  - 3.13.4 Families with a younger mother (under 25);
  - 3.13.5 Families with a child under 1; and
  - 3.13.6 Larger families (3+ children).

- 3.14 As part of the Best Start, Bright Futures delivery plan, a £50m funding package was to be allocated to Local Authorities to deliver employability services. This was originally due in June 2022 but has been indefinitely delayed.

### **Other Sources of Childcare Funding**

- 3.15 [Universal Credit](#) provides support to households to help meet their eligible childcare costs, enabling claimants to take up work or increase their working hours. It provides up to 85% of childcare costs subject to a maximum amount currently of:
- £645.35 for 1 child; or
  - £1,108.04 for 2 or more children.
- 3.16 This is only paid after the childcare has taken place and payments are included in the total monthly Universal Credit payment.
- 3.17 Where a parent is struggling to pay a deposit or the first month's upfront fees, they can discuss this with their work coach, and there are two options which might be available in this situation:
- 3.17.1 Money from the Flexible Support Fund (no requirement to pay this back); or
- 3.17.2 An advance from Universal Credit (must be paid back).
- 3.18 Parents who claim tax credits can add [an extra amount of Working Tax Credit](#) to help cover the cost of childcare. Both of the following must apply:
- 3.18.1 The child is in approved childcare; and
- 3.18.2 The childcare is provided in-person, not online.
- 3.19 Parents who are claiming Working Tax Credit, can also claim [Child Tax Credit](#).
- 3.20 For those parents who are not eligible for the above, the Government's [Tax Free Childcare](#) scheme offers up to £2,000 a year per child towards childcare costs, including nursery, childminder and wraparound care. For every £8 a parent pays into their Tax-Free Childcare account, the government will pay in £2.
- 3.21 The Tax Free Childcare scheme replaced the previous 'Childcare Vouchers' and 'Directly Contracted Childcare' schemes. Only parents who joined either of these schemes before 4 October 2018 and have not changed employer since can currently use them.

### **Family Support in Edinburgh**

- 3.22 In addition to the childcare funding support, there is also a wide range of other support available to parents in Edinburgh, including:
- 3.22.1 Parental Employability Support (PES) Fund projects, which were approved by Housing, Homelessness and Fair Work Committee [on 23 June 2022](#) until March 2025, to support parents from the six priority family groups identified by the Scottish Government;
- 3.22.2 No One Left Behind's Disabled PES Fund, which was also approved by Committee in June 2022, to deliver pilot projects for disabled parents.

Capital City Partnership are leading on this and have agreed with third sector partners:

- 3.22.2.1 Engagement and early employability pipeline support for parents who are engaging with family support organisations;
  - 3.22.2.2 An enhanced money advice/income maximisation offer within family support organisations;
  - 3.22.2.3 Training to enhance family support workers' understanding of the employability pipeline and help available;
  - 3.22.2.4 A childcare advice service for parents with disabilities and long-term health conditions delivered by One Parent Families Scotland;
  - 3.22.2.5 An enhancement to the All in Edinburgh supported employment programme to ensure that it is 'family friendly';
  - 3.22.2.6 The development of a community of practice for family support organisations who are supporting parents on a journey towards work;
  - 3.22.2.7 Development of marketing and communications material so that parents are signposted to relevant employability support organisations and assistance; and
  - 3.22.2.8 All partners are tasked with ensuring that pilot services are accessible to families from ethnically diverse backgrounds, there is ring-fenced resource for translation and interpretation services.
- 3.22.3 The City of Edinburgh Council's Family and Household Support Service;
- 3.22.4 [Maximise!](#) and [Maximise! Early Years](#);
- 3.22.5 [The Whole Family Equality Project](#);
- 3.22.6 [The Joined Up For Families](#) strategy; and
- 3.22.7 Recruitment of a citywide team of specialist employability key workers to strengthen and increase the capacity of the Joined Up for Families Network (as reported in [June](#) 2022). These roles would be to support parents across the city and to co-ordinate the network of services available so that services are prepared for the implementation of the Scottish Government Best Start, Bright Futures Delivery Plan before March 2023.

## 4. Main report

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- 4.1 With the introduction and planned expansion of the Scottish Government's 1,140 hours of funded childcare, plans for implementation of free wraparound care for priority school children, as well as the other sources of funding described above, the Council needed to review the Affordable Childcare for Working Parents services to

ensure that the service still provided best value and that the relevant families are benefitting from the current delivery offer.

- 4.2 Due to the complexity of the landscape, it was decided that a third party should carry out an independent review to determine the needs for a future service to ensure neutrality.

### **The Review Process**

- 4.3 To enable the review of the service, a Steering group was established in 2021 with representation from the Council, Capital City Partnership, NHS Lothian, Edinburgh Voluntary Organisations' Council (EVOG), Department of Work and Pensions (DWP) and Lothian Association of Youth Clubs (LAYC). The Steering Group also had support from the Council's Procurement team.

- 4.4 Between January and March 2022, a Quick Quote process took place to procure a consultant to carry out an independent review of this service. Ekosgen were the successful bidder and between March and August 2022, they carried out a review which included:

4.4.1 Desk research;

4.4.2 Interviews with key stakeholders; and

4.4.3 Co-production with parents, the current affordable childcare contract holders and wider employability organisations.

- 4.5 The co-production methodology was used to engage with users, beneficiaries and other stakeholders to ensure that any resulting commissioned services are fit for purpose, minimise duplication, and utilise current good practice.

- 4.6 The recommendations of the review for the future of this funding are detailed in Appendix 4. The main conclusions from the Ekosgen report are:

### **Benefits of the Current Service:**

4.6.1 In terms of providing childcare, the model has successfully supported a large number of households in Edinburgh and has been very valuable in helping these households to access and cover the cost of childcare;

4.6.2 If the subsidy had not been provided or is withdrawn, parents reported that they would find the full cost of childcare difficult to meet. For some, it would mean having to stop working, others reported that they would have to work less or take a lower paid job; and

4.6.3 By routing the subsidy through the four childcare providers, the Affordable Childcare Contracts model has supported these services and helped to ensure they have remained viable. That is not to say that they would not still be in place without the subsidy, but there is no doubt that it has enhanced their ability to provide care to both subsidised and non-subsidised households.

### **Drawbacks of the Current Service:**

- 4.6.4 Many survey respondents who use childcare but do not receive a subsidy indicated that if their childcare costs increased, it would add to financial pressures and, for a sizeable proportion it would mean that they would have to stop working or change their work. Given the rising costs of living and the fact that overall wage increases are not keeping pace, it is reasonable to project that the cost of childcare may be more difficult and more prohibitive for households on lower incomes going forward. Rising costs, for example energy, may also mean that childcare providers have to increase fees, thus exacerbating the issue of affordability;
- 4.6.5 Given the rising costs of living and the fact that overall wage increases are not keeping pace, it is reasonable to project that the cost of childcare may be more difficult and more prohibitive for households on lower incomes going forward;
- 4.6.6 The evidence indicates that the programme has not succeeded in integrating employability support with the subsidised childcare and this is a missed opportunity in terms of supporting parents to move into and enhance their employment;
- 4.6.7 The subsidised care is available to parents and carers in employment as well as those looking to take up a job. However, there is no evidence that employability providers are referring people to the subsidised services to enable them to enter employment, and the majority (some indications point to all) of the subsidised childcare is being taken up by parents who are already working; and
- 4.6.8 In undertaking the research, it became clear that the performance monitoring data is not adequate in driving or assessing performance against targets. This means that the review has not been able to draw any meaningful conclusions on progress towards, and achievement of, targets. It also means that the Council cannot actively review and manage performance or accurately identify overall impact on the incomes of supported households.

### **Essential Requirements for a Future Service:**

- 4.6.9 There remains a need for the cost of childcare to be removed as a barrier for working parents and carers on low incomes in Edinburgh. To use available resources most effectively, this should continue to be targeted at those most in need and who could benefit; and
- 4.6.10 Support should be linked to the 1,140 funded hours and be designed to fill the gaps between these funded hours and what the household requires to enhance their employability (and income) in line with the objectives of the subsidised childcare.

4.7 The options recommended are either:

4.7.1 Funding (at whatever level) is routed through providers in specific locations in Edinburgh. This could be the current providers or providers that have not been involved to date; or

4.7.2 Funding follows the family, meaning that the subsidy is linked to the child and can be used by participating ELC and OSC providers in any part of Edinburgh, including childminders.

4.8 The table below provides an overview of the considerations for each:

Considerations	Funding routed to providers	Funding follows the child
Enhances viability of providers	<ul style="list-style-type: none"> <li>• Supports funded providers</li> <li>• Childminders do not benefit from the current Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Minimal impact as the subsidy is spread across more providers</li> <li>• Could support childminders to be viable</li> </ul>
Management and administration	<ul style="list-style-type: none"> <li>• Straightforward and a continuation of current processes</li> </ul>	<ul style="list-style-type: none"> <li>• More complicated and time consuming</li> </ul>
Supporting Edinburgh households in need	<ul style="list-style-type: none"> <li>• Reach limited by the geographic focus on four areas</li> </ul>	<ul style="list-style-type: none"> <li>• Greater reach across the city meaning more equitable access to affordable childcare</li> </ul>
Monitoring performance (assuming development of new process)	<ul style="list-style-type: none"> <li>• A small number of providers can provide monitoring information on a cohort of households relatively easily</li> </ul>	<ul style="list-style-type: none"> <li>• Information gathering likely to be more complex</li> </ul>
Integrating with employability services	<ul style="list-style-type: none"> <li>• Building and sustaining relationships between childcare providers and employability services can be focused</li> <li>• Providers in deprived areas may be more able to provide employability information and referrals</li> </ul>	<ul style="list-style-type: none"> <li>• A large number of childcare providers so less focused integration.</li> <li>• Employers across Edinburgh will have varying knowledge and understanding of employability.</li> </ul>

4.9 Publicising the future service to parents out with the immediate areas will be vital for any future services to ensure equity of opportunity. Additionally, it will be vital to link closely with employability services and advice services to ensure the offer is joined up and parents are supported in a whole life approach.

4.10 To undertake a value for money (VfM) assessment in the future, it will be important that the performance monitoring framework gathers detailed and accurate



information about the financial outcomes for households for example: income safeguarded; increased income; reductions in benefits. For a robust assessment of VfM, information on attribution would be required, which means the extent to which these outcomes are as a direct result of the intervention (in this case, the subsidised childcare).

### **Considerations for the future funding**

- 4.11 It is clear from the research that there is an increasing number of parents in Edinburgh who require childcare support as well as support with childcare costs, and that this needs to sit alongside income maximisation and employability support to best ensure parents can be supported to move into or progress in employment.
- 4.12 The Affordable Childcare for Working Parents Service is included as part of the [City of Edinburgh Local Child Poverty Action Report](#) and it is therefore recognised as a key service to support families out of poverty.
- 4.13 Conversely, the research undertaken by Ekosgen highlighted that there are many parents who are not currently accessing the subsidised childcare offer from the four providers who could -and should- be able to benefit.
- 4.14 Additionally, the varying rates of subsidy across the four providers means there is an imbalance of service within the current model.
- 4.15 The landscape of childcare funding that existed when these contracts were originally procured has changed considerably and will continue to change as the Scottish Government enhance the support through the Best Start, Bright Futures Child Poverty strategy.
- 4.16 The providers that deliver ELC also receive funding per child to deliver 1,140 hours. The rates for this were recently increased in Edinburgh at the Education, Children and Families Committee on [20 September 2022](#). This will expand further within this parliamentary term to include one and two year olds.
- 4.17 Additionally, funding to deliver OSC will also be introduced.

### **Future model of funding**

- 4.18 It is recommended that the implementation of this funding be revised to ensure employability and income maximisation are integrated into the support to parents.
- 4.19 Through negotiation with the current four providers, officers intend to extend the contracts for 12 months, in line with the original Committee approval, to 31 March 2024. This will allow time to carry out further co-production with the wider market, both employability and childcare. It will also allow time to carry out market testing around potential other childcare providers interested in bidding for a future contract.
- 4.20 Additionally, the extension year will allow time to learn from the pilot childcare advice service and the other pilot activity outlined in 3.21.2. It will also allow time to investigate and resolve some of the considerations outlined by Ekosgen in 4.6.
- 4.21 It is envisaged that the future service will be city-wide and include a parental employability service that is integrated with the childcare providers. This will be achieved through a team of parental employment support officers and will offer

holistic support to parents to achieve their employment goals, maximise their income and provide practical childcare support, ensuring that all sources of childcare funding are applied.

- 4.22 To improve the data collection and performance monitoring of the services, the parental employment support officers will support providers to ensure accurate data input. It is acknowledged that the primary function of the childcare providers is to provide high quality childcare and that this is an area where employability officers could support the current contract providers.
- 4.23 Ensuring continued alignment of the services going forward will ensure a 'whole life approach' to supporting families. This responds to the learnings from Ekosgen's report that the integration of advice and employability support in the current contracts has been weak and must be strengthened as a priority going forward.
- 4.24 The current four providers all offer varying rates of subsidised fees. To ensure equity of opportunity for all parents that access a future service, the subsidised rates for each age group should be standardised.
- 4.25 It is further envisaged that a larger proportion of the funding will go to subsidising fees rather than to subsidise the organisations delivering the service, however this needs to be considered in the context of the availability of childcare provision in certain areas of the city.
- 4.26 The Best Start, Bright Futures Delivery Plan is from 2022-2026. It is therefore proposed that a new affordable childcare provision commences from 1 April 2024 for an initial period of two years with the option to extend for a further two 12-month periods.

## **5. Next Steps**

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- 5.1 If Committee approves the recommendations of this report:
  - 5.1.1 Officers will undertake further research and co-production to develop a final model to take this funding forward, working in partnership with the established steering group, linking closely with the other family services and utilising the findings and recommendations from Ekosgen's report. This will sit alongside the development and recruitment of the Parental Employment Support team and operate with the aim for this service to begin in April 2024;
  - 5.1.2 A report with the final proposed delivery model will be presented at a future Housing Homelessness and Fair Work Committee; and
  - 5.1.3 Alongside this strategy, officers will link with Scottish Government and other local authorities to develop and implement the Best Start, Bright Futures Delivery Plan for Edinburgh as this is rolled out.

## **6. Financial impact**

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- 6.1 Currently, there is £872,572 of funding supporting the delivery of this service from the Council's core budget, taking into account the reduction this year to the Kidzcare funding.
- 6.2 The Parental Employability Support Officers will be funded through the Scottish Government's existing funding allocation to enhance this service.
- 6.3 If this proposal is agreed, Officers will carry out a full analysis of costs and fees to develop a subsidy model.
- 6.4 Additional activity which may sit alongside this funding is likely to utilise the anticipated Scottish Government Child Poverty allocation. This will be outlined in a future report to committee as and when the allocation and the parameters for delivery are confirmed from the Scottish Government.

## **7. Stakeholder/Community Impact**

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- 7.1 Stakeholders and local communities have been involved throughout the process of the review and co-production of these services to ensure that the views of the clients and target groups of these services have been represented. Please refer to main body for full explanation of stakeholder involvement within the process.
- 7.2 An Integrated Impact Assessment has been carried out throughout the process. This continues to be developed and remains a live document while the strategy is in development. As with all strategic decisions, the aim is to ensure no-one is adversely affected by any proposals and programmes and that all services are fully inclusive.
- 7.3 The impact on families that can access a future Affordable Childcare Service are positive as it enables parents to gain and sustain employment. Ensuring there is strong links and partnership working with employability and advice services, including income maximisation which will ensure that these families benefit in real financial terms.
- 7.4 Partnership working is at the heart of the development of this proposal, both between Council departments and other partners. The steering group includes key stakeholders who have supported and helped shape the process from the beginning.

## **8. Background reading/external references**

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- 8.1 [Scottish Government - Best Start, Bright Futures: tackling child poverty delivery plan 2022 to 2026.](#)
- 8.2 [City of Edinburgh Local Child Poverty Action Report.](#)
- 8.3 [Council Commitments – Delivering an Economy for All.](#)

8.4 [Scottish Government's Parental Employment Support Fund.](#)

## **9. Appendices**

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9.1 Appendix 1 - Current contracts information.

9.2 Appendix 2 - Current Providers Fee Structures.

9.3 Appendix 3 - Targets and Outcomes 2019 – 2023.

9.4 Appendix 4 - Ekosgen report (The Future of Affordable Childcare for Working Parents).

## Appendix 1: Current contracts information

### Current Total Funding Level

Provider	Total funding per annum	Business subsidy per annum	% of allocation towards business subsidy
Childcare Connections	£132,240	£86,466	65%
Kidzcare	£86,150	£0	0
North Edinburgh Childcare	£395,369	£196,530	50%
Smile Childcare	£258,813	£191,049.50	74%
<b>TOTAL</b>	<b>£872,572.00</b>	<b>£474,045.50</b>	<b>54%</b>

### Subsidised Places and rates

Childcare Connections				
Child age bracket	No of weeks provision	No of subsidised places offered per day	Cost of subsidy to the Council per day	Total Funding Allocation
0 – 2 years Nursery Care				
2 – 3 years Nursery Care (NOT 'eligible 2s')				
5 – 12 term time Breakfast Club Mon- Fri	38	18	£0.50	£1,710
5 – 12 term time – Mon – Thurs ASC	38	96	£2	£29,184
5 – 12 term time Friday ASC	38	96	£2.50	£9,120
5 – 12 holiday full day	12	24	£4	£5,760
OVERALL BUSINESS SUBSIDY – towards general running costs				£86,466
			<b>TOTAL</b>	<b>£132,240</b>

Kidzcare				
Child age bracket	No of weeks provision	No of subsidised places offered per day	Cost of subsidy to the Council per day	Total Funding Allocation
0 – 2 years Nursery Care	51	8	£15.50	£31,620
2 – 3 years Nursery Care (NOT 'eligible 2s')	51	11	£15.50	£43,478
5 – 12 term time Breakfast Club Mon- Fri	0	0	£0.00	£0.00
5 – 12 term time – Mon – Thurs ASC	38	40	£1.75	£10,640
5 – 12 term time Friday ASC	38	40	£1.75	£2,660
5 – 12 holiday full day	8	5	£6.00	£1,200
OVERALL BUSINESS SUBSIDY – towards general running costs				
<i>(all places are subsidised)</i>			<b>TOTAL</b>	<b>£89,598</b>

<b>North Edinburgh Childcare</b>				
<b>Child age bracket</b>	<b>No of weeks provision</b>	<b>No of subsidised places offered per day</b>	<b>Cost of subsidy to the Council per day</b>	<b>Total Funding allocation</b>
0 – 2 years Nursery Care	50	8 7	£4.86 £4.86+£6.46	£9,720 £19,810
2 – 3 years Nursery Care (NOT 'eligible 2s')	50	8 10	£2.26 £2.26+£6.46	£4,520 £21,800
5 – 12 term time Breakfast Club Mon- Fri	50	0 23	£1.82 £1.82+£6.46	£0.00 £47,610
5 – 12 term time – Mon – Thurs ASC	38	150 90	£1.01 £1.01+£1.22	£23,028 £30,506.40
5 – 12 term time Friday ASC	38	150 90	£0.74 £0.74+£0.61	£4,218 £4,617
5 – 12 holiday full day	12	62 70	£1.58 £1.58+£4.88	£5,877.60 £27,132
OVERALL BUSINESS SUBSIDY – towards general running costs				£196,530
<i>(2 levels of subsidy available)</i>			<b>TOTAL</b>	<b>£395,369</b>

<b>SmileChildcare</b>				
<b>Child age bracket</b>	<b>No of weeks provision</b>	<b>No of subsidised places offered per day</b>	<b>Cost of subsidy to the Council per day</b>	<b>Total Funding Allocation</b>
0 – 2 years Nursery Care	50	12	6.22	18,660
2 – 3 years Nursery Care (Non-funded – i.e NOT eligible 2s)	50	10	6.22	15,550
3 - 4 years Nursery Care (before SG 1140 funding starts)	50	0	0	0
5 – 12 term time – Mon – Thurs	38	15	1.89	4,309.20
5 – 12 term time Friday	38	15	3.24	1,846.80
5 – 12 holiday full day	12	12	4.00	2,880
5 – 12 Full Year Care Mon - Thurs	50	35	2.73	19,110
5 – 12 Full Year Care Friday	50	35	3.09	5,407.50
OVERALL BUSINESS SUBSIDY – towards general running costs				191,049.50
			<b>TOTAL</b>	<b>£258,813</b>

It should be noted that COVID 19 had an impact on all providers, as with most childcare services, and the long-term implications of this are still being identified.

For Kidzcare, the after school club they operated was forced to close at the end of June 2022 due to lack of viability. They saw a sharp reduction in parents requiring the care and the service was no longer cost effective. Parents affected by the closure of the after school club were offered support to find alternative care, including the offer of employability

provision. Their revised funding allocation with the Campus after school club closing on 30 June 2022 but the nursery continuing to 31 March 2023 is £86,150. The breakdown of places is in the table below:

<b>Kidzcare</b>				
<b>Child age bracket</b>	<b>No of weeks provision</b>	<b>No of subsidised places offered per day</b>	<b>Cost of subsidy to the Council per day</b>	<b>Total Funding Allocation</b>
0 – 2 years Nursery Care	51	8	£16.30	£31,620
2 – 3 years Nursery Care (Non-funded – i.e NOT eligible 2s)	51	11	£16.30	£43,478
5 – 12 term time Breakfast Club Mon- Fri	0	0	£0.00	£0.00
5 – 12 term time – Mon – Thurs ASC	12	15	£8.30	£5,976
5 – 12 term time Friday ASC	12	12	£8.30	£1,195
5 – 12 holiday full day	0	0	£6.00	£0.00
OVERALL BUSINESS SUBSIDY – towards general running costs				
<i>(all places are subsidised)</i>			<b>TOTAL</b>	<b>£86,150</b> (rounded)

## Appendix 2: Current Providers Fee Structures

### Overview of current subsidised and unsubsidised rates

Daily rates		Childcare Connections	North Edinburgh Childcare	Smile Childcare	Kidzcare
0-2yrs	Unsubsidised	-	£53.33	£45.00	£55.70
	Subsidised	-	£47.60 (tier 2) £40.15 (tier 1)	£39.74 (subsidy 1) £34.56 (subsidy 2)	£40.85
2-3yrs	Unsubsidised	-	£45.93	£45.00	£55.70
	Subsidised	-	£43.31 (tier 2) £35.79 (tier 1)	£39.74 (subsidy 1) £34.56 (subsidy 2)	£40.85
3-5yrs	Unsubsidised	-	£47.68	£45.00	£55.70
	Subsidised	-	£45.56 (tier 2) £38.04 (tier 1)	£39.74 (subsidy 1) £34.56 (subsidy 2)	£40.85
OSC Mon-Thurs	Unsubsidised	£12.60	£13.69	£11.07	-
	Subsidised	£10.00	£12.54 (tier 2) £11.14 (tier 1)	£9.08	-
OSC Friday	Unsubsidised	£15.60	£18.25	£15.12	-
	Subsidised	£12.50	£17.41 (tier 2) £16.71 (tier 1)	£12.38	-
OSC Holiday	Unsubsidised	£25.20	£29.65	£25	-
	Subsidised	£20.00	£27.84 (tier 2) £22.27 (tier 1)	£20.50	-

### Full Fee Structures for the 4 Providers

Childcare Connections Fees 2022		
Out of School Care		
	Subsidised	Non subsidised
Monday to Thursday (Term time)	£10.00	£12.60
Friday (Term time)	£12.50	£15.60
Full day ( school holidays)	£20.00	£25.20
Half day Am/PM (school holidays)	£12.50	£15.75



## North Edinburgh Childcare

ROBIN ROOM (4 months – 2 years) FROM 1 APRIL 2022 TO 31 MARCH 2023

	<u>Tier 3</u>	<u>Tier 2</u>		<u>Tier 1</u>	
	Fee Tier 3	Subsidy	Fee Tier 2	Additional Subsidy	Fee Tier 1
AM	£28.44	-£2.79	£25.65	-£3.82	£21.83
PM	£24.89	-£2.94	£21.95	-£3.63	£18.32
<b>FD Total</b>	<b>£53.33</b>	<b>-£5.73</b>	<b>£47.60</b>	<b>-£7.45</b>	<b>£40.15</b>

PUFFIN ROOM (2-3 years) FROM 1 APRIL 2022 TO 31 MARCH 2023

	<u>Tier 3</u>	<u>Tier 2</u>		<u>Tier 1</u>	
	Fee Tier 3	Subsidy	Fee Tier 2	Additional Subsidy	Fee Tier 1
AM	£23.94	-£1.31	£22.63	-£3.76	£18.87
PM	£21.99	-£1.31	£20.68	-£3.76	£16.92
<b>FD Total</b>	<b>£45.93</b>	<b>-£2.62</b>	<b>£43.31</b>	<b>-£7.52</b>	<b>£35.79</b>

PENGUIN ROOM (3-5 years) FROM 1 APRIL 2022 TO 31 MARCH 2023

	<u>Tier 3</u>	<u>Tier 2</u>		<u>Tier 1</u>	
	Fee Tier 3	Subsidy	Fee Tier 2	Additional Subsidy	Fee Tier 1
AM	£24.81	-£1.06	£23.75	-£3.76	£19.99
PM	£22.87	-£1.06	£21.81	-£3.76	£18.05
<b>FD Total</b>	<b>£47.68</b>	<b>-£2.12</b>	<b>£45.56</b>	<b>-£7.52</b>	<b>£38.04</b>

OUT OF SCHOOL

	<u>Tier 3</u>	<u>Tier 2</u>		<u>Tier 1</u>	
	Fee Tier 3	Subsidy	Fee Tier 2	Additional Subsidy	Fee Tier 1
Mon-Thu	£13.69	-£1.15	£12.54	-£1.40	£11.14
Friday	£18.25	-£0.84	£17.41	-£0.70	£16.71
TT per Week	£73.01	-£5.44	£67.57	-£6.30	£61.27
Holiday Day	£29.65	-£1.81	£27.84	-£5.57	£22.27
Holiday Week	£148.25	-£9.05	£139.20	-£27.85	£111.35
1/2 Day HC Fee	£17.79	-£1.09	£16.70	-£3.34	£13.36

BREAKFAST CLUB

	Fee
Per Day	£5.01

<b>Smilechildcare– Fees from August 2022</b>				
<b>Under-5s year-round full-day care</b>				
	<b>Third Party</b>	<b>Full Cost</b>	<b>Median Subsidy 1</b>	<b>Subsidy 2</b>
Week	£247.50	£225.00	£198.70	£172.80
Day	£49.50	£45.00	£39.74	£34.56
AM	£26.75	£23.50	£20.87	£18.28
PM	£22.75	£21.50	£18.87	£16.28
<b>1140 Funded Inc. Eligible 2's weekly funding reductions based on full time hours are as follows:</b>				
		<b>Full Cost</b>	<b>Funded</b>	
	1140 hours term-time weekly reduction - £39.74	£119.10		
	1140 hours Full Year weekly reduction - £39.74	$£90.52 \times 50 / 12 = £377.15$		
	1140 hours term-time weekly reduction - £45.00	£135.00		<b>Use Median 1140 rate if funded.</b>
	1140 hours Full Year weekly Reduction - £45.00	$£102.60 \times 50 / 12 = £427.50$		
<b>Out of school care – term time only</b>				
	<b>Third Party</b>	<b>Full cost</b>	<b>Funded</b>	
Week	£65.31	£59.40	£48.70	
Mon-Thurs	£12.17	£11.07	£9.08	
Fri Half Day	£16.63	£15.12	£12.38	
<b>Out of school care – holidays only</b>				
	<b>Third Party</b>	<b>Full cost</b>	<b>Funded</b>	
Per day – all ages		£25	£20.50	
AM or PM		£13.50	£11.50	
<b>Out of school care – full year</b>				
	<b>Third Party</b>	<b>Full cost</b>	<b>Funded</b>	
Week	£84.77	£77.06	£63.18	
Mon - Thurs	£16.30	£14.82	£12.15	
Fri Half Day	£19.56	£17.78	£14.58	
<b>Breakfast Club</b>				
		<b>Full Cost</b>		
Per Day		£5.00		

**KIDZCARE @ HAYSTAX****FEE SHEET****EFFECTIVE FROM 01 JANUARY 2022**

	<b>Subsidised rates</b>		<b>Standard rates</b>	
	<b>2022</b>		<b>2022</b>	
	Monthly	Weekly	Monthly	Weekly
1 Session	£89.00	£20.95	£128.00	£30.10
2 Session	£178.00	£41.90	£256.00	£60.20
3 Session	£267.00	£62.85	£384.00	£90.30
4 Session	£356.00	£83.80	£512.00	£120.40
5 Session	£445.00	£104.75	£640.00	£150.50
1 day	£174.00	£40.85	£237.00	£55.70
2 day	£348.00	£81.70	£474.00	£111.40
3 day	£522.00	£122.55	£711.00	£167.10
4 day	£696.00	£163.40	£948.00	£222.80
5 day	£870.00	£204.35	£1,185.00	£278.50
5 full days - 10% discount			£1,067.00	
<u>Short Stop</u>				
1 Session	£48.00	£11.20	£72.00	£16.85
2 Sessions	£96.00	£22.40	£144.00	£33.70
3 Sessions	£144.00	£33.60	£216.00	£50.55
4 Sessions	£192.00	£44.80	£288.00	£67.40
5 Sessions	£240.00	£56.00	£360.00	£84.25
<u>Wrap Around</u>				
1 session	£30.00	£6.95	£30.00	£6.95
2 sessions	£60.00	£13.90	£60.00	£13.90
3 sessions	£90.00	£20.85	£90.00	£20.85
4 sessions	£120.00	£27.80	£120.00	£27.80
5 sessions	£150.00	£34.75	£150.00	£34.75

## Appendix 3 Targets and Outcomes 2019 – 2023

2022 - 2023					
	Targets	Number of new families engaged in this financial year (subsidised)	Total number of families supported in this financial year (subsidised)	Number of families referred to employability/ support organisations (up to 30 June 2022)	Number of families assessed as not requiring subsidy due to improved income (target at least 10%)
Childcare Connections	Annual	20	60	25	6
	Actual to date	0	50	1	0
Kidzcare	Annual	12	47	14	5
	Actual to date	2	37	1	4
North Edinburgh Childcare	Annual	100	100	30	10
	Actual to date	8	111	0	1
Smile Childcare	Annual	154	271	20	27
	Actual to date	5	18	0	0
TOTAL	Annual	286	478	89	48
	Actual to date	15	216	2	5

2021 - 2022					
	Targets	Number of new families engaged in this financial year (subsidised)	Total number of families supported in this financial year (subsidised)	Number of families referred to employability/ support organisations	Number of families assessed as not requiring subsidy due to improved income (target at least 10%)
Childcare Connections	Annual	20	60	25	6
	Actual to date	32	53	5	4
Kidzcare	Annual	20	87	14	9
	Actual to date	8	46	12	6
North Edinburgh Childcare	Annual	100	100	30	10
	Actual to date	18	20	2	4
Smile Childcare	Annual	154	271	20	27
	Actual to date	14	29	3	0
TOTAL	Annual	294	518	89	52
	Actual to date	72	148	22	14

**2020 - 2021**

	Targets	Number of new families engaged in this financial year (subsidised)	Total number of families supported in this financial year (subsidised)	Number of families referred to employability/ support organisations	Number of families assessed as not requiring subsidy due to improved income (target at least 10%)
Childcare Connections	Annual	20	60	25	6
	Actual to date	2	36	3	1
Kidzcare	Annual	20	87	14	9
	Actual to date	25	63	7	14
North Edinburgh Childcare	Annual	100	100	30	15
	Actual to date	18	270	0	178
Smile Childcare	Annual	154	271	20	27
	Actual to date	1	18	1	1
TOTAL	Annual	294	518	89	57
	Actual to date	46	387	11	194

**2019 - 2020**

	Targets	Number of new families engaged in this financial year (subsidised)	Total number of families supported in this financial year (subsidised)	Number of families referred to employability/ support organisations	Number of families assessed as not requiring subsidy due to improved income (target at least 10%)
Childcare Connections	Annual	20	60	25	39
	Actual to date	15	117	5	11
Kidzcare	Annual	20	87	14	9
	Actual to date	19	80	7	11
North Edinburgh Childcare	Annual	100	100	30	15
	Actual to date	49	52	0	48
Smile Childcare	Annual	154	271	20	27
	Actual to date	40	45	2	0
TOTAL	Annual	294	518	89	90
	Actual to date	123	294	14	70

**Appendix 4: Ekosgen report**



**The Future of Affordable Childcare for Working  
Parents  
for  
The City of Edinburgh Council**

**September 2022**



Report completed/submitted by:	Pamela Reid and Adam Ferguson
Proof check completed by:	8 <sup>th</sup> September 2022
Date:	
Report reviewed by:	Pamela Reid
Date:	8 <sup>th</sup> September 2022

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## Introduction

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### Background and context

1.1. In March 2022, the City of Edinburgh Council commissioned ekosgen to review its Affordable Childcare Contracts model which seeks to support low income families in the city through the provision of subsidised childcare.

1.2. The model has been active for over 10 years, with the latest delivery period from April 2019 to March 2023, the period this review is focused on. The Council's Business Growth and Inclusion Team (BGI) awards £870,000 each year to four childcare providers in the most deprived areas of the city to facilitate the subsidisation of childcare for families across pre-school nursery and after school (0-12 years). Its overarching aim is: *'To ensure that as many families as possible are supported to access subsidised childcare as part of an integrated, person-centred approach to reducing poverty and inequality'*.

1.3. Therefore, alongside childcare, the model seeks to improve the employability prospects of parents/carers. A more detailed description of and background to the model is provided in Chapter 3.

1.4. The landscape of the childcare sector in Scotland has changed and will continue to do so, driven by the introduction of 1,140 hours of funded provision. Recent policy commitments set out in the Scottish Government's 2021-22 Programme for Government, including the offer of funded places being extended to younger age groups where a household has a low income and a system of out of school care (OSC) covering before and after school as well as holiday care, also have implications for the sector and workforce at both national and local levels. Alongside this, the sector had to operate within difficult and restrictive parameters throughout the COVID-19 pandemic, and it continues to face challenges when it comes to recruiting new entrants and retaining existing employees.

1.5. Taking all of this into consideration, it was important for the City of Edinburgh Council to understand the effectiveness of its current model with a view to ensuring childcare is both affordable and accessible for low income families in Edinburgh.

### Study aims

1.6. The overall aim of this research is to investigate whether the current Affordable Childcare Contracts delivery model is appropriate and meeting the needs to low income families looking to gain or sustain employment in Edinburgh. The study has several key objectives, as set out below:

- Review good practice examples from other local authority areas in Scotland in terms of supporting families into employment through childcare intervention or assistance;
- Analyse the current level of childcare provision in Edinburgh, particularly for working families seeking employment or looking to sustain employment, and establish what childcare services would meet the needs of parents/carers to achieve this;
- Indicate the strengths and weaknesses of the current model and the impact of the current investment;
- Analyse the employability landscape in Edinburgh in relation to current and potential working parents/carers through analysis of labour market statistic, local employability data, and child poverty reports to help identify the need for the Affordable Childcare Contracts model;
- Using co-production to understand the views of working parents/carers, prospective service users and employability providers who may have a role in support families to sustain or progress in employment; and

- Produce recommendations on how the Council can better support working families on low incomes, reduce poverty and ensure the best value for its available spend.

## Study methods

1.7 A key component of the research methodology was that it was participatory to ensure co-production through engagement with parents, childcare and employability provider, and key stakeholders. The study method is presented in Figure 1.1.

• **Figure 1.1: Study method**



1.8. Further detail on the methodology is presented throughout the report, however a brief breakdown of the primary research undertaken is provided in Table 1.1.

• **Table 1.1: Primary research summary**

Target	Approach
Key stakeholders	<ul style="list-style-type: none"> <li>• 6 consultations with key stakeholders, including the City of Edinburgh Council, Capital City Partnership employability providers, and membership organisations</li> </ul>
Childcare providers	<ul style="list-style-type: none"> <li>• 4 consultations with each of the childcare providers funded as part of the Affordable Childcare Contracts model</li> </ul>
Employability providers	<ul style="list-style-type: none"> <li>• Focus group with 3 employability providers operating in Edinburgh</li> </ul>
Parents – subsidised and non-subsidised	<ul style="list-style-type: none"> <li>• Focus group with 3 parents receiving subsidised childcare support</li> <li>• One online survey with separate question sets:                             <ul style="list-style-type: none"> <li>○ One for subsidised parents receiving childcare support which received 57 responses</li> <li>○ One for non-subsidised parents/carers accessing childcare in Edinburgh which received 352 responses</li> </ul> </li> </ul>
Local authorities	<ul style="list-style-type: none"> <li>• 3 consultations with local authorities to explore alternative approaches to childcare and employability support services</li> </ul>

1.9. Throughout the research process, a series of presentations were delivered to the project Steering Group to report on study progress and emerging findings. These also provided an opportunity

for Steering Group members to contribute to the research and provide valuable expertise on both the Affordable Childcare Contracts model and the childcare and employability landscape in Edinburgh.

## Structure of the report

1.10. The remainder of the report is structured as follows:

- **Chapter 2** sets out the childcare and employability landscape in Edinburgh, including the number of businesses and employees in the childcare sector and a mapping of employability services.
- **Chapter 3** outlines the Affordable Childcare Contracts model and the strategic context within which it sits.
- **Chapter 4** explores the childcare needs in Edinburgh, covering the current use of childcare, employment, education and training outcomes, and the strengths and challenges of the Affordable Childcare Contracts model. It then highlights future support needs.
- **Chapter 5** considers examples of good practice across Edinburgh and other local authorities around childcare and employability services and lowering the cost of childcare for families.
- **Chapter 6** provides our overall conclusions, issues for considerations and recommendations from the research.

1.11. The following information is appended:

- **Appendix 1** presents the organisations who were consulted as part of the research.
- **Appendix 2** sets out the childcare business and employment landscape in Edinburgh in more detail.

## 2 Childcare and employability in Edinburgh

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### Introduction

2.1 This chapter presents a broad overview of the childcare sector in Edinburgh, drawing on secondary data sources to present a profile of childcare-related businesses and employees in the city. Thereafter, it maps out the existing employability landscape in Edinburgh, setting out the services that are available. More detail on the definitions used in this analysis, the business base, and the employment for the childcare sector in Edinburgh can be found at **Appendix 2**.

### Business base and employment

2.2. The number of childcare businesses in Edinburgh grew at a pace faster than all Edinburgh businesses between 2013 and 2015 but have been on an overall decline since 2016. At the same time, growth across all businesses has largely remained steady. In 2021, there were about 120 child day-care activities and 15 pre-primary education businesses in Edinburgh, for a total of around 135 childcare businesses in the city.

2.3. Childcare businesses in Edinburgh are overall larger in size than childcare businesses across Scotland. This reflects the high demand for childcare provision in Edinburgh, one of Scotland's largest cities, and the need for businesses with a suitably sized workforce to meet this demand.

2.4. The two subsectors however differ in the size of businesses. On the one hand, the Pre-primary education sub-sector in Edinburgh is made up entirely of micro and small businesses, with small businesses increasing slightly from 2011 to 2021. On the other hand, the Child day-care activities sub-sector, whilst being made up predominantly of micro and small businesses, also contains some medium-size businesses.

2.5. The Pre-primary education businesses have had some growth in size from 2011 to 2021, reflecting the nature of the sector and service delivery, where settings with between 10 and 49 employees tend to be the norm. In the Child day-care activities subsector, instead, there has been some growth in the number of micro Child day-care activities businesses in Edinburgh from 2011 to 2021, which may be due to more demand for childcare services as a result of the introduction of 1,140 funded hours in 2021.

2.6. The number of childcare employees increased by just over 3% between 2016 and 2020, driven entirely by an increase in number of Pre-primary education employees. Childcare employment has been more volatile than overall employment Edinburgh. The former saw a sharp increase between 2018 and 2019, likely due to preparation efforts for the introduction of 1,140 funded hours. There was a decline in the following year due to the COVID-19 pandemic and its impact on employment stability.

2.7. Pre-primary education employees located in Edinburgh are more likely than the national average to be employed full time rather than part time. This may reflect the nature and scale of the service in Edinburgh, a large and densely populated city. There is, however, no such difference between Edinburgh-located or national employees for the child day-care subsector.

2.8. Childcare services make up a substantive part of Edinburgh's social services: in 2020, around 59% of social services in Edinburgh were childcare-related. Mirroring all social services in Edinburgh and childcare services in Scotland, childcare services in Edinburgh declined from 2016 to 2020, particularly Day care of children services.

2.9. Despite the decline in the number of Care Inspectorate-registered childcare services in Edinburgh between 2016 and 2020, there has been a slight increase in the number of workers across the period. This may indicate a higher share of the workforce being employed in fewer organisations

and could have implications for future service delivery if the trend continues, e.g. fewer childcare options for parents and carers to choose from.

## Employability services

2.10. The section presents an overview of services that provide employability support and information to individuals living in Edinburgh. The current Affordable Childcare Contracts model already engages with some of the services described below, and any future model should seek to continue and expand on this engagement order to improve employment outcomes and address cost as a barrier to childcare.

### Joined up for Jobs

2.11. The Joined up for Jobs network is a partnership of third, private and public sector organisations working towards achieving inclusive growth in Edinburgh<sup>1</sup>. A range of key stakeholders work collaboratively to provide employability support across the city, including the City of Edinburgh Council, Capital City Partnership, Department for Work and Pension, Skills Development Scotland, Edinburgh college, Edinburgh Chamber of Commerce, and Edinburgh University. The Joined up for Jobs website provides a directory of all the organisations and services offering employability support in Edinburgh, as well as information on upcoming employability events and the Joined up for Jobs noticeboard, which displays the latest news, course and training information, conferences, and job vacancies. As well as supporting job seekers, the Joined up for Jobs network can assist employers and service providers through:

- **Joined up for Business:** Brings together a range of employer services under one framework to provide support for specific business needs, including bespoke recruitment services, vacancy posting, identifying financial incentives, SME and micro business support, and more. As an example, the Recruitment and Skills Centre (RSC) at Fort Kinnaird is a partnership with British Land and Joined up for Business and supports jobseekers to gain and retain employment in the area<sup>2</sup>.
- **Joined up for jobs provider forum:** An independent network of employability service providers in Edinburgh, run by and for providers through a steering group. It meets regularly with the aim of strengthening the links between employability and tackling poverty in the city.

2.12. Some examples of organisations that are part of the Joined up for Jobs network are provided below.

### Community Help & Advice Initiative (CHAI)

2.13. CHAI operates across Edinburgh and Midlothian and provides advice and information on topics including housing, welfare benefits, money, and employability<sup>3</sup>. The service is free and confidential and has a strong focus on supporting young people into employment, while also supporting adults and families. CHAI works in partnership with the Dunedin Canmore Housing Association to deliver the No One Left Behind<sup>4</sup> activity agreement, engaging with young people aged between 15.5 years and 26 years old.

2.14. The service includes one-to-one support as well as opportunities for young people to attend a weekly employability hub – the latter includes a programme of learning and activity designed to inform pathways into further education, training or employment. Young people who engage with CHAI may also

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<sup>1</sup> <https://www.joinedupforjobs.org/>

<sup>2</sup> <https://rscfortkinnaird.co.uk/>

<sup>3</sup> <https://chaiedinburgh.org.uk/employability/>

<sup>4</sup> <https://www.employabilityinscotland.com/policy/no-one-left-behind/>

be eligible to apply for an Educational Maintenance Allowance payment of £30 per week. The CHAI website includes a range of advice resources.

### Volunteer Edinburgh

2.15. Volunteer Edinburgh provides individuals with the opportunity to undertake volunteering activities across the city<sup>5</sup>. The website provides information on how to volunteer and, through an online database, lists a wide range of volunteering opportunities in Edinburgh.

2.16. However, the service also includes an important employability strand, which supports individuals to identify their skills, talents and aspirations and to use volunteering as a 'stepping stone' into employment. Volunteer Edinburgh work coaches engage with individuals to enhance their employability prospects through:

- CV preparation;
- Job application support;
- Online interview skills development; and
- Setting career goals.

2.17. Service Taster resources are provided on the Volunteer Edinburgh website and these outline the services offered, while in-person employability drop-in sessions are ordinarily available – however, these were being reviewed during the COVID-19 pandemic.

### Next Step Edinburgh

2.18. Next Step Edinburgh launched in 2019 and is delivered by the Community Renewal Trust in partnership with Citizens Advice Edinburgh, Cre8te Opportunities, and One Parent Families Scotland, on behalf of the City of Edinburgh Council<sup>6</sup>. The service assists individuals across a range of areas, including in-work poverty, unemployment, training needs, career stagnation, and work and personal issues. It provides high-quality, integrated support to help people achieve better work outcomes and does this through person-centred, one-to-one support.

2.19. Next Step Edinburgh is in the process of engaging with employers as a means to accessing under-used talent amongst Edinburgh residents. It operates several drop-in centres across the city which people can use at any time, including some evenings and weekends. Appointments can also be arranged directly by Edinburgh residents, job centre staff or professionals in third sector organisations.

2.20. A core driver of Next Step Edinburgh is to support people in-work, while tackling low income and unemployment. Support activities include CV development, job application preparation, and interview training, as well as signposting to vocational training opportunities.

### All in Edinburgh

2.21. Delivered in collaboration across The Action Group, ENABLE Works, Forth Sector, and IntoWork, All in Edinburgh provides free employability support for individuals who have a disability of long-term health condition and are living in Edinburgh<sup>7</sup>. The service also engages with organisations that are exploring recruitment options and matches people with these organisations (and jobs). There are five core elements, or stages, of employability support provided through All in Edinburgh:

- **1 – Client engagement:** including initial meeting and action planning.

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<sup>5</sup> <https://www.volunteeredinburgh.org.uk/>

<sup>6</sup> <https://www.communityrenewal.org.uk/projects/next-step/>

<sup>7</sup> <http://allinedinburgh.org.uk/>



- **2 – Vocational programming:** including career planning, reviewing action plans, and collecting employer information.
- **3 – Job finding:** including identifying employment and labour market opportunities, creating a support network, and identifying additional support needs.
- **4 – Employer engagement:** including job searching, approaching employers, job analysis and matching, and securing employment.
- **5 – On and off the job support:** including job induction and orientation support, stabilisation, fade out, and follow up support.

## Edinburgh Guarantee

2.22. The Edinburgh Guarantee supports people of all ages and backgrounds to easily access and progress in fair work, training or further education<sup>8</sup>. It does so through collaboration with a network of employers and partners, ensuring job seekers can find the support they need to progress. The Edinburgh Guarantee was established in 2011 initially to address the needs of school leavers who were unable to move into positive destinations and still has a strong employability support component aimed at young people.

2.23. It also offers employers in the city the opportunity to pledge their support and be supported in the process, for instance through advertising vacancies on The Edinburgh Guarantee Job Board with recruitment and facilitation support, or by accessing funding that can be used towards training, wages and other staff costs. Employers can partner with The Edinburgh Guarantee through a range of means, such as offering employment, placements, workplace visits, providing training, and sponsoring employability sessions and events.

## Parent Employability Support Fund (PESF)

2.24. Several Edinburgh-based PESF projects also form part of the Joined up for Jobs network<sup>9</sup>. These are projects that have received funding from the Scottish Government in order to provide support for parents who face barriers to progressing their careers, including help to gain qualifications, improving skills, work experience, advice around money, and motivational support<sup>10</sup>.

2.25. **The SPACE & Broomhouse Hub – Workspace Employment and Skills** project supports parents out of work and those in low income employment in South-West Edinburgh, providing access to new skills, interview technique practice and CV development. The project also provides a pro-active, holistic and integrated approach to supporting clients interested in business start-up and provides confidence and skills around applying for self-employed or home working/contract jobs.

2.26. **Access to Industry – Access Data** and **Access Progress** projects including support for Edinburgh-based parents interested in data training/re-training to support digital skills development (Access Data), and identifying barriers to progression for parents who are unemployed through one-to-one caseworker support (Access Progress).

2.27. Enable Scotland's **Progress for Parents** supports parents of disabled children in Edinburgh into employment or to progress in their current employment, with a focus on income maximisation to remove financial barriers. This includes one-to-one support from an Employment Co-ordinator, considering needs around flexible working, digital skills/poverty, and employment rights.

2.28. **The Datakirk – BAMELYTICS** project targets BAME parents who have been disproportionately impacted by the pandemic with a focus on data literacy and upskilling from data professionals/mentors.

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<sup>8</sup> <https://www.edinburghguarantee.org/>

<sup>9</sup> <https://www.joinedupforjobs.org/uploads/store/mediaupload/248/file/JUfJ%20PESF%20Presentation.pdf>

<sup>10</sup>



This includes blended learning, virtual training, lab sessions and networking and has an employability component, e.g. CV writing, mock interviews, careers advice, and meet the industry events.

## 3 Affordable Childcare Contracts

### Headline findings

- The current Affordable Childcare Contracts model sees £870,000 in funding allocated each year since 2019 to four childcare providers in Edinburgh to deliver affordable, subsidised ELC and OSC provision. These providers are:
  - North Edinburgh Childcare;
  - Smilechildcare;
  - Childcare Connections; and
  - Kidzcare
- In order to access the funded childcare, families must meet eligibility criteria which are assessed annually by each of the providers.
- To receive the subsidy, the normal cost of childcare must take the household below 75% of their median income, which is recognised as relative low income. Families are not eligible for the subsidy if they also receive childcare support costs from alternative sources.
- Childcare providers were given a set of aims and objectives. While some of these aims and objectives have been met, there have been difficulties in achieving others.
- The model enables the childcare providers to provide a consistent level of care to families who need it most.
- The providers felt that they were in a strong position to assess the childcare needs of families and ensure families received childcare support through the subsidy, where appropriate.
- However, a key gap has been in developing strong links between subsidised childcare provision for low income families and access to employability services.
- There is therefore a disconnect between the childcare providers and prospective employability services in Edinburgh.
- Some monitoring data collated by the four providers includes information not related to the Affordable Childcare Contracts model.
- It is clear that the monitoring data collation process will have to be reviewed in future to ensure a clear, consistent and accurate approach to monitoring data collation.

### Introduction

3.1. This chapter sets out the strategic context for the review of Affordable Childcare Contracts model, both at the national and local levels. It then describes the model, the rationale behind it in this context, and how it works in practice. The chapter concludes by examining the monitoring processes undertaken as part of the model, as well as analysis of progress around supporting families, where data is available.

### Strategic context

#### National

3.2. The childcare sector across Scotland has undergone several significant changes in recent years and this has been driven largely by the introduction of new policy at a national level. The Scottish Government implemented its national policy to increase the number of funded hours of early learning

and childcare (ELC) to 1,140 hours for all three to four-year olds and some two-year olds in August 2021. This has impacted on the provision of childcare services, with providers having to meet higher levels of demand from parents/carers in terms of the number of hours accessed.

3.3. Since the expansion in August 2021, the Improvement Service (IS) and Scottish Futures Trust (SFT) continue to monitor its progress and delivery across all local authorities<sup>11</sup>. The latest report, published in May 2022, indicates that over 121,100 children were accessing funded ELC as of the end of April 2022 – of these, 97% were accessing more than 600 hours and 87% were accessing the full 1,140 hours<sup>12</sup>. There has been a 3% year-on-year increase in numbers of children aged two to five reported to be accessing funded ELC, and among eligible two-year-olds there continues to be year-on-year increases both in the number of children accessing funded ELC and in the proportion of children accessing the full 1,140 hours. The rise in delivery has facilitated an increase in the overall local authority ELC workforce in Scotland, which is reported to have increased by 8,845 FTE since the academic year 2016/17, with an increase of 357 FTE between January and April 2022.

3.4. Following the expansion, the Scottish Government's Programme for Government (PFG) for 2021/22 outlined a range of policy commitments for the sector in Scotland<sup>13</sup>. This includes an offer of funded early learning to all one and two-year olds where a household has a low income. Engagement with families, the childcare sector more widely and academic experts is planned to inform the design of the new offer.

3.5. The PFG also outlines a commitment to develop a system of wraparound out of school care (OSC), providing care before and after school all year round, while supporting parents/carers to have secure and stable employment. The focus here will again be on parents/carers with lower incomes to try and address cost-related barriers to childcare. The Scottish Government is supporting 18 pilot projects to test innovative models of school age childcare for families most at risk of poverty with an evaluation of the pilot projects expected by September 2022.

3.6. There will be a series of workshops delivered to ensure the experiences of childcare users are considered as part of this, with a diverse and inclusive panel set up to include parents, carers, children and young people. The Scottish Government will also publish a 5-year delivery plan in 2022 which will set out the phasing and timescales for delivery of these commitments.

3.7. The development of a new 5-year Workforce Strategy will support the sector, and will take into consideration areas such as capacity, provision, recruitment and retention challenges and priorities for action over the short, medium and long term. Work is also ongoing to develop a plan for OSC provision and the expectation is this will be published in August 2022.

3.8. The Scottish Government published its Tackling Child Poverty Delivery Plan 2022-26, 'Best Start, Bright Futures', in March 2022. Following on from the first Plan 'Every Child, Every Chance'<sup>14</sup>, it aims to reduce child poverty in Scotland. One of the key actions is around Connectivity and Childcare, which includes the development of a strategic plan for all childcare policy commitments in summer 2022 and ensuring families in communities across Scotland have accessible childcare options. As part of this, there is a commitment to review how Demand Responsive Transport (DRT) can be used to support low income families. Under the Social Security action area, there is a commitment to increasing the Scottish Child Payment from £20 to £25 when the benefit is extended to under 16s by the end of 2022. Other actions set out in the Plan include:

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<sup>11</sup> Analysis is not provided for each individual local authority, i.e. City of Edinburgh

<sup>12</sup> [https://www.improvementservice.org.uk/\\_data/assets/pdf\\_file/0022/35635/ELC-Delivery-Progress-Report-May-22.pdf](https://www.improvementservice.org.uk/_data/assets/pdf_file/0022/35635/ELC-Delivery-Progress-Report-May-22.pdf)

<sup>13</sup> <https://www.gov.scot/publications/fairer-greener-scotland-programme-government-2021-22/>

<sup>14</sup> <https://www.gov.scot/news/tackling-child-poverty-delivery-plan-2022-26/>

- Enhancing 'benefit in kind' offers to parents, including around childcare, to increase employment opportunities and ease cost of living pressures.
- Improving access and availability of childcare.

3.9. The Plan sets several targets to be met by 2030, including:

- Fewer than 18% of children living in families in relative poverty in 2023-24, reducing to fewer than 10% by 2030.
- Fewer than 14% of children living in families in absolute poverty in 2023-24, reducing to fewer than 5% by 2030.
- Fewer than 7% of children living in families in combined low income and material deprivation in 2023-24, reducing to fewer than 5% by 2030.

3.10. In March 2022, National Strategy for Economic Transformation (NSET)<sup>15</sup> was launched by the Scottish Government. The Strategy sets out a need to ensure a **fully-functioning childcare sector** as part of delivering a 'Fairer and More Equality Society', which will be vital to enabling parents and carers to return to work or increase their working hours. A strong childcare sector will also help to build on Scotland's No One Left Behind agenda<sup>16</sup>, and there are opportunities to link in with employability services and ensure the facilitation of a person-centred approach.

3.11. As part of the NSET's Programme of Action, the Scottish Government will work with employers and trade unions in sectors where lower pay and unstable employment is more common to "*deliver sectoral Fair Work agreements, in partnership with industry and trade unions, that deliver payment of the real living wage, better security of work, and wider 'Fair Work first' standards*".

3.12. Another aim of the Strategy is to 'ensure that Every Contact Counts in delivering an aligned and integrated offer of support for those seeking to move towards, into or progressing within the labour market' through, in part, access to affordable and flexible childcare for individuals and families.

3.13. Work is currently ongoing to undertake a refresh of the evidence base sitting behind Skills Development Scotland's (SDS) ELC Skills Investment Plan (SIP), as well as a review of progress against SIP objectives. SDS published the SIP in January 2018, outlining the skills challenges and opportunities across the childcare sector, whilst providing a picture of the economic and labour market situation, trends in skills and qualification supply and employers' perspectives on the key skills issues affecting sector growth<sup>17</sup>. The SIP builds on the Skills Investment Plan Prospectus, published in March 2017, which presented the first skills report for the ELC sector<sup>18</sup>. The ongoing review of the SIP will consider the current strategic context and policy commitments, incorporating OSC.

3.14. SDS and the Scottish Funding Council (SFC) collaborated on a Skills Alignment Pilot for ELC, which set out to ensure that skills training funded by SDS and SFC would be more collaborative and complementary, and that it would focus on achieving common aims and outcomes for the sector.

## Local

3.15. As well as the national strategic context, which has an impact on local childcare provision, capacity and therefore accessibility, there are also a range of local commitments and policies affecting the childcare sector in Edinburgh.

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<sup>15</sup> <https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/>

<sup>16</sup> <https://www.gov.scot/publications/no-one-left-behind-delivery-plan/>

<sup>17</sup> <https://www.skillsdevelopmentscotland.co.uk/media/44206/early-learning-and-children-sip-digital.pdf>

<sup>18</sup> <https://www.skillsdevelopmentscotland.co.uk/media/43127/early-learning-and-childcare-sip-digital.pdf>

3.16. Edinburgh's Economic Strategy: Delivering Good Growth for Everyone, launched in 2018, outlines the challenges around childcare in Edinburgh, particularly around affordability and accessibility<sup>19</sup>. A key action set out in the Strategy is to improve the availability and affordability of childcare for those on low incomes, thus supporting low income families where the cost of childcare is a barrier to looking for and/or sustaining employment. The Strategy notes the Council will work with partners in the private, public and third sectors to improve availability, flexibility and affordability for those families on low incomes. A new Edinburgh Economic Strategy – Stronger, Greener, Fairer – was published in November 2020; however, it does not specifically mention childcare or families<sup>20</sup>.

3.17. The Edinburgh Poverty Commission's report 'A Just Capital: Actions to End Poverty in Edinburgh' was published in September 2020 and highlights the relationship between access to affordable childcare and poverty outcomes<sup>21</sup>. Most notably, the report found a lack of access to flexible childcare, learning and employment opportunities which means parents cannot strike a balance between improving their prospects and caring for their families. The report, evidenced and published during the COVID-19 pandemic, also stresses the need for recovery plans to recognise and effectively support the childcare (and social care) sector.

3.18. Following the Edinburgh Poverty Commission's report, the City of Edinburgh Council outlined its 'End Poverty in Edinburgh' Delivery Plan 2020-30, setting out a range of priority actions for the Council and partners to deliver significant step change towards ending poverty in the city<sup>22</sup>. This acknowledged the need for the Scottish Government and partners to consider the childcare sector in any COVID-19 recovery plans, as highlighted in the Edinburgh Poverty Commission report, and called for the City of Edinburgh Council to ensure the provision of flexible early years learning and childcare care.

3.19. The City of Edinburgh Council and NHS Lothian's Local Child Poverty Action Report, published in December 2020, considers progress and action towards reducing the cost of childcare and making it affordable for all families in the city – including through the Affordable Childcare Contracts model. It presents a range of key priorities for the year 2020/21, including whole family support and reducing barriers to employment and attainment.

## The Edinburgh model

### Background and description

3.20. Within the strategic context set out in the previous section, the Affordable Childcare Contracts model has been in operation across Edinburgh. The model is managed by the City of Edinburgh Council's Business Growth and Inclusion Team (BGI), which aims to support individuals with additional barriers to employment in Edinburgh into work, education and training. As part of this work, the BGI team awards contracts worth over £4 million on an annual basis towards a range of employability services. This includes a supported employment service, as well as small grants to third sector providers to deliver specific employability interventions. The Affordable Childcare Contracts model is part of this funding and has been active for over 10 years, with £870,000 awarded each year since 2019 to four childcare providers in Edinburgh to deliver affordable ELC and OSC provision. These providers are:

- North Edinburgh Childcare
- Smilechildcare
- Childcare Connections; and

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<sup>19</sup> [https://www.etag.org.uk/wp-content/uploads/2019/10/Edinburgh\\_Economy\\_Strategy\\_June\\_2018.pdf](https://www.etag.org.uk/wp-content/uploads/2019/10/Edinburgh_Economy_Strategy_June_2018.pdf)

<sup>20</sup> <https://www.edinburgh.gov.uk/downloads/file/30727/2021-full-version>

<sup>21</sup> [https://edinburghpovertycommission.org.uk/wp-content/uploads/2020/09/20200930\\_EPC\\_FinalReport\\_AJustCapital.pdf](https://edinburghpovertycommission.org.uk/wp-content/uploads/2020/09/20200930_EPC_FinalReport_AJustCapital.pdf)

<sup>22</sup> <https://democracy.edinburgh.gov.uk/documents/s29287/Item%207.4%20-%20End%20Poverty%20in%20Edinburgh%20Delivery%20Plan%202020-30.pdf>

- Kidzcare

3.21. The four organisations have received varying amounts of funding from the £870,000 total to deliver different levels of service across the city. The providers are located in North Edinburgh, South Edinburgh, Wester Hailes, and Craigmillar, four of the most deprived areas of the city and where childcare costs can be a significant burden for low income families. The overarching aim of the funding is to remove the cost of childcare as a barrier for low income families in these areas and support parents or carers to gain or sustain employment.

3.22. The Affordable Childcare Contracts model covers pre-school nursery and after school (0-12 years). The four providers were initially contracted to deliver subsidised childcare support for a period of three years, from April 2019 – March 2022, with the option of extending this for a further two periods of 12 months each at the discretion of the Council. At the time of reporting, the model has been extended until March 2023.

3.23. The same four providers had previously received funding from the City of Edinburgh Council to deliver subsidised childcare for over 10 years. The Council undertook a period of research and consultation between November 2017 and April 2018, which was co-produced with a range of stakeholders, to review and evaluate the impact of this subsidised provision and understand future needs. The findings from this review set out a range of conclusions, notably that future provision should target families most in need of support, childcare services should be flexible and more affordable, and a future model should provide holistic support to families, i.e. supporting them to secure, sustain and progress in work.

3.24. Following the review, the refreshed Affordable Childcare Contracts model was launched in April 2019 and has sought to incorporate greater employability integration while targeting low income families. The same four providers have offered year-round childcare for low income families as part of the refreshed model, with the intention that they would link in with local, city-wide and national organisations to support the wider needs of the family. This includes support around employability, income maximisation, health and wellbeing, and employment progression.

3.25. In order to access the funded childcare, families must meet certain eligibility criteria. To receive the subsidy, the normal cost of childcare must take the household below 75% of their median income, which is recognised as relative low income. Exceptions to this are considered on a case-by-case basis by the providers and the City of Edinburgh Council. Families are not eligible for the subsidy if they also receive childcare support costs from alternative sources, such as the Scottish Government's 1,140 funded hours, the Department of Work and Pensions, further or higher education institutions, or employers. The eligibility process is assessed annually by each of the providers.

3.26. At the start of the programme, each of the providers agreed with the City of Edinburgh Council a specific number of subsidised places they could offer to families based on internal staffing levels and capacity to deliver. This is also reviewed on an annual basis by the Council.

### Performance against aims

3.27. As part of the current Affordable Childcare Contracts model, a set of aims and objectives were set for each of the four childcare providers. These were:

- To assess the childcare needs of families and help to put appropriate childcare solutions in place within their own locality where possible and to signpost to other childcare providers where service cannot be offered;
- To work closely with local employability services to advise and support families who are seeking childcare information and provision to enable them to secure employment;



- To build links with other childcare providers such as childminders and other facilities to support working families to secure flexible childcare that meets their employability needs;
- To maintain or expand current level of uptake of subsidised places for eligible parents/carers;
- To ensure that children in low income households are in receipt of 'high quality early learning and childcare' that maximise their potential in terms of educational and social attainment;
- To support relationships with parents/carers and children to ensure continuity of care and enable positive progressions throughout the setting and the transition into school; and
- To encourage parents/carers to develop a user parenting group or similar, to share information, support and educate on relevant topics.

3.28. Through consultation with the four childcare providers, employability services and the project Steering Group, there is an overriding sense that while some of these aims and objectives have been met, there have been difficulties in achieving others for a variety of reasons. These are explored below and throughout the remainder of the report.

3.29. The providers felt that they were in a strong position to assess the childcare needs of families and ensure families received childcare support through the subsidy, where appropriate. This process was undertaken by the providers by way of a financial assessment with each family at the outset to determine eligibility. In doing so, the providers were able to ensure that families most in need of support to cover the costs of childcare can access it ahead of others where cost is not necessarily a barrier to childcare.

3.30. There was a strong sense among the childcare providers that being part of the model allows them to provide a consistent level of care. Continuity was seen to be a core necessity for parents/carers in the eyes of providers, as one commented:

*'Continuity of care is key. Families and children get to know staff. Parents can then look for or go to work in knowledge that their children are safe.'*

3.31. This continuity is achievable because the providers know exactly what their level of funding is to provide subsidised places at the start of each year, as well as the number of subsidised places they will offer. Where families are subsidised through the model, it is often the case that they will remain with the provider for several years, either continuing to be subsidised or moving to unsubsidised as a result of improved income, and therefore the families can build strong levels of trust with members of staff. The providers are also able to develop a stronger handle on the issues that families face, so they at least have an understanding of whole family support needs – even if there are some difficulties in addressing these.

3.32. Low income families are also able to access high quality early learning and childcare through the four providers who each have a strong track record in service delivery having been a part of the model in one form or another since 2015. As one of the providers reflected:

*'Subsidised childcare means children aged 0-3 have new opportunities for education and socialisation from birth that they might not have had due to high costs.'*

3.33. The model means children who otherwise may not have had access to childcare, can access childcare as well as the educational and social experiences that form part of the service. At the same time, parents/carers have greater freedom to focus on other areas such as seeking, gaining and sustaining employment. The access to educational and social development through subsidised provision, particularly at an early age, is therefore seen as a key strength of the model.

3.34. The main gap in the Affordable Childcare Contracts model has been in developing strong links between subsidised childcare provision (and providers) for low income families, and access to employability services. Taking into account the impact of the COVID-19 pandemic, which put significant

strain on childcare providers to deliver services while navigating restrictions on premises and staff absence, as well as the demands on childcare providers to implement 1,140 hours, the natural focus of the four providers has been primarily on delivering high-quality childcare to families. Similarly, parents/carers are more likely to see their engagement with the providers only as a route to subsidised childcare support, rather than an opportunity to access employability support. In many cases, parents/carers may not be aware of the employability element of the service.

3.35. This means there has been less focus on the employability aspect, which has led to some level of disconnect between the childcare providers and prospective employability services, which are ready to support families where required. There is a need to better develop these links between the two in order to support parents/carers into employment and intelligence sharing between the different services is key to ensuring improved employability solutions and outcomes.

3.36. There is a sense among the childcare providers that there could be more interaction between them, in order to share good practice and discuss solutions to any problems related to the provision of childcare or the model itself. This interaction used to happen more regularly, as one provider commented:

*‘Used to have a lot of engagement [with the other three providers] pre-COVID to share best practice and talk about overcoming challenges.’*

3.37. There was also no evidence that parents/carers had developed a user parenting group or something similar as a means to sharing information, support and educate on relevant topics. This is something that a potential future model could consider and integrate further.

## Monitoring and progress

3.38. Each of the four providers was asked to collate and maintain eligibility data on each of their subsidised cohorts. This was done through the Caselink online client management system, managed by the City of Edinburgh Council and Capital City Partnership (CCP), and was intended to ensure an up-to-date record of all families receiving the subsidised support and progress against targets for each of the providers. It was also intended to inform decision-making around annual assessments, i.e. to identify where a family may no longer require the subsidy due to progress in employment.

3.39. The monitoring data provided for the research covers the years 2019/2020 to 2021/22 and is presented below. It sets out a number of aims and targets, and performance against these is analysed by the provider. However, please note that the information presented should be treated with a high degree of caution due to an unreliable data collation process. Feedback from the monitoring data management team suggests some data collated by the four providers, and therefore included in the analysis below, includes information not related to the Affordable Childcare Contracts model, i.e. data on families who have not been in receipt of subsidised support but who have used one of the four providers for childcare. It is clear that this process will have to be reviewed in future to ensure a clear, consistent and accurate approach to monitoring data collation.

3.40. Table 3.1 shows the actual number of families engaged to be lower than the targets across all years. The actual number of families engaged, and the number of families engaged as share of the target, fluctuated over the period, overall decreasing from 2019/20 to 2021/22. The lowest actual numbers of new families were recorded by Childcare Connections, while the lowest share of their target was recorded by Smilechildcare.



**Table 3.1: New families subsidised, 2019/20 – 2021/22**

Number of new families engaged (subsidised)	Targets	2019/20	2020/21	2021/22	Total 2019-2022	% or p.p. change 2019-22
Childcare Connections	Annual	20	20	20	60	-
	Actual	15	2	32	49	113%
	% vs Target	75%	10%	160%	82%	85 p.p.
Kidzcare	Annual	20	20	20	60	-
	Actual	19	25	8	52	-58%
	% vs Target	95%	125%	40%	87%	-55 p.p.
North Edinburgh Childcare	Annual	100	100	100	300	-
	Actual	49	18	18	85	-63%
	% vs Target	49%	18%	18%	28%	-31 p.p.
Smilechildcare	Annual	154	154	154	462	-
	Actual	40	1	14	55	-65%
	% vs Target	26%	1%	9%	12%	-17 p.p.
<b>Total</b>	<b>Annual</b>	<b>294</b>	<b>294</b>	<b>294</b>	<b>882</b>	<b>-</b>
	<b>Actual</b>	<b>123</b>	<b>46</b>	<b>72</b>	<b>241</b>	<b>-41%</b>
	<b>% vs Target</b>	<b>42%</b>	<b>16%</b>	<b>24%</b>	<b>27%</b>	<b>-17 p.p.</b>

Source: Capital City Partnership monitoring data, 2022

3.41 The actual number of total families supported, and the actual number of total families supported as a share of the target, increased from 2019/20 to 2020/21, before decreasing to its lowest point from 2020/21 to 2021/22 (Table 3.2). The total number of families supported overall was below target, and the numbers reported suggest that Kidzcare and Smilechildcare were below target each year. North Edinburgh Childcare had the lowest actual number of subsidised families in 2021/22, while Smilechildcare had the smallest share against their target.

**Table 3.2: Total families subsidised, 2019/20 – 2021/22**

Total number of families supported (subsidised)	Targets	2019/20	2020/21	2021/22	% or p.p. change 2019-22
Childcare Connections	Annual	60	60	60	-
	Actual	117	36	53	-55%
	% vs Target	195%	60%	88%	-107 p.p.
Kidzcare	Annual	87	87	87	-
	Actual	80	63	46	-43%
	% vs Target	92%	72%	53%	-39. p.p.
North Edinburgh Childcare	Annual	100	100	100	-
	Actual	52	270	20	-62%
	% vs Target	52%	270%	20%	-32 p.p.
Smilechildcare	Annual	271	271	271	-
	Actual	45	18	29	-36%
	% vs Target	17%	7%	11%	-6 p.p.
<b>Total</b>	<b>Annual</b>	<b>518</b>	<b>518</b>	<b>518</b>	<b>-</b>
	<b>Actual</b>	<b>294</b>	<b>387</b>	<b>148</b>	<b>-50%</b>
	<b>% vs Target</b>	<b>57%</b>	<b>75%</b>	<b>29%</b>	<b>-28 p.p.</b>

Source: Capital City Partnership monitoring data, 2022

3.42 The pattern in the number of children accessing subsidised places across the four providers reflects the same pattern as the total number of families engaged: it increased from 2019/20 to 2020/21, before decreasing below its initial level in the following year. Table 3.3 shows that Childcare Connections, Kidzcare, and North Edinburgh Childcare fluctuated below and above target, while Smilechildcare was always below target in terms of the number of children accessing subsidised places. North Edinburgh Childcare had both the lowest actual number of subsidised children, and the smallest share against their target, in 2021/22.

**Table 3.3: No. children receiving subsidised places, 2019/20 – 2021/22**

Number of children receiving subsidised places	Targets	2019/20	2020/21	2021/22	% or p.p. change 2019-22
Childcare Connections	Annual	65	65	65	-
	Actual	135	42	64	-53%
	% vs Target	208%	65%	98%	-109 p.p.
Kidzcare	Annual	87	87	87	-
	Actual	95	64	55	-42%
	% vs Target	109%	74%	63%	-46 p.p.
North Edinburgh Childcare	Annual	150	150	150	-
	Actual	79	380	20	-75%
	% vs Target	53%	253%	13%	-39 p.p.
Smilechildcare	Annual	185	185	185	-
	Actual	52	16	31	-40%
	% vs Target	28%	9%	17%	-11 p.p.
<b>Total</b>	<b>Annual</b>	<b>487</b>	<b>487</b>	<b>487</b>	<b>-</b>
	<b>Actual</b>	<b>361</b>	<b>502</b>	<b>170</b>	<b>-53%</b>
	<b>% vs Target</b>	<b>74%</b>	<b>103%</b>	<b>35%</b>	<b>-39 p.p.</b>

Source: Capital City Partnership monitoring data, 2022

3.43 All providers were below target each year from 2019/20 to 2021/22 in terms of the number of families referred to employability services, with the lowest numbers recorded at North Edinburgh Childcare and at Smilechildcare. However, Table 3.4 does show that the actual number of families referred increased from 2019/20 to 2021/22.

**Table 3.4: Families referred to employability/support organisations, 2019/20 – 2021/22**

Number of families referred to employability/support organisations	Targets	2019/20	2020/21	2021/22	Total 2019-2022	% or p.p. change 2019-22
Childcare Connections	Annual	25	25	25	75	-
	Actual	5	3	5	13	0%
	% vs Target	20%	12%	20%	17%	0 p.p.
Kidzcare	Annual	14	14	14	42	-
	Actual	7	7	12	26	71%
	% vs Target	50%	50%	86%	62%	36 p.p.
North Edinburgh Childcare	Annual	30	30	30	90	-
	Actual	0	0	2	2	N/A
	% vs Target	0%	0%	7%	2%	7 p.p.
Smilechildcare	Annual	20	20	20	60	-
	Actual	2	1	3	6	50%
	% vs Target	10%	5%	15%	10%	5 p.p.
<b>Total</b>	<b>Annual</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>267</b>	<b>-</b>
	<b>Actual</b>	<b>14</b>	<b>11</b>	<b>22</b>	<b>47</b>	<b>57%</b>
	<b>% vs Target</b>	<b>16%</b>	<b>12%</b>	<b>25%</b>	<b>18%</b>	<b>9 p.p.</b>

Source: Capital City Partnership monitoring data, 2022

3.44 The number of families assessed as not requiring the subsidy due to an improved income fluctuated greatly over this period, as Table 3.5 shows. The fact that the number of families with an improved income increased significantly in 2020/21 (by 177%), when the economic impact of COVID-19 meant reduced income for many families, suggests that the reported numbers are unreliable.

**Table 3.5: No. families with improved income, 2019/20 – 2021/22**

Number of families assessed as not requiring subsidy due to improved income	Targets	2019/20	2020/21	2021/22	Total 2019-2022	% or p.p. change 2019-22
Childcare Connections	Annual	39	6	6	51	-
	Actual	11	1	4	16	-64%
	% vs Target	28%	17%	67%	31%	0 p.p.
Kidzcare	Annual	9	9	9	27	-
	Actual	11	14	6	31	-45%
	% vs Target	122%	156%	67%	115%	36 p.p.
North Edinburgh Childcare	Annual	15	15	10	40	-
	Actual	48	178	4	230	-92%
	% vs Target	320%	1187%	40%	575%	7 p.p.
Smilechildcare	Annual	27	27	27	81	-
	Actual	0	1	0	1	N/A
	% vs Target	0%	4%	0%	1%	5 p.p.
<b>Total</b>	<b>Annual</b>	<b>90</b>	<b>57</b>	<b>52</b>	<b>199</b>	-
	<b>Actual</b>	<b>70</b>	<b>194</b>	<b>14</b>	<b>278</b>	<b>-80%</b>
	<b>% vs Target</b>	<b>78%</b>	<b>340%</b>	<b>27%</b>	<b>140%</b>	<b>9 p.p.</b>

Source: Capital City Partnership monitoring data, 2022

3.45 The monitoring data also included postcode information for families accessing the four providers from the period 2019/20 to 2021/22, and this is shown in Table 3.6. Again, please note that the information presented should be treated with a high degree of caution due to an unreliable data collation process.

3.46 The postcode area with the greatest proportion of families accessing any of the four providers based on the monitoring data was EH4 (21%), located in the northwest, with the vast majority of families using North Edinburgh Childcare. This was closely followed by EH11 (20%), located towards the southwest of the city, which saw the vast majority of families use Smilechildcare. Situated further southwest, most families based in EH14 accessed Smilechildcare (13%). Families located in the EH16 area, the southeast of the city, made up 13% of the total number of families with monitoring data available, however EH16 was split across Kidzcare (126) and Childcare Connections (76). The majority of families accessing Childcare Connections, however, were in E17 (64% of families).

**Table 3.6: Postcode analysis of families accessing subsidised providers, 2019/20 – 2021/22**

Postcode	Childcare Connections	Kidzcare	North Edinburgh Childcare	Smilechildcare	% total
EH4	0	<5	343	<5	21%
EH11	<5	0	5	321	20%
EH14	0	<5	<5	205	13%
EH16	76	126	<5	<5	13%
EH17	156	<5	0	<5	10%
EH5	0	0	154	0	9%
EH6	<5	<5	67	<5	5%
Other Edinburgh	5	71	25	41	9%
Non-Edinburgh/Unknown	<5	<5	<5	14	1%
<b>Total</b>	<b>243</b>	<b>207</b>	<b>600</b>	<b>589</b>	<b>100%</b>

Source: Capital City Partnership monitoring data, 2022

3.47 In reviewing the data and through the consultations, it is clear that the monitoring system does not capture evidence of the outcomes and impacts of the subsidised childcare on children, parents/carers and households. The one indicator that gives a sense of changes in the household is the

number of families assessed as not requiring subsidy due to improved income. However, the data presented on this indicator is unreliable.

3.48 This lack of outcomes data is an important gap in terms of demonstrating the value of the investment. Individual providers reported that they gather this evidence from parents/carers in a range of formats including case studies and tracking changes in circumstance, income and employment. This is not consistent across providers but is undoubtedly a valuable source of information to assess the efficacy of the subsidised care and its impacts. It is likely that, if future funding streams are accessed to contribute to the cost of the subsidy, they may require more robust and detailed information on the benefits to parents/carers for example: increase in household income, career progression, reduced need for benefits, more sustainable housing, reduced debt, undertaking training and learning, changes to working hours, and improved work life balance.

## 4 Childcare needs

### Headline findings

- In total, 410 subsidised and non-subsidised parents/carers in Edinburgh responded to an online survey exploring their current use of childcare, outcomes of affordable childcare, and the future support needs.
- There were 57 (14%) subsidised respondents and 352 (86%) non-subsidised respondents.
- Subsidised respondents were more likely to be employed, or unemployed and looking for work. Non-subsidised respondents were more likely to be unemployed and not looking for work.
- Subsidised respondents tend to have lower income compared to non-subsidised ones. They are more likely to be employed in sectors and jobs with lower pay. Subsidised respondents are also more likely to receive benefits support, e.g. Universal Credit.
- Only a small proportion of subsidised respondents had received employability support (9%), while 68% had not, clearly indicating that the integration of employability and childcare support is an area for development.
- The average annual household income of the subsidised cohort has been decreasing, suggesting an increased reliance on the childcare support.
- Access to affordable childcare has delivered a range of positive benefits and outcomes to parents/carers and children:
  - Improved health and development opportunities
  - Improved job retention for parents/carers;
  - Improved parent/carer mental wellbeing, i.e. better motivation and positive attitude;
  - More access to training and development for parents/carers; and
  - Anticipated future outcomes such as increased income, reduced reliance on benefits, more stable housing.
- Subsidised parents/carers would not have been able to work, and their children would have missed out on the opportunity to learn and develop in good quality childcare, without support.
- Subsidised childcare support has been flexible which has benefited parents/carers working shifts and/or changing rotas.
- Two-thirds (65%) of overall survey respondents reported ongoing or future childcare needs, particularly non-subsidised respondents. This may be because subsidised respondents' needs are better addressed, as 83% said their current support is satisfactory to meet their needs.
- Subsidised users would be more negatively impacted if childcare costs increased. They would have to change their work to use less or no childcare, or have to stop working altogether.
- Non-subsidised parents/carers felt their childcare needs could be improved through lower prices, more flexible booking options, and by having childcare hours available outside of normal working.

### Introduction

4.1 Drawing on the online survey and consultations with stakeholders, including employability providers, childcare providers, the steering group, and parents, this section presents an overview of the current use of childcare and support, the outcomes of accessible and affordable childcare, and the future support needs of parents/carers.

## Profile of survey respondents

4.2 The survey was hosted on the online platform SurveyMonkey and distributed through a range of channels including: the four childcare providers, Joined up for Jobs<sup>23</sup>, One Parent Families Scotland, employability providers, and the City of Edinburgh Council's social media channels. It was aimed at parents/cares living in Edinburgh who were in receipt of subsidised childcare through four providers, as well as all parents/carers who had accessed childcare in Edinburgh.

4.3 Of the 410 people who responded to the survey between May and June 2022, 57 respondents (14%) reported that they were receiving subsidised childcare, 352 (86%) respondents were not, and one did not give an answer to this question. This person is excluded from the remainder of the analysis, as it is not possible to distinguish whether they had access to subsidised childcare or not<sup>24</sup>.

### Households

4.4 Figures 4.1 to 4.3 provide an analysis of the profile of survey respondents. It shows a higher proportion of respondents from East Edinburgh, and a much smaller number from the city centre or outside Edinburgh. This may have been due to the how the survey was distributed, with the various distribution channels better able to reach East Edinburgh parents.

4.5 Households receiving subsidised childcare were more likely to be lone adult households than those not receiving the subsidy, at 23% compared to 16%. In Scotland, 25% of households with dependent children are lone adult households<sup>25</sup>. This finding suggests that lone adult households are underrepresented among non-subsidised childcare in Edinburgh, though the high share of missing responses (28% for non-subsidised) means this finding should be treated with some caution. Missing responses means respondents did not answer the question, and could be due not understanding the question or survey attrition.

4.6 The survey findings show that respondents typically have families of between one to four children, either in pre-school or school-age childcare, with the largest proportion of families including two children. Non-subsidised parents were more likely to have two children than subsidised parents/carers (29% for the former and 11% for the latter).

4.7 Overall, survey respondents had an average of 1.5 children per family, with subsidised respondents' families being marginally smaller (1.4 children). Subsidised respondents were also more likely to have older children (aged 13 years or older), and less likely to have children aged between 3-5 years old, the latter reflecting the fact that respondents would not receive the subsidy if they were already receiving funded ELC. This has implications for the childcare needs of subsidised parents/carers, who may require access to affordable childcare for very young children, or access to OSC support for older children while the parent/carer works.

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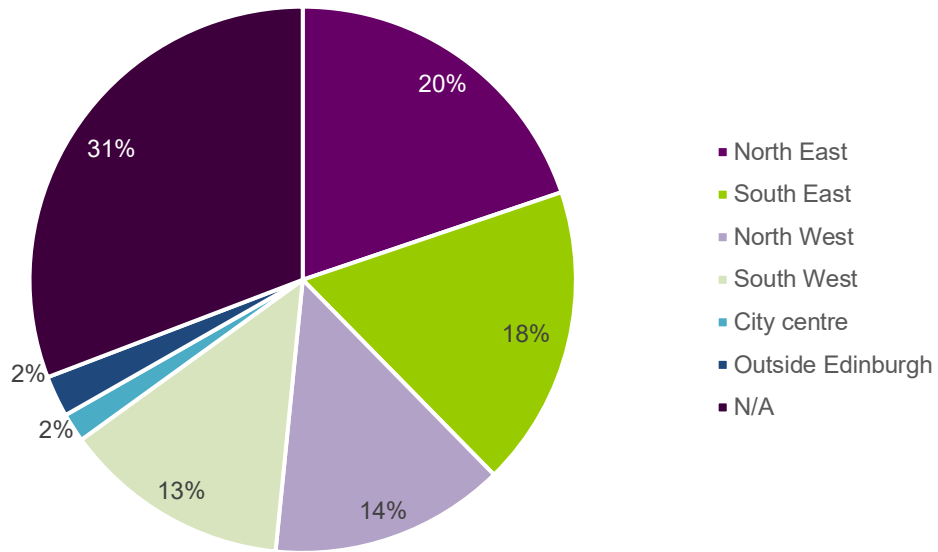
<sup>23</sup> <https://www.joinedupforjobs.org/>

<sup>24</sup> Profile questions were asked at the end of the survey to ensure that the most important data was gathered at the start and to take account of attrition.

<sup>25</sup> <https://opfs.org.uk/who-we-are/media/>

**Figure 4.1: Area of residence**

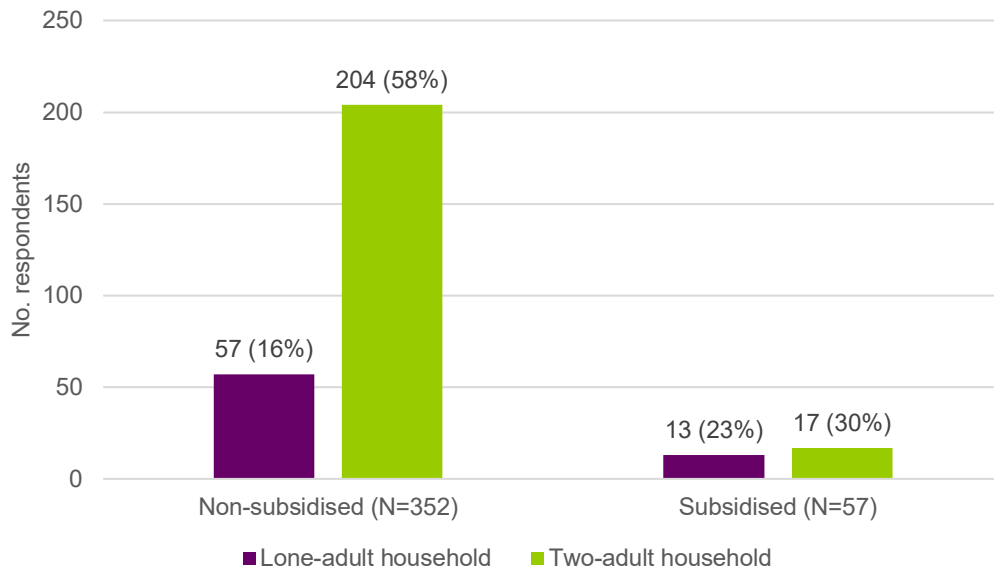
All respondents (N=409)



Source: ekosgen survey 2022

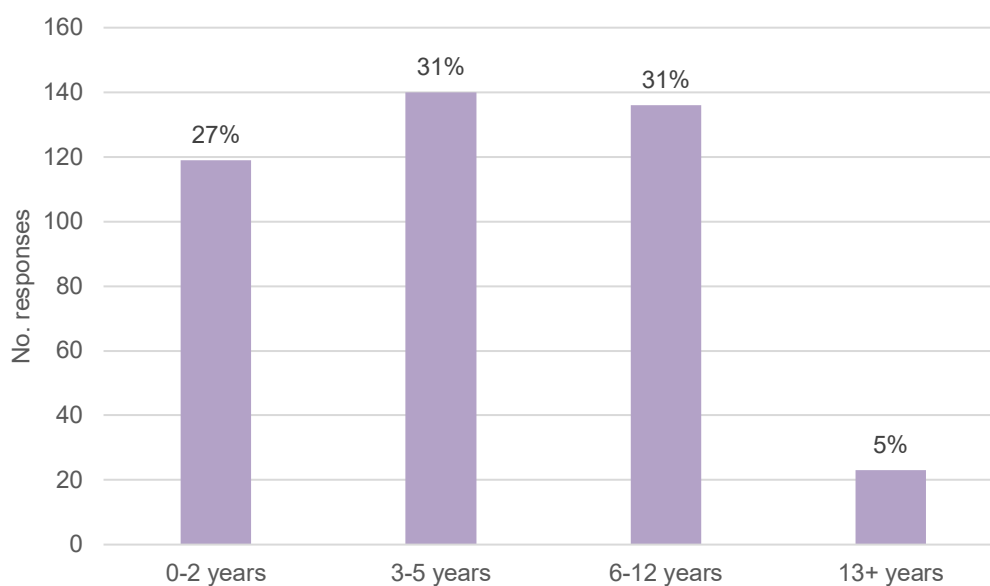
**Figure 4.2: Household structure**

Non-subsidised and subsidised respondents<sup>26</sup>



Source: ekosgen survey 2022

<sup>26</sup> Percentages do not add to 100 due to the exclusion of respondents who did not answer the question.

**Figure 4.3: Age of respondents' children***All respondents (N=409)**Source: ekosgen survey 2022*

## Employment and income

4.8 Table 4.1 shows the employment status of subsidised and non-subsidised respondents. Respondents receiving a childcare subsidy were more likely to be in employment than those not receiving a subsidy. Subsidised respondents not in work were proportionally slightly more likely to be looking for work than unsubsidised respondents not in work. This suggests the non-subsidised cohort is more financially secure, which in turn means some parents or carers in the non-subsidised cohort can choose to be inactive or be self-employed, which can come at more risk<sup>27</sup>. The subsidised cohort, on the other hand, is more often in employment, yet qualify for affordable childcare support, suggesting that they are employed in low-paid jobs. Also, in order to be eligible for the subsidy, there is a requirement that the parent or carer be actively looking for work. Exceptions to this would be if the parent or carer is in training or education with an agreement that the subsidy can be used to support this.

<sup>27</sup> With no employee benefits and often unpredictable income, self-employed work is generally riskier than being employed.



**Table 4.1: Employment status**  
*Non-subsidised and subsidised respondents*

Employment status	Non-subsidised		Subsidised	
	No.	%	No.	%
Employed full-time	127	36%	23	40%
Employed part-time	124	35%	22	39%
Unemployed and not looking for work	19	5%	1 <sup>28</sup>	2%
Unemployed and looking for work	17	5%	4	7%
Self-employed	16	5%	1	2%
Unemployed and in education	11	3%	2	4%
Maternity leave	5	1%	0	0%
Employed and in education	1	0.3%	0	0%
Other	2 <sup>29</sup>	1%	0	0%
N/A	31	9%	4	7%
<b>Total</b>	<b>352</b>	<b>100%</b>	<b>57</b>	<b>100%</b>

*Source: ekosgen survey 2022*

4.9 Subsidised respondents were more likely than non-subsidised respondents to be employed in retail or in cleaning, two sectors characterised by low wages. This reflects the need to access affordable childcare among these respondents. Health and social care, education, and administration were the main sectors of employment across all respondents.

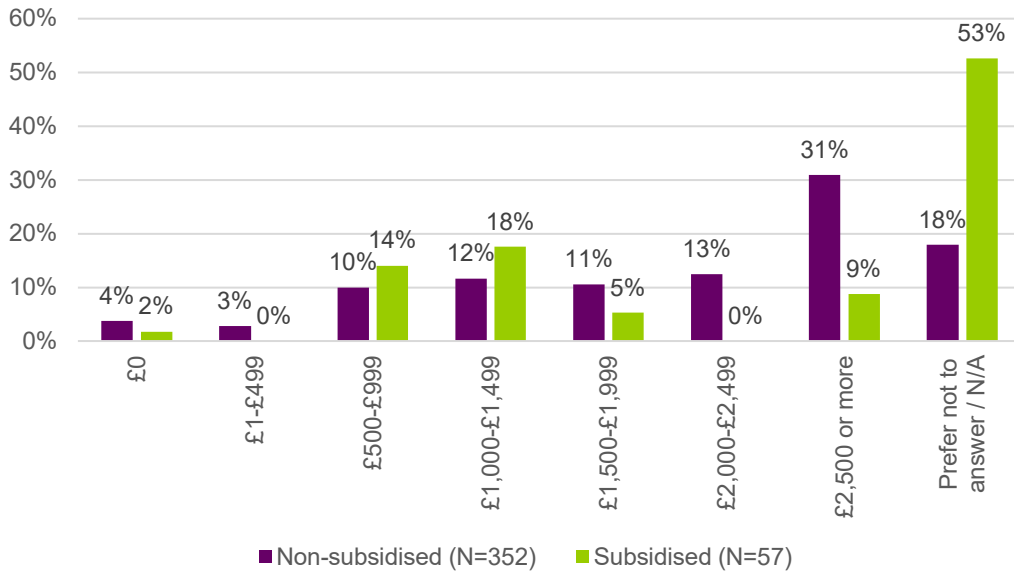
4.10 At 23%, nearly a quarter of all respondents had shift and/or rota working patterns. This equates to 82 people from the non-subsidised cohort and 13 from the subsidised cohort and was the same share for both. The findings suggest that shift or rota working amongst respondents does not necessarily correlate to a need among parents/carers to access subsidised childcare. However, research from the consultation programme evidenced a need for flexible, affordable childcare options among those in shift or rota working.

4.11 As we would expect, respondents receiving the subsidy tend to have lower income levels compared to non-subsidised respondents, as highlighted in Figure 4.4. A higher proportion of subsidised respondents had a monthly household income of less than £1,500 and they were less likely to have an income in excess of £2,500. However, not all households in the lowest income bracket reported receiving subsidised childcare: this might be because they do not meet other criteria, i.e. residing within Edinburgh, living in an area that does not have a subsidised childcare service, or may use non-subsidised childcare services, or have access to other childcare support. This demonstrates that there are households that would benefit from the subsidy but cannot or do not access it.

<sup>28</sup> It may be that the respondent is in training and has an agreement to use the funding for that, rather than looking for work.

<sup>29</sup> Of the two respondents who selected 'Other', one is in employed relief and the other to be made redundant.

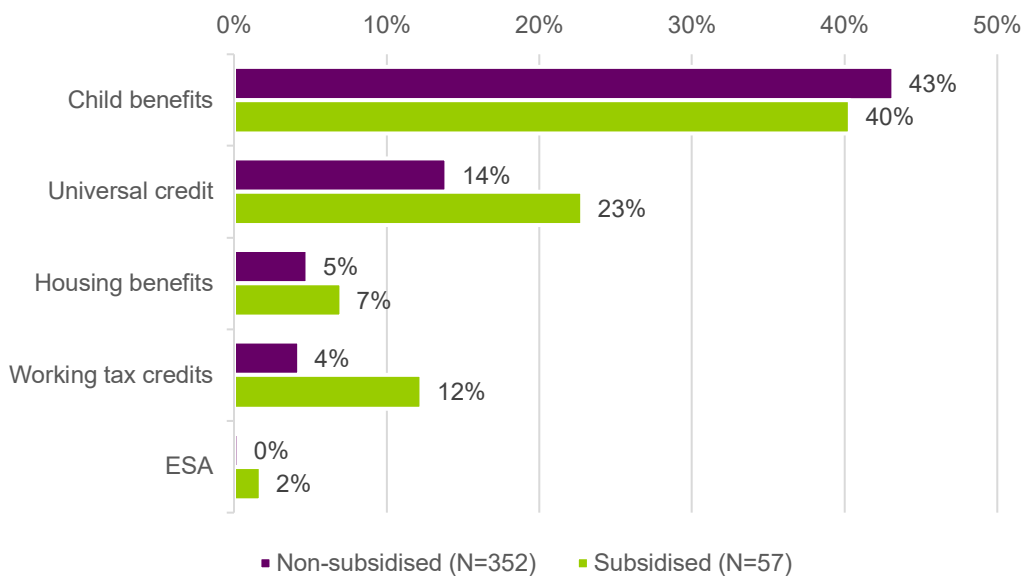
**Figure 4.4: Monthly household income**  
Non-subsidised and subsidised respondents



Source: ekosgen survey 2022

4.12 Figure 4.5 sets out the sources of income for households responding to the survey. It shows that non-subsidised and subsidised respondents had similar rates of accessing child benefits. As is expected, subsidised respondents were more likely to be in receipt of Universal Credit, Working Tax Credits, Housing Benefit, and Employment and Support Allowance (ESA). A small proportion of subsidised parents were in receipt of carer allowance and disability benefits. There is a need to further integrate advice services in order to ensure income maximisation for low income families.

**Figure 4.5: Income from benefits**  
Non-subsidised and subsidised respondents



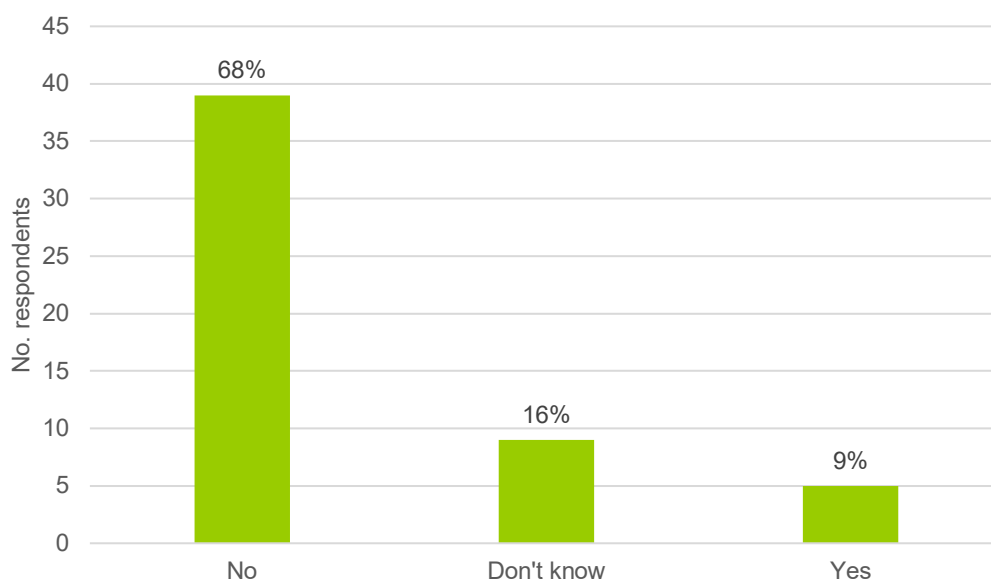
Source: ekosgen survey 2022

4.13 A key aim of the Affordable Childcare Contracts model is that the financial support is integrated with employability support in order to facilitate entry or progress in employment for parents/carers. As set out in Figure 4.6, 68% of the 57 subsidised respondents had not received any employability support,

equating to 39 people. Only 9% had received this type of support, which clearly indicates that there has not been the anticipated integration of employability and childcare support and is an area for development. The qualitative research with employability providers, childcare providers and parents indicated that there have been challenges in providing employability support as parents tend to drop off and pick up children, but have no time at these drop-off points to receive information or an employability intervention. There was also some anecdotal evidence from the consultation programme that parents are not fully aware of the employability support aspect of the model, therefore they do not engage with the childcare providers directly to seek it out.

4.14 For those who had received employability support, it centred on information, signposting and resources related to the following areas: access to industry, job centre, employability skills, college courses, training, and support finding a job, including getting a laptop to be able to develop a CV and check job offers. This is a positive finding for those who had accessed employability support and shows there is a strong breadth of support available that could be offered to all subsidised families.

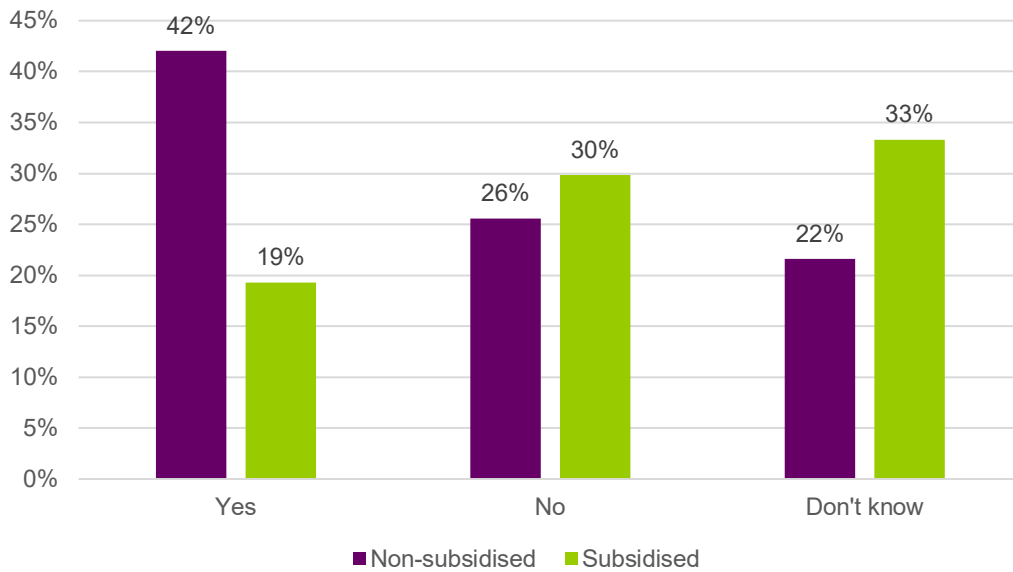
**Figure 4.6: Received employability information or support**  
Subsidised respondents (N=57)



Source: ekosgen survey 2022

4.15 Respondents were asked if employability information and support would be useful going forward and a total of 39% said yes, as seen in Figure 4.7. The share of respondents who would find this service helpful in the future was higher for non-subsidised than subsidised respondents, at 42% and 19% respectively. This shows that there is an appetite for this service, especially among non-subsidised respondents who, as a cohort, may not be as aware of employability information and support services as the subsidised respondents, a small number of whom are likely to have a fair level of awareness given their engagement through the model.

**Figure 4.7: Would employability information or support be helpful in the future**  
*Non-subsidised and subsidised respondents*

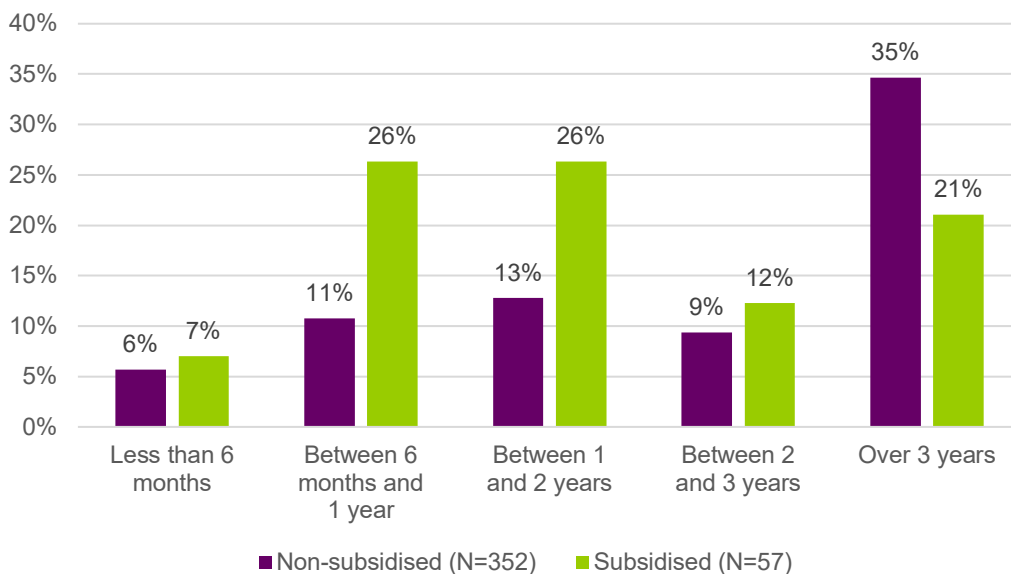


Source: ekosgen survey 2022

## Current use of childcare and support

4.16 Figure 4.8 shows that, generally, subsidised respondents were more likely to have been using childcare for a shorter period of time compared to non-subsidised respondents: about half of subsidised respondents have been using childcare for a period of six months to two years, while over a third of non-subsidised respondents have been using it for over three years. This suggests that subsidised respondents are relatively newer to childcare, perhaps having struggled to access it before receiving the subsidy. It also reflects the finding that subsidised families were more likely to include children aged 0-3 years old. A larger proportion of non-subsidised respondents are not currently using childcare compared to subsidised ones (21% and 2%), which is to be expected.

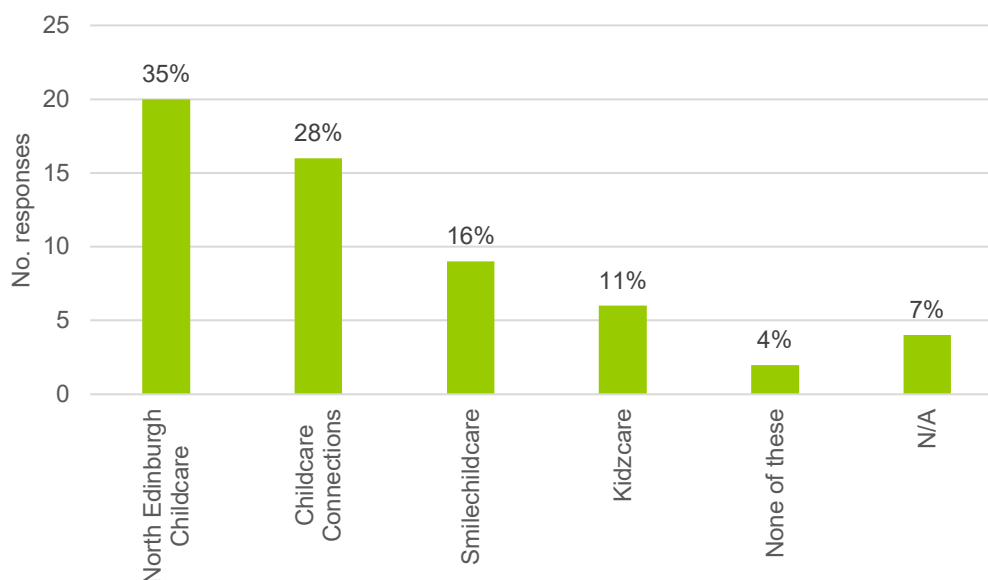
**Figure 4.8: Length of use of childcare**  
*Non-subsidised and subsidised respondents*



Source: ekosgen survey 2022

4.17 Figure 4.9 shows that there is a good spread of subsidised respondents across the four providers with the biggest proportion reporting that they use North Edinburgh Childcare, followed by Childcare Connections. Taking the targets presented in Chapter 3 as an indication of the size of the four providers, the responses in Figure 4.9 suggest that Childcare Connections is somewhat overrepresented in the survey sample, while Smilechildcare is underrepresented.

**Figure 4.9: Childcare providers used**  
Subsidised respondents (N=57)



Source: ekosgen survey 2022

4.18 Subsidised respondents reported high levels of satisfaction with their childcare provider's processes. Asked to rate their experience of applying for a subsidised childcare place, 62% of respondents who gave a rating said it was very good. In terms of general communication, 63% of respondents who gave an answer rated this as very good. Only two respondents, or 7% of those who gave a rating, found the application process and the general communication to be not good. Overall, this is a positive finding as access to childcare can be difficult for low income families therefore ensuring the application process for the subsidised support is straightforward is important to remove any burden from low income families.

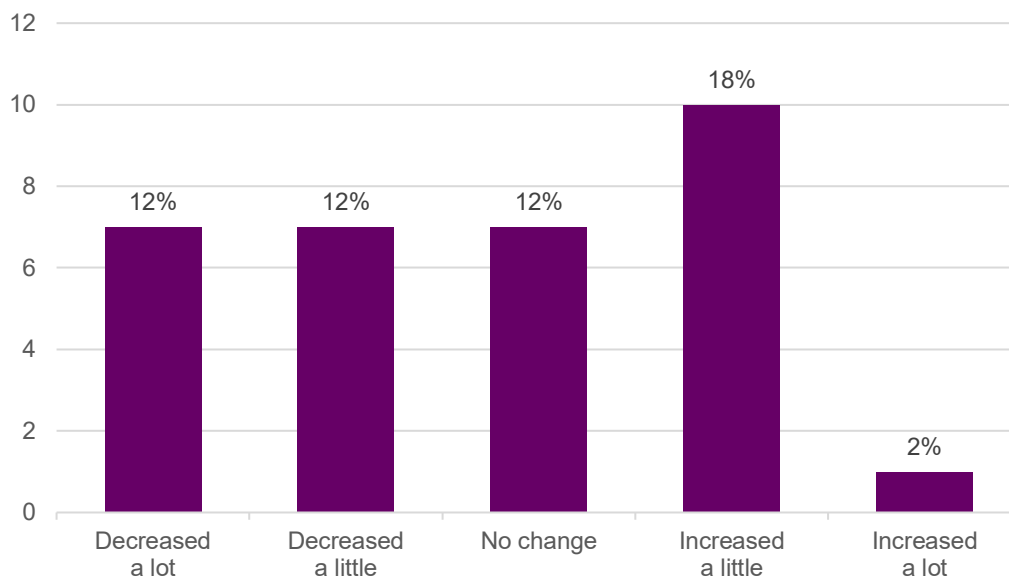
## Outcomes of accessible childcare

4.19 Figure 4.10 sets out the findings in terms of changes in household income among households receiving subsidised childcare. It shows that about half (44%) of the respondents reported a change in their annual household income since they started using the subsidised childcare support. Around one-quarter (24%) of subsidised respondents said their income had decreased, while 20% said that their income had increased, and 12% that their income had remained the same. Therefore, the decreases in income have been slightly more pronounced than the increases, which suggests the average annual household income of subsidised respondents has somewhat decreased since they started using childcare support. While this is not a positive outcome, it is an expected one given the impact of COVID-19 and the recent macroeconomic instability contributing to poverty and, in particular, to childhood poverty<sup>30</sup>. It also depends on what respondents class as their initial income. For instance, if they count their initial income as out of work and then move into work, their income will have increased. However,

<sup>30</sup> Centre for Civic Innovation – Glasgow City Council (2021). Child Poverty: Understanding the Impact of the COVID-19 Pandemic <https://www.glasgow.gov.uk/CHttpHandler.ashx?id=55359&p=0>

if respondents class their initial income as from when they start work and are earning then, for instance, COVID is likely to have a negative impact.

**Figure 4.10: Change in annual household income since using the childcare support**  
Subsidised respondents (N=57)<sup>31</sup>



Source: ekosgen survey 2022

4.20 Subsidised respondents reported a wide range of benefits from accessing childcare, for both themselves and their children. In terms of the outcomes for children, there were clear reported health and wellbeing benefits, with 46% reporting this for their children and 30% for themselves. In addition, 44% reported that as a result of the childcare, their children now had better access to learning and development. Five percent of respondents anticipated positive health outcomes for either themselves or their children in the future as a result of accessing childcare, and 4% anticipated better access to learning and development. Overall, outcomes such as improved health and greater access to learning and development opportunities are a very positive result of the affordable childcare model.

4.21 The evidence also shows that, beyond the benefits of the development and wellbeing of their children, the Affordable Childcare Contracts model has also enabled parents and carers to retain their job, and/or move to better-paid and more stable employment. A key reported benefit for respondents was being able to stay in employment (42%) and a further 14% expected this to be the case going forward, as seen in Table 4.2. This is a very important finding and it was reflected in the qualitative research where one self-employed parent shared their experience as a result of accessing the subsidised childcare support. They had been able to build their business and secure their income, which would not have been possible without the subsidised childcare support, as they would not have had any time to focus on their business. This is one example of a very positive outcome for one parent and family.

4.22 Relatively smaller shares of respondents had already seen benefits on job quality, e.g. moving to a more stable job, one that suits family needs, or getting a promotion, as a result of accessing affordable childcare. These benefits are more often anticipated for the future than current for subsidised families, with the most common future anticipated benefit being achieving a promotion at work. This suggests that, while health outcomes and job retention benefits have been more immediate, job quality benefits can take longer to materialise. Other accrued and expected benefits include: a more stable

<sup>31</sup> Percentages do not add to 100 due to the exclusion of respondents who did not answer the question.

housing situation, fewer benefits requirements, a higher level of household income, and the ability to take up education or training outside of work.

4.23 These are all very important outcomes of the affordable childcare model, delivering against its objectives to support families around employment, education and social attainment needs. Access to affordable childcare has not only improved the health and development opportunities of children but has also the health and job retention of their parents/carers. For some, it has also increased their income, reduced their reliance on benefits, and made their housing circumstances more stable.

4.24 Access to affordable childcare has allowed parents and carers to access training and development, which is important in developing a range of skills towards professional progression, as well as key in building confidence and personal skills (e.g. time management). One of the childcare providers commented:

*‘Subsidised childcare has made a crucial difference for several families who were in a bad place – intervention has come at a crucial time and is consistent.’*

**Table 4.2: Benefits of Affordable Childcare**  
Subsidised respondents (N=57)

Benefit	Current benefit		Expected benefit	
	No.	%	No.	%
There are better health and wellbeing outcomes for my child/children	26	46%	3	5%
My child/children have had better access to learning and development	25	44%	2	4%
I have been able to stay in employment	24	42%	8	14%
I am better able to manage finances, including debt	17	30%	6	11%
I have better health and wellbeing outcomes, for example confidence, self-esteem, feeling positive about the future	17	30%	3	5%
I have taken part in training and development at work	15	26%	7	12%
I have fewer benefits requirements, i.e. Universal Credit	14	25%	6	11%
My housing situation is more stable	14	25%	5	9%
I have developed my personal skills (i.e. more confident, improved time management)	12	21%	5	9%
I have moved to a more stable, better quality job	10	18%	9	16%
I have moved to a job that better suits our family needs	9	16%	9	16%
I have a higher level of household income	9	16%	9	16%
It allowed me to take up education/training outside of work	8	14%	8	14%
I have achieved promotion at work	7	12%	12	21%

Source: ekosgen survey 2022

4.25 Subsidised respondents were asked what the counterfactual would be they had they not received childcare support, and the results shown in Table 4.3. A large share of subsidised respondents said that without childcare support they would not have been able to work, and their children would have missed out on the opportunity to learn and develop in good quality childcare. As expected, no access to subsidised childcare would have had a significant financial impact on the cohort. Table 4.3 also shows that without subsidised childcare support the wellbeing of the parents or carers would have been negatively affected too: 35% of subsidised respondents believe their emotional wellbeing would have suffered. Overall, without childcare support the subsidised families would have struggled financially and emotionally, and ultimately the children would have grown up in a more unstable environment. This

highlights the significant need for subsidised support for low income families, which has been met through the Affordable Childcare Contracts model.

**Table 4.3: Impact if had not received childcare support**

*Subsidised respondents (N=57)*

Impact	No.	%
I would not have been able to work	26	46%
My children would have missed out on the opportunity to learn and develop in good quality childcare	26	46%
My household income would be lower	21	37%
My emotional wellbeing would have suffered	20	35%
I would have increased financial difficulties	19	33%
I could not have improved my employment situation	13	23%
I would not have developed my personal skills such as financial management, time management, household management	8	14%
I would not have been able to take part in learning and education outside of work	7	12%
I would have housing difficulties	6	11%
I would not have been able to take part in training at work	5	9%
I would have required the same level of support benefits, i.e. Universal Credit	5	9%
Not applicable	1	2%

*Source: ekosgen survey 2022*

4.26 Around a third of subsidised respondents (32%, or 14 people) said receiving childcare support enabled them to access more training and/or education, which is a positive finding. The skills learned or further developed as part of this education and/or training are shown in Table 4.4. Most respondents said they felt more motivated, more positive about the future, and were able to better manage their time. The personal development achieved through education and training would have been harder to achieve without access to subsidised childcare, as parents/carers likely would not have had the time to access education and training. Access to affordable childcare has also been crucial for children, as one provider commented during the primary research:

*‘Subsidised childcare means children aged 0-3 have new opportunities for education and socialisation from birth that they might not have had due to high costs.’*

4.27 Children of all ages being able to access childcare and having time independent from their family to socialise and build relationships is seen as a key benefit. Again, these findings highlight the positive impact of the Affordable Childcare Contracts model.

**Table 4.4: Skills from education and/or training**

*Subsidised respondents who were enabled to access more training and/or education (N=14)*

Skills	No.	%
I feel more motivated in my work and personal life	10	71%
Better able to manage my time	8	57%
I feel more positive about the future	8	57%
My confidence has improved	7	50%
Communication	7	50%
Improved financial planning	4	29%
Better understanding of job opportunities	4	29%



Skills	No.	%
Decision-making	3	21%
I have been able to improve my skills in reading writing and my numeracy	2	14%
Professionalism	1	7%

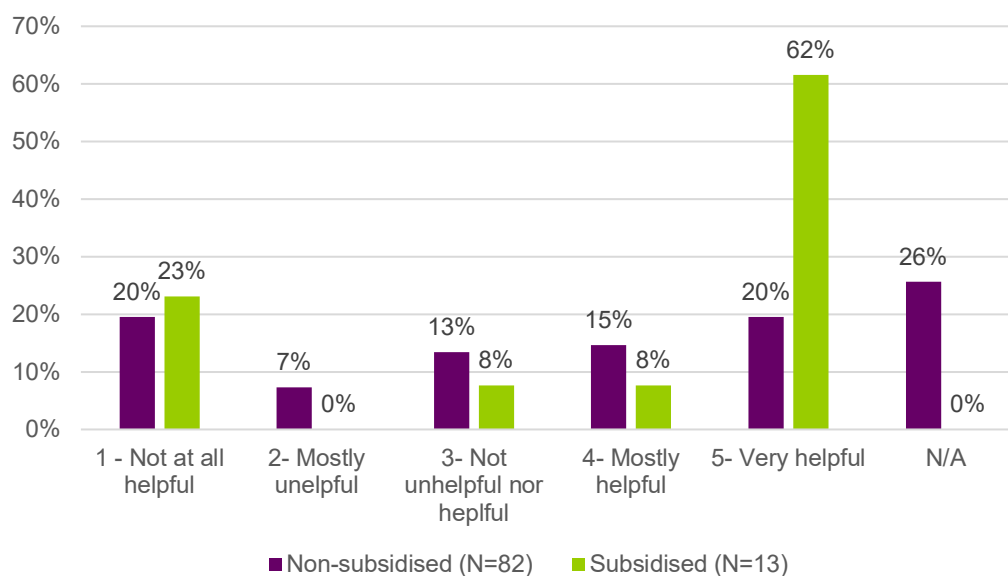
Source: ekosgen survey 2022

4.28 Close to one-fifth of subsidised respondents (19%, or 11 people) said that receiving childcare support enabled their children to access more training and/or education and this is another positive finding. Through this training/education, the children built their social skills, learning and development, and confidence. One respondent said

*‘The education provided at Kidzcare is outstanding. My child would have missed out on this.’*

4.29 Subsidised respondents found their current childcare to be very helpful in terms of managing work shifts and/or changing rotas, overwhelmingly more than non-subsidised respondents have, as shown in Figure 4.11. This is a clear indication that the flexibility of the Affordable Childcare Contracts model is viewed by the subsidised parents and carers who work shifts and rotas as a real strength, and suggests that all childcare users working on these patterns would benefit from flexible childcare provision. This again is a finding that came out through the primary research with parents and employability providers.

**Figure 4.11: How helpful is current childcare with work shifts and/or changing rotas**  
Non-subsidised and subsidised respondents



Source: ekosgen survey 2022

4.30 The majority of non-subsidised and subsidised respondents aspire to remain employed in their current job. However, most of subsidised respondents aim to be promoted, while the majority of non-subsidised respondents aims to remain at their current level. Non-subsidised respondents are also more likely to aspire to be self-employed or to be employed in a new job at the same level as current, while subsidised respondents are more likely to aspire to be employed in a new job at a higher level. Table 4.5 therefore suggests different future career aspirations across the two cohorts: while the subsidised cohort tends to aspire to progress in employment, the non-subsidised cohort has either stabilised at their current level, suggesting they have already progressed in their career, or is looking to be self-employed, suggesting a more financially stable household environment.

**Table 4.5: Future career aspirations**  
Non-subsidised and subsidised respondents

Future career aspirations	Non-subsidised		Subsidised	
	No.	%	No.	%
Employed in my current job – same level	86	24%	6	11%
Employed in my current job – promoted	74	21%	11	19%
Self-employed	68	19%	0	0%
Employed in a new job – same level	29	8%	2	4%
FE/HE Education or Training	14	4%	1	2%
Employed in a new job – higher level	13	4%	4	7%
Gain employment	13	4%	3	5%
Employed and self-employed	4	1%	0	0%
Not applicable	2	1%	0	0%
Unsure	1	0.3%	4	7%
N/A	48	14%	26	46%
<b>Total</b>	<b>352</b>	<b>100%</b>	<b>57</b>	<b>100%</b>

Source: ekosgen survey 2022

4.31 Around 44% of non-subsidised respondents felt their future career aspirations were achievable with their current childcare situation, compared to 39% of subsidised respondents. It should be noted, however, that a much higher share of subsidised respondents did not answer this question, and therefore these numbers may not be indicative of a higher confidence among non-subsidised respondents. Overall, though non-subsidised respondents could potentially have more confidence in their future career aspirations, it is clear that non-subsidised and subsidised respondents have different career aspirations.

4.32 A common theme among non-subsidised respondents as to why their future career aspirations are not achievable is the inability to work more days or hours, often a necessary pathway to career progression. However, the limited availability and flexibility of childcare as well as its high cost, can prevent parents/carers from expanding their commitment to their jobs. As one respondent said:

*‘Availability is low/non-existent. And cost outweighs benefits of working.’*

4.33 Multiple non-subsidised respondents cited the lack of childcare options in the early morning in particular. Other respondents struggled with the lack of options after school:

*‘I can’t find childminder or after school club. I started my new full-time job and I am still on the waiting list to after school club (it is 3 months already).’*

4.34 The high cost of childcare also acts as a barrier to some respondents’ self-employment aspirations, with one commenting:

*‘Childcare is too expensive to take the risk of building up a private practice business again, as I did before maternity leave. It could result in making a loss rather than a profit in a bad month.’*

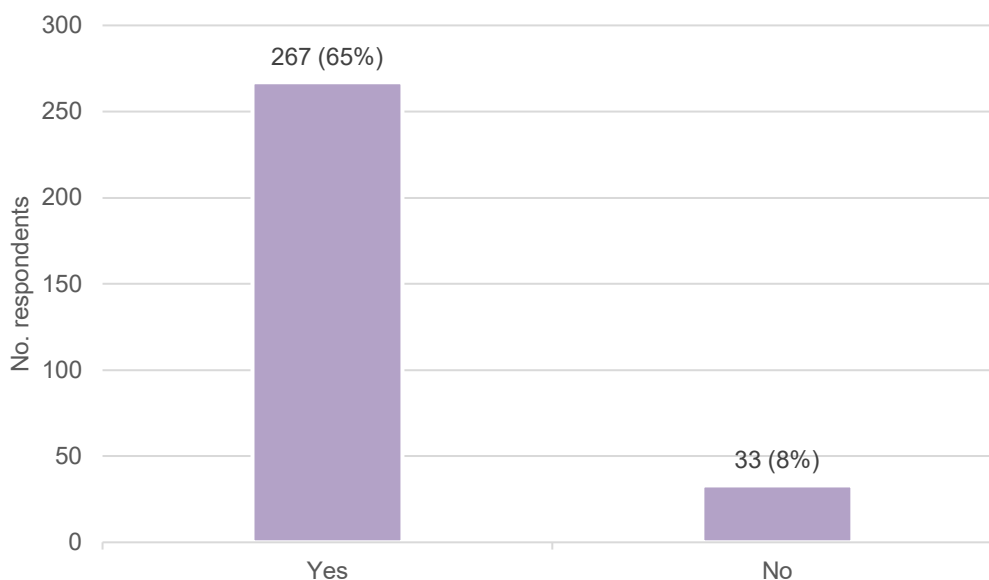
4.35 These are all areas that the Affordable Childcare Contracts model can, and has in many cases, addressed for subsidised families.

## Support needs

4.36 Overall, 65% of respondents had ongoing or future childcare needs, as Figure 4.12 shows. Non-subsidised respondents were more likely to have childcare needs going forward compared to subsidised

respondents (68% and 51% respectively). While it should be noted that a higher proportion of subsidised respondents did not answer, which makes the finding less certain, it is possible that the needs of subsidised respondents are in the process of being addressed through their engagement with the Affordable Childcare Contracts model.

**Figure 4.12: Ongoing or future childcare needs**  
*Non-subsidised and subsidised respondents*



Source: ekosgen survey 2022

4.37 The majority (83%) of subsidised respondents said the current childcare support was satisfactory to meeting their needs. Only four subsidised respondents said it was not satisfactory, citing unreliability of the service – while this should be seen in the context of the disruptions that COVID-19 had on staff availability, it does point towards the need for increased staffing which would improve reliability and potentially increase flexibility. However, recruitment and retention are a challenge that the sector across Scotland continues to face.

4.38 Subsidised users would be more impacted from childcare costs increasing, which is to be expected given they are from low income families. If the childcare costs increased, the most common outcome for non-subsidised respondents would be that they would still be able to afford childcare, but it would be financially difficult. Subsidised respondents, on the other hand, would be more likely to have to change their work to use less or no childcare, or they would have to stop working.

4.39 Table 4.6 shows that only one in five (21%) subsidised respondents would still be able to afford childcare, albeit with financial difficulties. This is a significantly lower share than the one in three (34%) non-subsidised respondents who gave this answer. The impact of increased childcare costs would likely mean a lack of access to childcare for subsidised users, and in turn greater implications on their employment outcomes.

**Table 4.6: Impact if childcare cost increased**  
*Non-subsidised and subsidised respondents*

Impact	Non-subsidised (N=352)		Subsidised (N=57)	
	No.	%	No.	%
I will still be able to afford childcare but it will be difficult financially	118	34%	12	21%

Impact	Non-subsidised (N=352)		Subsidised (N=57)	
	No.	%	No.	%
I will have to change my work to use less or no childcare	96	27%	17	30%
I would have to stop working	70	20%	16	28%
I would ask friends and family to look after my child/children when I am working	54	15%	8	14%
I may not have the same training/education opportunities	47	13%	7	12%
I would have to find a different job that may be less good quality	30	9%	4	7%
It would not have any impact	12	3%	0	0%
Don't know	27	8%	0	0%
N/A	85	24%	29	51%

Source: ekosgen survey 2022

4.40 The accessibility of childcare, like its affordability, is often tightly linked to employment choices. Without accessible childcare, around two in five (43%) non-subsidised respondents would have to stop working, while one in four (24%) would have to change their work to access suitable childcare. Table 4.7 also shows that 13% of respondents would not be able to access childcare at all in this scenario.

4.41 One non-subsidised respondent reflected:

*'Because [Edinburgh] schools close at 12.20pm on Friday [...] I have no alternative but to use a private childcare provider as there is no free [option]. The cost of paying for childcare on a Friday afternoon is prohibitive so I am obliged to work part time despite this not being what my preference would be.'*

**Table 4.7: Impact if no accessible childcare**  
Non-subsidised respondents (N=352)

Impact	No.	%
I would have to stop working	151	43%
I would have to change my work to access suitable childcare	84	24%
I would ask friends and family to look after my child/children when I am working	60	17%
I would not be able to access childcare at all	46	13%
I may not have the same training/education opportunities	42	12%
It would not have any impact	6	2%
Don't know	25	7%
N/A	86	24%

Source: ekosgen survey 2022

4.42 Reducing childcare costs, on the other hand, would mean a better financial position as well as health and wellbeing benefits for many non-subsidised respondents. Table 4.8 shows that close to half of respondents (46%) said they would have a higher level of household income if the cost of childcare was reduced, closely followed by being able to better able to manage finances, including debt (42%). While the financial impact of reduced childcare costs is to be expected, it is interesting to note that a greater availability of affordable childcare would benefit the wellbeing of parents/carers and children: a third of respondents (34%) said they would have better health and wellbeing themselves, and one-quarter would expect better health and wellbeing outcomes for their child or children (25%).

4.43 Finally, while reduced affordability and accessibility of childcare would likely reduce access to training and education opportunities, more affordable childcare would allow parents and carers to access education and training outside of work. These are all potentially very positive outcomes for families who are currently not in receipt of subsidised childcare, should the cost of childcare be reduced.

**Table 4.8: Impact if cost of childcare was reduced**  
Non-subsidised respondents (N=352)

Impact	No.	%
I would have a higher level of household income	162	46%
I would be better able to manage finances, including debt	149	42%
I would have better health and wellbeing outcomes, for example confidence, self-esteem, feeling positive about the future	119	34%
There would be better health and wellbeing outcomes for my child/children	89	25%
My child/children would have better access to learning and development	81	23%
I would be able to move to a job that better suits our family needs	67	19%
I would be able to take up education/training outside of work	64	18%
I would have more job stability	59	17%
My housing situation would be more stable	51	14%
I would have fewer benefits requirements, i.e. Universal Credit	23	7%
It would not have any impact	13	4%
Don't know	18	5%
N/A	86	24%

Source: ekosgen survey 2022

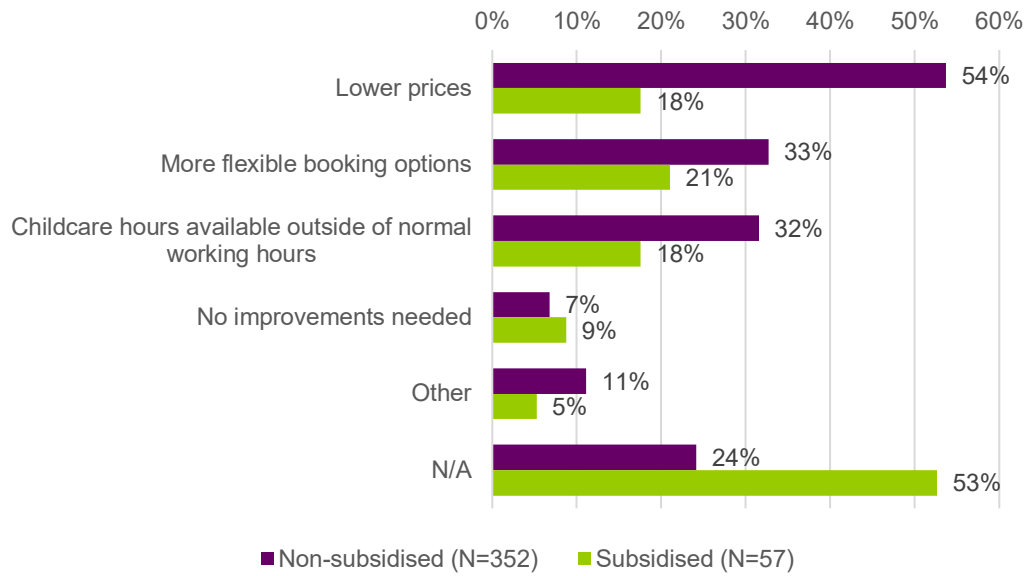
4.44 Larger shares of non-subsidised respondents said that childcare could be improved through lower prices, more flexible booking options, and by having childcare hours available outside of normal working hours, compared to subsidised respondents (Figure 4.13). By comparison, a far lower proportion of subsidised respondents felt lower prices would be needed, suggesting that this aspect has been addressed for many of those receiving subsidised support. On prices, one non-subsidised respondent said:

*'I needed extra childcare as funding wasn't in my complete hours. There was nowhere to help with childcare upfront costs. All nurseries want upfront and this is impossible when on universal credit as a single parent. [...] I ended up having to take an advance/loan from universal credit at £50 a month repayment. I struggled with bus fares in my first month and was given £60 from jobcentre to get clothes and shoes for work. [...] It was all a disaster I was so stressed it made my anxiety sky high. I ended up leaving my job with ill health once again. Now currently looking for work again and dreading getting started as feel back at square one.'*

4.45 This example from one parent/carers who is not receiving subsidised support highlights that support is required beyond the current delivery scope. While it is unclear why this individual has not been in receipt of subsidised childcare, it is evident that many non-subsidised users would benefit from aspects of the Affordable Childcare Contracts model being widened to the overall childcare provision, i.e. employability and funding support.

**Figure 4.13: How childcare could be improved to meet needs**

*Non-subsidised and subsidised respondents*



Source: ekosgen survey 2022

## 5 Good practice approaches

### Introduction

5.1 This chapter explores good practice approaches in other local authorities to supporting families into employment through childcare intervention or assistance. It describes three approaches in detail before presenting a summary of other examples of support projects and approaches funded through the Access to Childcare Fund, where there is a level of integration between childcare and employability.

5.2 The chapter concludes by identifying key learning points for the City of Edinburgh Council to consider from these approaches.

5.3 It is worth highlighting that the desk research did not find many other equivalent services that sought to combine affordable childcare provision with employability support, which itself is a finding from the research.

### Edinburgh – Maximise!

5.4 The Maximise! project is a partnership between CHAI and Children 1<sup>st</sup>, supported by NHS Lothian, the City of Edinburgh Council and Capital City Partnership, and was first launched in 2018. While Maximise! is an Edinburgh-based project and does not have a central focus on delivering childcare interventions to support employability outcomes, it is important to highlight existing good practice in the Edinburgh that could be better integrated into a future model of affordable childcare.

5.5 Maximise! is a family advice and support initiative that takes a whole family approach to support, with a strong focus on tackling child poverty and opening employment pathways for parents or carers. Following a successful pilot of Maximise! in the South East of Edinburgh in 2018, the service was expanded and embedded within school clusters and early years centres across each of Edinburgh's four localities (South East, North East, North West, and South West), with Maximise! Early Years targeted at families where there is a child aged between 0 and 5. Since the pandemic, the service has become city-wide in all schools. Embedding the service within school clusters and early years centres is a core part of the model's success, ensuring it is easily accessible to families who are in need of support.

5.6 The Maximise! support model is shown in Figure 5.1. It is made up of four integrated teams of three staff across each of the four localities who provide advice, employability and family wellbeing support. Families can select which of the support areas they wish to engage with and can move through each of the support areas depending on their own needs and situation.

5.7 Referrals to the service typically happen through schools or early years centres. This approach means the service can reach families who may need support at the point when the family member is dropping off their children at school. Initial appointments can also be arranged on weekday mornings at set times throughout the week. Thereafter, if it established that further support is required through the service, Maximise! advice workers can work with individual families to develop an Action Plan on how to address their needs. A core part of this approach is relationship-building, with each Maximise! practitioner identifying 'building relationships with families' as central to their practice<sup>32</sup>. This means a significant portion of practice time is spent with families in order to build, or re-build, individual confidence and trust in others – research conducted by the University of Edinburgh found that approximately 70-80% of Maximise! service delivery is spent doing this. It also highlighted the effectiveness of the Maximise! cluster model and intensive family support approaches more generally, particularly for delivering emergency social services to economically distressed communities.

<sup>32</sup> Maximise! Impact Report 2019/20



**Figure 5.1: Maximise! model of support**



*Source: Maximise! Impact Report 2019/20*

5.8 Forming the core parts of the model, areas of integrated support include:

- **Advice:** Financial checks and income maximisation; welfare rights; crisis and debt management; housing issues; budgeting help; service cost comparisons; and advocacy and representation across various social welfare issues.
- **Family Wellbeing:** Addressing the wider issues impacting families affected by poverty; stabilising families and increasing independence; establishing positive routines and structures; addition issues; housing and homelessness; parenting skills; social interactions; and physical and mental health issues and disabilities.
- **Employability:** Increasing confidence; looking for employment; applying for jobs; CV and interview preparation; accessing training, education and/or volunteering; progression within work; and in-work support.

5.9 The service places high importance on flexibility and fluidity in order to ensure each part of the model learns from and understands issues across the others. For instance, Family and Wellbeing workers are aware of specific practical and financial questions to consider when assessing and addressing family needs and can assist Advice Workers with information gathering tasks. Similarly, Advice and Employability Workers are trained in trauma-informed approaches, therefore can proactively use appointment time to build trust and understand the mental and emotional wellbeing of families and children.

5.10 Across 2019/20, where the latest data is available, the Maximise! project:

- Supported **901** dependents of families who engaged;
- Supported **197** lone parent families;
- Supported **153** larger families (i.e. with three or more children);
- Supported **37** care-experienced families;



- Supported **97** black and minority ethnic families;
- Delivered **569** appointments;
- Facilitated overall financial gains of almost **£668,000** for families supported; and
- Returned **£30-£39** in social and economic benefits for every £1 invested.

5.11 There is an opportunity to utilise the existing expertise, processes and relationships built through the Maximise! project to address the problems posed by the cost of childcare. Some of this work is already ongoing by the Maximise! team on a case by case basis, for instance where a parent has concerns over the cost of childcare while attempting to gain employment.

5.12 However, establishing childcare support as a core part of the Maximise! model and integrating pathways to subsidised childcare provision through specific providers would broaden this already holistic approach to whole family support. It would ensure greater linkages between key stakeholders within and across the four localities and take advantage of the already-established employability support elements of the service.

## Flexible Childcare Services

5.13 Flexible Childcare Services (FCS) Scotland is a service that aims to support parents to be able to engage in employment, training or education as a result of accessible and flexible childcare options<sup>33</sup>. FCS Scotland was launched in 2019 as a charitable organisation following consultation with One Parent Families Scotland (OPFS) where it was found that the lack of flexibility in childcare meant parents/carers were finding it difficult in areas such as returning to work.

5.14 Following consultation with OPFS, two childcare centres in Dundee and Aberdeenshire were established to offer high quality and, importantly, flexible childcare solutions. These were initially designed for one parent families, but were open to all, aiming to support parents/carers to achieve a positive work/life balance. Since then, FCS Scotland has developed centres across Scotland, including in Dundee, Inverness, Keith, and Aberdeenshire, and presented an opportunity for other childcare providers (including workplace nurseries) to adopt the FCS model and develop flexible solutions for families they already support.

5.15 FCS currently has 23 services across eight regions in Scotland, and this includes home-based childcare and mobile crèche services. A core component of the FCS approach to increasing accessibility is its operation of an online booking system called Caerus which facilitates internal staff planning and external childcare booking in a flexible manner.

- **Internal:** FCS services providers can use the online software to plan across a range of areas, notably staff rotas for the coming weeks and months, and the identification potential areas or times where they have either additional capacity or potential gaps in capacity.
- **External:** Parents/carers can use the system to book in childcare slots at an hourly rate, with hours extending beyond the normal 9am-3pm, and instead offering slots from 7am-7pm to accommodate a wider range of working and study patterns.

5.16 Parents/carers can also use an app as part of the FCS Caerus software which enables them to find and manage their childcare bookings. The app allows parents/carers to search through a list of providers who are part of the service offering flexible childcare. Once a provider has been identified, parents/carers are invited to meet with the provider at which point the provider can evaluate and determine their childcare needs. Thereafter, parents/carers complete a registration form and are able to use the app to book childcare slots with the relevant provider. This can be done at any time, and the flexible approach means parents/carers can cancel or change their booking slots where required. Given

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<sup>33</sup> <https://www.fcsc.org.uk/about/>

many parents/carers from low income families undertake shift work, the flexible approach to booking through the app and the greater range of booking options each week means accessing childcare around work (or study) commitments is easier.

5.17 Another benefit for parents/carers, and particularly those from low income families, is that FCS does not charge upfront costs (i.e. deposits, holiday retainers) when a childcare slot is booked. This means there is less stress for parents/carers as they are not necessarily tied to a particular booking slot. FCS also provides drop-off and pick-up services in some locations, again taking some of the burden off of parents who may be working or studying.

5.18 As well as functioning as a system for booking and planning, from the provider perspective, the online Caerus system also includes a range of information across areas such as accident records, funding profiles, unused staff capacity, accounts for parents and children, and a dashboard collating various other statistics. The software links into FCS's sessional childcare team which can support providers who are using the service to increase their capacity, as well as enable childcare workers to find more working hours.

5.19 FCS is currently exploring potential links with employability providers to integrate employability support into the service as a way of offering a more holistic support approach to families, one driven by flexible options and greater accessibility.

## Fife

5.20 The focus on childcare support in Fife is largely on the delivery of support for school-aged children. The majority of childcare provision in the local authority is delivered by Fife Council with around 50 providers offering childcare places, across both ELC and OSC services. The few exceptions include a handful of nurseries and around eight or nine voluntary childcare services.

5.21 This means childcare support and provision can be managed almost wholly within the Childcare Services team at Fife Council. The team oversees the delivery of childcare provision across Fife as well as funding of this provision and is therefore a key decision-making body in terms of where funding for accessible childcare and employability support goes. The Council also oversees the operation of breakfast cafes which are free of charge and play schemes during school holidays to support families at risk of food poverty.

5.22 As a result, the Childcare Services team at Fife Council is in a strong position to directly provide childcare funding support to families who are most in need, i.e. low-income families, young carers. A pot of money is reserved for this. An example of this in practice would be a single parent who cannot afford childcare because they are not employed, but who needs the childcare support in order to seek, gain and/or sustain employment. In this instance, the Council can fund childcare for this family and support the parent into positive employment outcomes. It could also entail supporting young carers into work while the children they care for receive subsidised childcare through Council providers.

5.23 Through this model of direct contact with families, the Childcare Services team is able to engage with individuals in need of support to identify employability organisations they can access. The employability aspect of support is one that the Childcare Services within Fife Council has plans to integrate more into their childcare provision remit in future.

## Access to Childcare Fund: examples

5.24 The Access to Childcare Fund (ACF) aims to test and support childcare solutions that enable more accessible and affordable childcare for families. Its overall objective is to contribute to reducing barriers to childcare facing parents and carers, including costs, availability of hours, and accessibility for

children with additional support needs<sup>34</sup>. Funding is provided by the Scottish Government and the ACF is managed by Children in Scotland. Fifteen projects in different parts of Scotland have been awarded grants to explore ways to address the challenges and barriers. Each project aims to enhance the accessibility and affordability of services for low-income families, particularly the six identified priority family groups most at risk from living in poverty as identified in the Tackling Child Poverty Delivery Plan<sup>35</sup>. The following section provides some examples of ACF funded projects and approaches.

5.25 Low Income Families Together (LIFT) is based in Muirhouse in Edinburgh. Many households in the area live below the poverty line and face in-work poverty and there is a relatively high proportion of lone parent households who face particularly childcare issues. LIFT aimed to identify the hours that parents and carers work and when they need childcare. The consultations with families highlighted the issue that the minimum hours that services tend to offer is often more than the household needs, but they have to pay for the hours, even if they do not use them. LIFT aims to tackle this by providing flexible hours, even if a family needs only 30 minutes or an hour

5.26 Parents/carers complete an online form setting out their needs and the information is used by LIFT to plan how many sessions are needed for how many children to allow families to work and only pay for the time they require, as LIFT says:

*‘at a fraction of the cost they were paying’.*

5.27 LIFT is aiming to demonstrate that flexible childcare can be a feasible way of working and help to address in-work poverty.

5.28 Clyde Gateway’s ACF funded project is called Supporting Families. It involves a collaboration of delivery partners<sup>36</sup> around a high school in Rutherglen. The project aims to support children aged five and above to access subsidised or free OSC. Combined with this, the families are provided with ‘whole family support’ based on their needs. This is wrapped around the childcare and covers activities such as wellbeing, fuel and food vouchers, employability interventions and access to leisure opportunities. Clyde Gateway provides match funding for a Family Support worker who works with the families referred into the project.

5.29 Hame fae Hame (HfH) in Shetland is working to develop flexible childcare options for families, both before and after school, with a particular focus on outdoor provision. HfH has developed a family monitoring system to track positive outcomes for families on low incomes. In addition to testing the impact of more use of outdoor space, HfH has introduced breakfast provision as part of its ACF-funded activity to improve the flexibility of the offer.

5.30 The Indigo Childcare Group (ICG) is based in the Castlemilk area of Glasgow. It provides childcare for children from six weeks to 16 years, allowing it to form strong bonds with the families that use the service and gain real insight into their needs at each stage. Through the ACF, ICG is exploring the need for and sustainability of childcare and youth provision at weekends.

5.31 St Mirin’s out of school club in Glasgow is working closely with its host school to create a plan to improve the accessibility of the service by extending the hours of care at both sides of the school day. The aim is to better support households with irregular working hours.

5.32 The Scottish Childminding Association (SCMA) piloted a new service in partnership with four local authorities to provide community childminding placements to small groups of children in home learning environments. The service was coordinated by a Childminding Development Officer (CDO), liaising with key stakeholders and partners to match referrals with Community Childminders who are

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<sup>34</sup> <https://childreninScotland.org.uk/acf-fund/>

<sup>35</sup> <https://www.gov.scot/publications/best-start-bright-futures-tackling-child-poverty-delivery-plan-2022-26/>

<sup>36</sup> Partners are One Parent Families Scotland, South Lanarkshire Council Education, and South Lanarkshire Council Leisure and Culture

experienced childminders who have undertaken additional training to carry out the more specialist project activity.

5.33 The pilot service was developed to support access to school age childcare, based on providing funded childminding placements to support children and families over a period time where parents would be able to access out of school care<sup>37</sup>. The intention of the pilot was that parents accessing the service would continue to use childminders for out of school care provision once the funding had ended, ensuring sustainability in the longer term. It included two strands: support for employment to enable low income families to access work, and school aged childcare for families who have children with additional support needs (ASN).

5.34 The pilot aimed to offer 100 placements for the first strand and 20 for the second, with placements offered over a 12-week period at up to 15 hours of childcare support per week to enable access before and after school care. It was intended to be delivered across four local authority areas, including Dumfries and Galloway, Edinburgh, Fife, and North Lanarkshire.

## Learning points

5.35 The approaches and best practice identified the chapter can provide a range of key learning points for a future Affordable Childcare Contracts model to consider. This section presents the key learning points from the Maximise! and Fife approaches, as well as from the ACF examples provided. The revised final report will include learning points taken from approaches in Dundee and Stirling, once consultation with these two local authorities has been completed.

5.36 Key learning points are:

- There is a real opportunity to utilise the existing expertise and services in Edinburgh to enhance the employability component of the Affordable Childcare Contracts model. Maximise! has a strong employability support footprint in the city, and there may be scope for boosting the childcare support element of existing services such as the Maximise! project.
- Regarding Maximise! specifically, there is already a Family Wellbeing support function included as part of the Maximise! approach. A future Affordable Childcare Contracts model could engage with and learn from the activities undertaken by Family and Wellbeing workers who form part of this team, as well as potentially become a core part of the Family Wellbeing support package. In doing so, this could then feed into the Employability support function that also forms part of the Maximise! approach.
- Where families initially seek support and engage through other employability services (i.e. Maximise!) there is an opportunity for them to be signposted to the Affordable Childcare Contracts model, and the potential for them to access subsidised childcare support. This exploratory work could form part of the initial appointment process undertaken by employability service, where employability workers have time to identify the needs of families and any immediate actions that can support them.
- There is a great deal of collaborative and cross-function working within the Maximise! approach and team, specifically to ensure that each support area within the service understands and can signpost families to other, relevant areas to meet needs. This would be an important aspect of a future Affordable Childcare Contracts model, particularly to ensure all stakeholders – including childcare providers, employability services, City of Edinburgh Council – are able work together in a cohesive and consistent manner.
- There is an opportunity to take advantage of existing services and software to increase accessibility to childcare, such as FCS approach to flexible childcare and the associated Caerus software. FCS can be applied in the City of Edinburgh Council area, with local

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<sup>37</sup> <https://www.childminding.org/access-to-childminding>

providers using the model to offer flexible childcare slots to parents/carers who have childcare needs beyond the traditional 9am-3pm hours, i.e. as a result of shift working or studying.

- The Childcare Services team at Fife Council can directly allocate funding and support around childcare-related issues to individuals who require it, on a case-by-case basis. While this more bespoke approach may not be feasible in Edinburgh, it may be that a future Affordable Childcare Contracts model could incorporate a more centralised assessment element for families who do not meet eligibility criteria but who would benefit from help to find accessible childcare and access all available support through funding streams and interventions.
- The provision of flexible, accessible childcare hours to enable parents/carers to balance childcare needs with employment, training or education is important is a key point of learning. For instance, this could be informed by feedback from parents/carers on their needs through an online form or portal. This is a similar approach to the Flexible Childcare Services in Dundee, which will be explored further in the revised final report.
- It will also be important for any potential future Affordable Childcare Contracts model to implement a robust monitoring process, i.e. the Hame fae Hame project has an effective process that tracks positive outcomes for families on low incomes.

## 6 Conclusions and recommendations

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### Introduction

6.1 This chapter draws together the evidence gathered through the desk review, the survey of parents and carers, and the qualitative research with parents using subsidised childcare, employability providers, and the four childcare providers. It also draws on the themes explored at the Steering Group meetings.

6.2 It sets out the conclusions and then highlights issues for the City of Edinburgh Council to consider and recommendations for the future provision of integrated affordable childcare and employability support.

### Conclusions

6.3 There is no doubt that the cost of childcare can make it difficult or impossible for parents/carers to move into and remain in good quality work. In-work poverty through low paid and unreliable employment, often characterised by fluctuations in hours and pay, is high on the policy agenda. The COVID-19 pandemic undoubtedly exacerbated its prevalence and impacts, and these impacts were most keenly felt in some of the lower paid sectors such as Social Care, Retail, and Hospitality. The current steep and persistent rise in the cost of living is also impacting disproportionately on lower income households who do not have the capacity to absorb rising costs. It is therefore arguably more important than ever to support disadvantaged households to sustain and improve their employment circumstance.

6.4 Broadly speaking, the Affordable Childcare Contract model's objectives are to offer high quality childcare solutions for households and integrate this with local employability services. It also aims to encourage parents/carers to establish peer networking to share knowledge and information, provide support and participate in learning and development. In terms of providing childcare, the model has successfully supported a large number of households in Edinburgh and has been very valuable in helping these households to access and cover the cost of childcare for pre-school and school-age children. To date, referrals have tended to be through word of mouth and awareness raising by the childcare providers. There is some anecdotal evidence of referrals from colleges but these are limited, as are referrals through employability providers and community-based organisations. There is scope to broaden and enhance referral routes but this must be balanced with provision and it was reported in the research that generally, the four providers operate with a waiting list. This can mean that subsidised as well as non-subsidised households may not be able to immediately access any or some of the hours they need. Boosting referral routes may therefore generate demand that cannot be met by supply.

6.5 Accessing the subsidised childcare has delivered benefits to children, households and parents/carers. If these are aggregated to community level, then it is reasonable to assume that communities have also benefited by improved outcomes for children and families. Also, if more people in an area are able to enter, sustain and progress in employment, then there is likely to be more money circulating and being spent on good and services locally. These benefits include improved mental and physical wellbeing of children, and enhanced access to learning and development. Given the reported increase in mental wellbeing issues amongst children, and the education attainment gap in Scotland, this is a very important benefit flowing from the subsidised childcare.

6.6 Thinking about employment and skills, there is strong quantitative and qualitative evidence that the subsidised childcare has enabled parents/carers to sustain and for some, improve their employment circumstance by moving to a more stable and better quality job, and one that better fits with their domestic responsibilities personal life. Some have achieved promotion as a result of the childcare they have accessed, and likely linked to this, increased their household income. They also report being better able to manage their finances including debt. It has also helped delivered benefits for the public purse



with a quarter of survey respondents reporting that their household now requires to draw down less in terms of benefits such as Universal Credit.

6.7 As well as employment outcomes, parents and carers report that the subsidised childcare has meant that they have been able to develop their skills by participating in training and learning as well as developing their personal skills such as time management.

6.8 Employment and income are key factors in housing security and the health and wellbeing of individuals. This is reflected in the outcomes reported by parents and carers including improvements in confidence, self-esteem, and aspirations. Despite some of the external factors that are adding pressure to many households in Scotland, a substantial proportion of parents and carers accessing the subsidised childcare report feeling more positive about the future as a result of the childcare they access.

6.9 If the subsidy had not been provided or is withdrawn, parents reported that they would find the full cost of childcare difficult to meet. For some, it would mean having to stop working, others reported that they would have to work less or take a lower paid job, and some said they would have to ask relatives and friends to look after their children. They also reported that they would be less able to take part in training and learning opportunities. Many survey respondents who use childcare but do not receive a subsidy indicated that if their childcare costs increased, it would add to financial pressures and for a sizeable proportion it would mean that they would have to stop working or change their work, for example taking on a lower quality job to fit around care. Given the rising costs of living and the fact that overall, wage increases are not keeping pace, it is reasonable to project that the cost of childcare may be more difficult and more prohibitive for households on lower incomes going forward. Rising costs, for example energy, may also mean that childcare providers have to increase fees, so exacerbating the issue of affordability.

6.10 By routing the subsidy through the four childcare providers, the Affordable Childcare Contracts model has supported these services and helped to ensure they have remained viable. That is not to say that they would not still be in place without the subsidy, but there is no doubt that it has enhanced their ability to provide care to both subsidised and non-subsidised households which is a benefit to the wider community as well as local employers, by widening the potential recruitment pool.

6.11 Flexibility of childcare means parents/carers can better balance their childcare needs with other important aspects of their life, such as employability, education or training. This was highlighted strongly through the primary research with parents and employability providers, for instance more flexible, accessible childcare options means parents/carers who are undertaking rota/shift work can better plan their week, which in turn can have positive health and wellbeing outcomes.

6.12 The evidence indicates that the programme has not succeeded in integrating employability support with the subsidised childcare and this is a missed opportunity in terms of supporting parents to move into and enhance their employment.

6.13 The subsidised care is available to parents and carers in employment as well as those looking to take up a job. However, there is no evidence that employability providers are referring people to the subsidised services to enable them to enter employment and the majority (perhaps all) the subsidised childcare is being taken up by parents who are already working. Whilst this is not necessarily an issue as working parents are eligible, it might be worth considering if some of the subsidy and the subsidised places are ring-fenced for people moving into work. This may help to strengthen the link between the childcare provision and employability services.

6.14 Each year, subsidised households are assessed by the childcare providers to check their ongoing eligibility. If their situation improves, in terms of income, then the level of subsidy reduces and if appropriate, the subsidy ceases. It was reported by one provider that they operate a three-tier system and supported households can go up and down the tiers in response to changes. They also reported

that if a parent/carer alerts them to a change, this reassessment can be carried out at any point in the year.

6.15 In undertaking the research, it became clear that the performance monitoring data is not adequate in driving or assessing performance against targets. It is incomplete and where data has been provided, it is inconsistent across the four providers. There is a disconnect between what the childcare providers think they should report against the indicators, and what the City of Edinburgh Council and Capital City Partnership intended and expected. This means that the review has not been able to draw any meaningful conclusions on progress towards, and achievement of targets. It also means that the Council cannot actively review and manage performance or accurately identify overall impact on the incomes of supported households. In the study. Combined with this, the study scope did not include a financial assessment of the programme and the economic value and value for money accrued.

6.16 The monitoring system is more aligned to employability provision than childcare and, recognising this, there are plans to create one that is more fit for purpose.

## Recommendations

### Recommendation 1: Subsidised childcare in Edinburgh

6.17 There remains a need for the cost of childcare to be removed as a barrier for working parents and carers on low incomes in Edinburgh. To use available resources most effectively, this should continue to be targeted at those most in need and who could benefit. Withdrawing the subsidy would make childcare unaffordable to some households and add financial pressure to others. It should be linked to the 1,140 funded hours and be designed to fill the gaps between these funded hours and what the household requires to enhance their employability and income in line with the objectives of the subsidised childcare.

6.18 Consideration should also be given in terms of the flexibility that can be offered to parents and carers in terms of the hours of provision to align with shift working and where people work according to a rota that may change or differ week by week. The Flexible Childcare Services model should be explored in greater detail in order to understand its viability for the City of Edinburgh and how it could be used as part of support package that offers flexible, affordable childcare to low income families in the city. This should include liaison with the FCS team directly as well as engagement with other local authority areas where FCS is currently in use, such as Dundee City Council, to understand the requirements from a Council perspective.

6.19 If it is accepted that some form of support to for affordable childcare will be provided going forward, there are two delivery models that the City of Edinburgh Council should consider:

- Funding (at whatever level) is routed through providers in specific locations in Edinburgh. This could be the current providers or providers that have not been involved to date.
- Funding follows the family, meaning that the subsidy is linked to the child and can be used in participating ELC and OSC providers in any part of Edinburgh.

6.20 Table 6.1 provides an at a glance assessment of the two options against some key considerations.



**Table 6.1: Delivery models**

Considerations	Funding routed to providers	Funding follows the child and includes Registered Childminders
Enhances viability of providers	<ul style="list-style-type: none"> <li>• Supports funded providers</li> <li>• Childminders do not benefit from the current Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Minimal impact as the subsidy is spread across more providers</li> <li>• Could support childminders to be viable</li> </ul>
Management and administration	<ul style="list-style-type: none"> <li>• Straightforward and a continuation of current processes</li> </ul>	<ul style="list-style-type: none"> <li>• More complicated and time consuming</li> </ul>
Supporting Edinburgh households in need	<ul style="list-style-type: none"> <li>• Reach limited by the geographic focus on four areas</li> </ul>	<ul style="list-style-type: none"> <li>• Greater reach across the city meaning more equitable access to affordable childcare</li> </ul>
Monitoring performance (assuming development of new process)	<ul style="list-style-type: none"> <li>• A small number of providers can provide monitoring information on a cohort of households relatively easily</li> </ul>	<ul style="list-style-type: none"> <li>• Information gathering likely to be more complex</li> </ul>
Integrating with employability services	<ul style="list-style-type: none"> <li>• Building and sustaining relationships between childcare providers and employability services can be focused</li> <li>• Providers in deprived areas may be more able to provide employability information and referrals</li> </ul>	<ul style="list-style-type: none"> <li>• A large number of childcare providers so less focused integration.</li> <li>• Employers across Edinburgh will have varying knowledge and understanding of employability.</li> </ul>

## Recommendation 2: Performance monitoring

6.21 The performance monitoring framework and process is due to be redesigned to better reflect the Affordable Childcare Contracts model and objectives. This is very positive, and it is recommended that the new framework is designed to capture quantitative and qualitative data about the households accessing subsidised care and the outcomes that they have accrued as a result. Careful consideration should be given to the range of potential outcomes for the child or children, the parents/carers, and the household. It should also gather data on engagement with employability services as part of an integrated offer. The survey used in this review can be used as a basis. The childcare providers should be given high quality tools to gather the data supported by a short guidance note. The new framework should be piloted with a provider before being rolled out. At regular intervals, for example six-monthly, childcare providers could be asked to provide three or four case studies and this would include capturing engagement activities with employability interventions.

6.22 To undertake a value for money (VfM) assessment in the future, it will be important that the performance monitoring framework gathers detailed and accurate information about the financial outcomes for households for example: income safeguarded; increased income; reductions in benefits. For a robust assessment of VfM, information on attribution would be required, which means the extent to which these outcomes are as a direct result of the intervention (in this case, the subsidised childcare).

6.23 The monitoring system should also record the referral source of each enquiry and subsidised place to monitor the sources and levels. It should also capture the extent to which the enquiry was converted to the offer and take up of a place and where it could not be fulfilled, or there was a delay in fulfilling. This will help to monitor demand and inform future planning and resourcing.

6.24 To support the roll out, there should be an information session with the childcare providers to highlight the importance and benefits of gathering good quality monitoring data to demonstrate impacts. At this session, there should be a live demonstration and walk through of the new monitoring framework and the processes for recording and inputting data, along with data protection protocols.

### **Recommendation 3: Communications**

6.25 Linked to Recommendation 2, regular and productive two-way communication will be increasingly important to shape a refreshed offer and on an ongoing basis, discuss the performance of the Affordable Childcare Contracts model and identify and address any issues as they arise. There was a call from stakeholders in the research, including childcare and employability providers, for more regular and planned engagement between providers and the Council. This could be in the form of quarterly meetings with a standing agenda and scope for particular topics or issues to be added to it as required. It would also offer providers the opportunity to share good practice and discuss any potential issues, for instance around monitoring systems or engagement with employability providers,

### **Recommendation 4: Referrals**

6.26 A more planned and consistent referral process across subsidised provision would broaden the reach of the subsidised places by raising awareness amongst a wider range of households and groups that could benefit. This will of course be driven in part by the decision on the future funding levels and routes, for example if the funding is allocated to providers or follows the child. This will require awareness raising and a system established with potential referral organisations such as employability providers, Welfare Rights Organisations, SDS Careers Advisers, and community-based intermediaries. However, care will have to be taken to ensure that the supply of places and subsidy can adequately meet any increase in demand generated.

### **Recommendation 5: Achieving more with less**

6.27 With pressure on budgets, if the City of Edinburgh Council decides to continue to make provision to support affordable, it is important that it makes best use of all external funding opportunities, and aligns Council and other local resources to achieve more with less. The Tackling Child Poverty Delivery Plan (TCPDP) has committed to significant investment in employability support for parents including allocating key workers and support to childcare. This may be an opportunity to lever in funding for an integrated employability and childcare programme in Edinburgh. The six priority groups identified by the TCPDP are: lone parent families; households with a disabled person; households with three or more children; mothers aged under 25, minority ethnic households; and households with a baby aged less than one year.

6.28 There is also the Parental Transition Fund aimed at tackling financial barriers for parents entering the labour market<sup>38</sup>. It is recognised that the various funding sources will have their own performance and monitoring and reporting requirements which may not align with the monitoring processes and data for the subsidised childcare.

6.29 Alongside the commitments in the Tackling Child Poverty Delivery Plan, the City of Edinburgh Council should track the progress and implications of the commitments of the Programme for Government. As funded ELC is extended to support more low income households in Scotland and OSC wraparound care is implemented, many of the households that the Affordable Childcare Contracts model does and could target for subsidy will have access to other sources of support and mechanism to meet their needs for affordable childcare.

6.30 In this context of change, it is recommended that the progress against these opportunities is closely tracked and the potential impacts on the target households. An audit should be conducted as a working document to gain a very clear understanding and allow the City of Edinburgh Council to continue

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<sup>38</sup> <https://www.gov.scot/publications/best-start-bright-futures-tackling-child-poverty-delivery-plan-2022-26/>

to monitor new funding and support for parents in order to inform its own level of subsidy and processes for assessing the individual need of households.

6.31 Added to this, the efficacy of a refreshed process to assess need should be explored in light of these changes and opportunities. This would be similar to a benefits maximisation intervention, aiming to ensure that each household applying for a subsidy is accessing all other support that they are able and eligible for. The subsidy would then be focused on addressing any remaining gap between cost and affordability.

### **Recommendation 6: Integrating employability**

6.32 To maximise the impact of the funding, subsidised childcare in Edinburgh should be more effectively integrated with employability interventions. This should be part of future contracts with the childcare providers as well as employability services. Key Performance Indicator (KPI) for the childcare and employability providers and be integral to the performance monitoring framework.

6.33 This research has identified some barriers to this, and of course the COVID-19 pandemic made this integration particularly difficult. The barriers are around lack of awareness amongst parent/carers of the support available, the pressure on communication opportunities between childcare providers and parents/carers e.g. at drop off and pick up, and lack of consistent and active engagement between employability partners and providers. It will also be important to manage the flow of referrals to the supply of subsidised childcare places and as part of this, the potential expansion in the number of childcare providers who provide this subsidised care, including Registered Childminders.

6.34 In addition, signposting and referral to other agencies would provide more holistic, person-centred support and contribute to enhancing the circumstances of subsidised households. There is anecdotal evidence that this happens, but it is ad hoc and inconsistent.

6.35 Service integration of this type is not always easy, and it requires a carefully planned process and monitoring to assess progress and make adjustments as required to ensure genuine integration of the offer. Based on this, ekosgen recommends the following:

- The findings of this research should be summarised and disseminated to the childcare providers, employability partners, and wider stakeholders to demonstrate the benefits and highlight any issues, in particular the need for more integrated support.
- A short life working group should be established. It would explore the challenges and barriers in more detail and develop a model and approach to integrate subsidised childcare with employability. It should also consider how to best encourage and enable parents to take up the integrated offer and the potential benefits. Membership of this groups should include childcare providers, employability services, the City of Edinburgh Council, and other partners.
- It may be useful to assess the potential, benefits and any issues of specifically creating a partnership between one employability service, and the subsidised childcare offer. This would not necessarily preclude other employability services from referring and signposting, but it may simplify the process of integrating the two strands of support and achieve a clearer and more streamlined combined offer. In the research, the Maximise! project has been identified as a potential key employability and support partner (Chapter 5). Maximise! takes a whole family approach to support which incorporating three strands of support: employability, advice, and family wellbeing.

## Appendices

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## Appendix 1: Consultee list

Table A1.1 presents a list of the organisations consulted as part of the primary research, including one-to-one consultations and focus groups. In addition to the organisations listed below, we consulted with three parents and the Steering Group members in the form of a focus group session.

- **Table A1.1: Primary research consultees**

<b>Key Stakeholders</b>	
Capital City Partnership (x2)	Community Help and Advice Initiative (CHAI)
City of Edinburgh Council	One Parent Families Scotland
<b>Childcare Providers</b>	
Childcare Connections	North Edinburgh Childcare
Kidzcare	Smilechildcare
<b>Local Authorities</b>	
City of Edinburgh Council	Fife Council
Dundee City Council – Flexible Childcare Services	
<b>Employability Providers</b>	
Canongate Youth	Community Renewal Trust
Children 1 <sup>st</sup>	

## Appendix 2: The Childcare Sector in Edinburgh

### Definition

The Scottish Government's definition of the childcare sector is based on the Scottish Social Services Council (SSSC) definition. It covers early learning and childcare services, which includes early learning and childcare, school aged childcare and childminder settings. This encompasses:

- All providers of registered day care of children's services who provide care to children under primary school age, including nurseries, playgroups, family centres, creches, and fully outdoor services for children aged 5 and under;
- Care Inspectorate registered childminders and assistants; and
- All providers of Care Inspectorate registered school age childcare in all sectors – local authority, private and third sectors, including breakfast clubs, after-school care and holiday care<sup>39</sup>.

For the purposes of this research, Standard Industrial Classification (SIC) codes and SSSC sub-sector definitions have been used to present as comprehensive a picture as possible of the childcare sector in Edinburgh, as far as the data allows. SIC codes are four-digit numerical codes that categorise the industries that companies belong to based on their business activities. The SIC codes relevant to the childcare sector are presented in Table A2.1.

**Table A2.1: Childcare SIC codes**

SIC code	Industry	Description
85.1	Pre-primary education	Pre-primary education (education preceding the first level). Pre-primary education is defined as the initial stage of organised instruction designed primarily to introduce very young children to a school-type environment, that is, to provide a bridge between the home and a school-based atmosphere.
88.91	Child day-care activities	Activities of day nurseries for pupils, including day-care activities for disabled children.

SSSC workforce data is collected by the SSSC directly from local authorities to detail the actual paid workforce employed in the social service sector in Scotland, of which childcare is a part of. It therefore captures a wider pool of individuals than, for instance, is captured through SIC code data, which draws on sources such as the Business Register and Employment Survey (BRES) and UK Business Counts. BRES, for instance, is based on a survey and estimates across industrial groupings. The SSSC sub-sectors most related to childcare are shown in Table A2.2.

**Table A2.2: SSSC childcare sub-sector definitions**

Sub-sector	Description
Childminding	A childminder is a person that looks after at least one child (up to the age of 16 years) for more than a total of two hours per day. The childminder looks after the child on domestic premises for reward but not in the home of the child's parent(s). A parent/relative/foster carer of the child cannot be regarded as his/her childminder.
Day care of children	A service which provides care for children on non-domestic premises for a total of more than two hours per day and on at least six days per year. It includes nursery classes, crèches, after school clubs and play groups. The definition does not include services which are part of school

<sup>39</sup> <https://www.gov.scot/publications/coronavirus-covid-19-early-learning-childcare-services/>

Sub-sector	Description
	activities or activities where care is not provided such as sports clubs or uniformed activities such as Scouts or Guides.

## Business base

This section presents the business base for the childcare sector in Edinburgh, based on the SIC and SSSC definitions provided in Tables A2.1 and A2.2. The latest UK Business Count data, drawing on the SIC definition at Table A2.1, shows there were around 135 childcare businesses in Edinburgh in 2021, with the majority of these being Child day-care activities businesses (120). Table A2.3 shows the number of childcare businesses has increased 23% since 2011, with Pre-primary education rising 200%, albeit from a very low base, and Child day-care activities rising 14%. Please note, given UK Business Counts data is based on a survey of businesses, estimates are rounded and therefore any trends derived from a low base value should be treated with caution.

The higher number of Child day-care activities businesses in Edinburgh reflects the national picture and the fact there is a larger volume of childcare demand (i.e. through nursery settings) than demand for pre-primary education, which is targeted at a smaller cohort (i.e. children about to enter their first year of primary school).

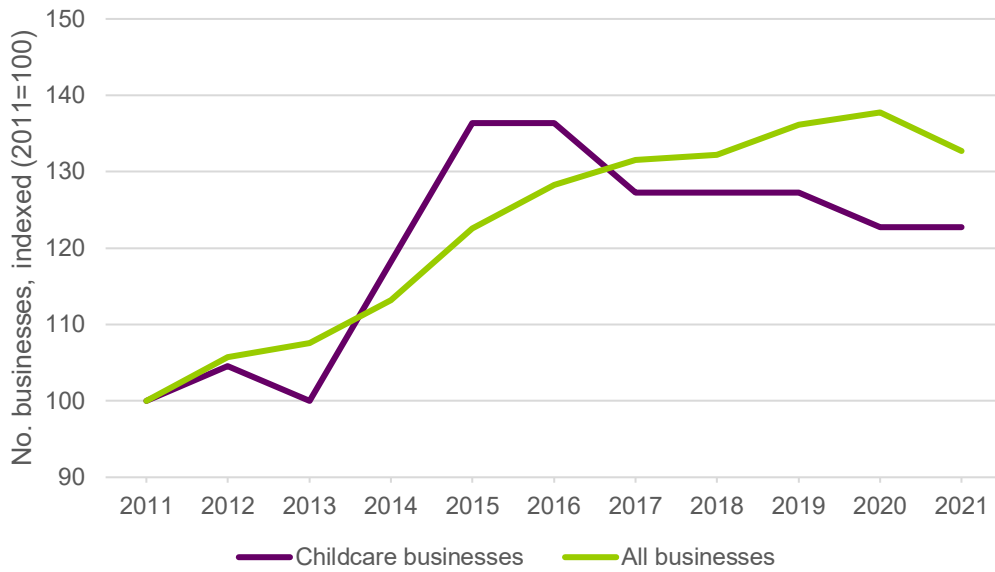
**Table A2.3: Number of childcare businesses in Edinburgh, 2011 – 2021**

Sector	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	% change 2011-2021
Pre-primary education	5	5	5	10	10	10	10	15	10	10	15	200%
Child day-care activities	105	110	105	120	140	140	130	125	130	125	120	14%
<b>Total childcare</b>	<b>110</b>	<b>115</b>	<b>110</b>	<b>130</b>	<b>150</b>	<b>150</b>	<b>140</b>	<b>140</b>	<b>140</b>	<b>135</b>	<b>135</b>	<b>23%</b>

Source: UK Business Count 2022

Figure A2.1 present the trend in business growth across Edinburgh, both for the childcare sector and all businesses, between 2011 and 2021. The number of childcare businesses in Edinburgh grew at a greater rate than the number of all businesses in the city between 2011 and 2016. However, since 2016, there has been a slight decline in the number of childcare business in Edinburgh, whereas growth across all businesses has largely remained steady (with the exception of a small decline between 2020 and 2021, likely due to COVID-19).

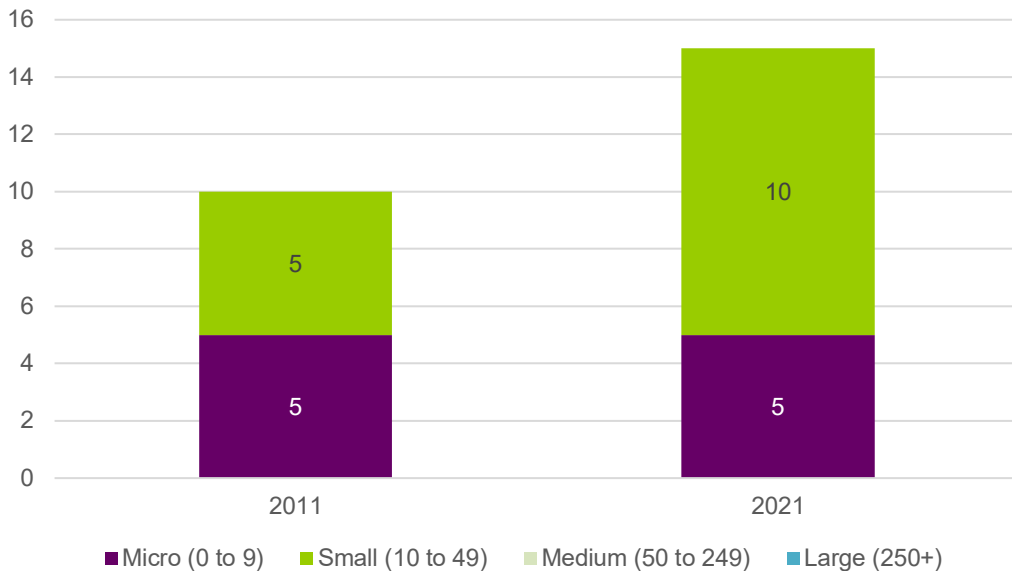
**Figure A2.1: Businesses in Edinburgh, 2011 – 2021**



Source: UK Business Count 2022

Figure A2.2 shows a breakdown of the Pre-primary education sub-sector in Edinburgh by business size. Albeit from a very low base number, the sub-sector in Edinburgh is made up entirely of micro (zero to nine employees) or small (10 to 49 employees) businesses. In 2021, there were slightly more small businesses than in 2011. This reflects the nature of the sector and service delivery, where smaller settings tend to be the norm.

**Figure A2.2: Pre-primary education businesses in Edinburgh by size, 2011 and 2021**

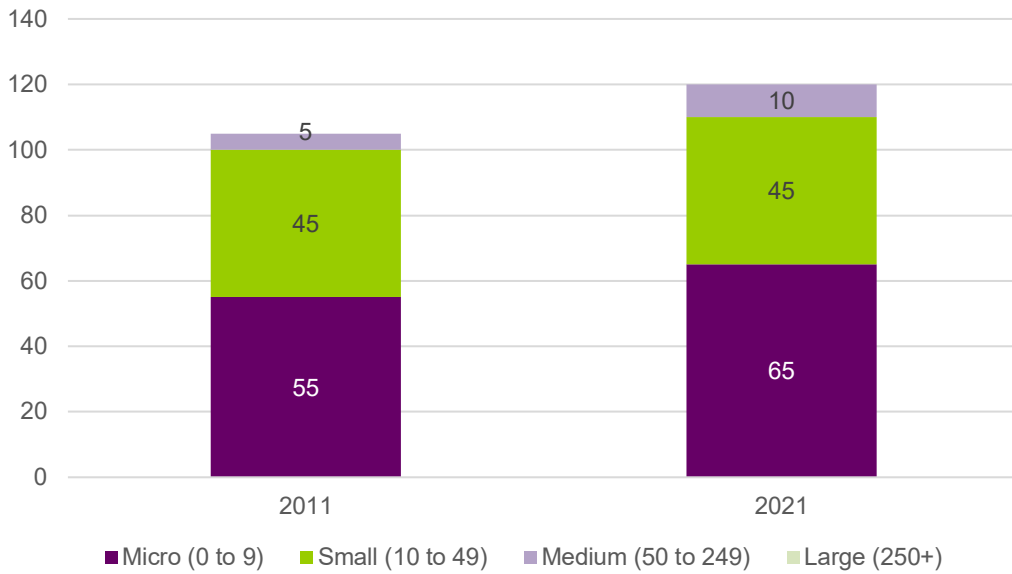


Source: UK Business Count 2022

Figure A2.3 shows that, unlike Pre-primary education, there were some medium-sized Child day-care activities businesses in Edinburgh in 2021. However, these make up a small proportion of the overall Child day-care activities sub-sector, which is predominantly micro and small businesses. There has been some growth in the number of micro Child day-care activities businesses in Edinburgh since 2011, which may be due to more demand for childcare services as a result of the introduction of 1,140 funded hours in 2021.



**Figure A2.3: Child day-care activities in Edinburgh by size, 2011 and 2021**

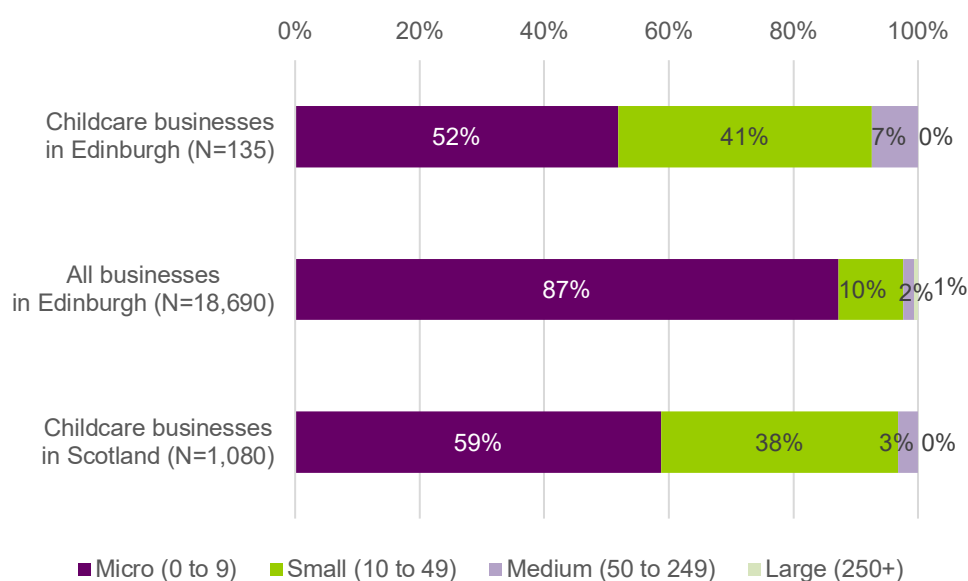


Source: UK Business Count 2022

Figure A2.4 presents a business size breakdown of childcare businesses in Edinburgh in comparison to all businesses in the city, as well as in comparison to all childcare businesses in Scotland. In comparison to all businesses in Edinburgh, childcare businesses tended to be larger in 2021, with just over half (52%) of childcare businesses in Edinburgh micro in 2021, compared to 87% of all businesses in the city. Conversely, 41% of childcare businesses in Edinburgh were small compared to just 10% of all businesses in 2021. This reflects the high demand for childcare provision in Edinburgh, one of Scotland’s largest cities, and the need for businesses with a suitably sized workforce to meet this demand.

Compared to all childcare businesses in Scotland, there were proportionally fewer micro childcare businesses in Edinburgh in 2021 (52% versus 59% in Scotland). Childcare businesses in Edinburgh are more likely to fall within the small category (41%) in comparison to Scotland (38%). The higher proportion of micro businesses across Scotland highlights that there are areas across the country where the number of children, and therefore the level of childcare demand, is lower than in Edinburgh. This means fewer staff are needed to meet childcare requirements in these areas.

**Figure A2.4: Business size, 2021**



Source: UK Business Count 2022

Table A2.4 presents Care Inspectorate data and is based on the definition presented in Table A2.2. It shows that, in 2020, around 59% of social services centres in Edinburgh were childcare-related (either Day care of children or Childminding). These made up just over 8% of all social services centres in Scotland in 2020. The data also indicates there has been a decline in the number of childcare services centres registered with the Care Inspectorate since 2016, down 13%.

**Table A2.4: No. of childcare services, 2016 – 2020**

Sector	2016	2017	2018	2019	2020		
	No.	No.	No.	No.	No.	% Edinburgh services	% Scotland sector
Day care of children <sup>40</sup>	368	361	352	353	337	30.9%	9.5%
Childminding	376	359	358	331	310	28.4%	7.3%
<b>Total childcare</b>	<b>744</b>	<b>720</b>	<b>710</b>	<b>684</b>	<b>647</b>	<b>59.4%</b>	<b>8.3%</b>

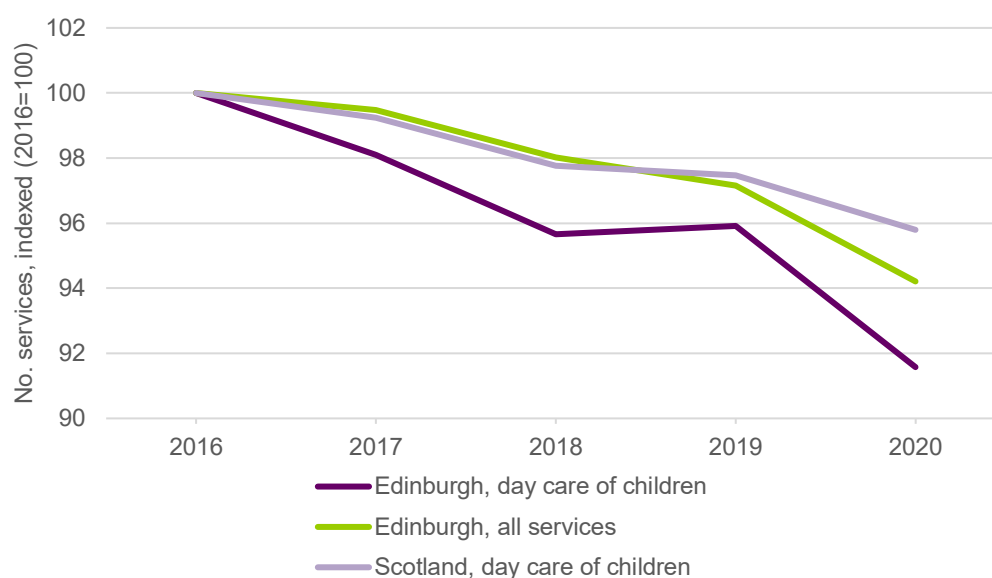
Source: Care Inspectorate 2022

Figures A2.5 and A2.6 compare the decline in Day care of children and Childminding services in Edinburgh with all social services in Edinburgh, as well as all childcare-related services across Scotland. Figure A2.5 indicates the decline in Day care of children services in Edinburgh between 2016 and 2020 was greater than both the decline of all social services in Edinburgh, as well as the decline in the number of Day care of children services across Scotland.

Similarly, Figure A2.6 shows the decline in Childminding services in Edinburgh between 2016 and 2020 was greater than the decline of all social services in Edinburgh. However, it was not as pronounced as the decline in the number of Childminding services across Scotland.

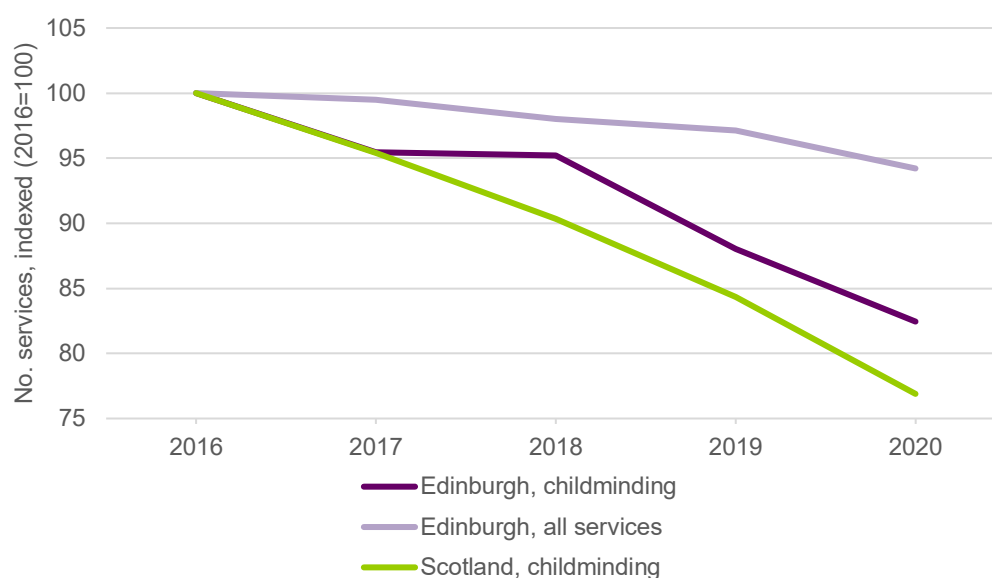
<sup>40</sup> Day care of children includes after school clubs however the data cannot be disaggregated to show all OSC provision. A definitions table is presented Table A2.2.

**Figure A2.5: Day care of children no. of services, 2016 – 2020**



Source: Care Inspectorate 2022

**Figure A2.6: Childminding no. of services, 2016 – 2020**



Source: Care Inspectorate 2022

## Employment

This section presents the employment base for the childcare sector in Edinburgh, based on the SIC and SSSC definitions provided in Tables A2.1 and A2.2. The latest Business Register and Employment Survey (BRES) data, drawing on the SIC definition, shows there were around 3,100 employees in the childcare sector in Edinburgh in 2020. The majority of employees were in the Child day-care activities sub-sector, reflecting the larger proportion of businesses within that sub-sector.

Table A2.5 shows the number of childcare employees increased by just over 3% between 2016 and 2020, driven entirely by the number of Pre-primary education employees rising by 20%. The number of Child day-care activities employees remained the same between 2016 and 2020 but did fall 17%

between 2019 and 2020. This decline may have been driven by the COVID-19 pandemic and its impact on employment stability.

The higher number of Child day-care activities employees in Edinburgh again reflects the national picture, notably that there is more demand for childcare services through nursery settings than pre-primary education, i.e. where children about to enter their first year of primary school.

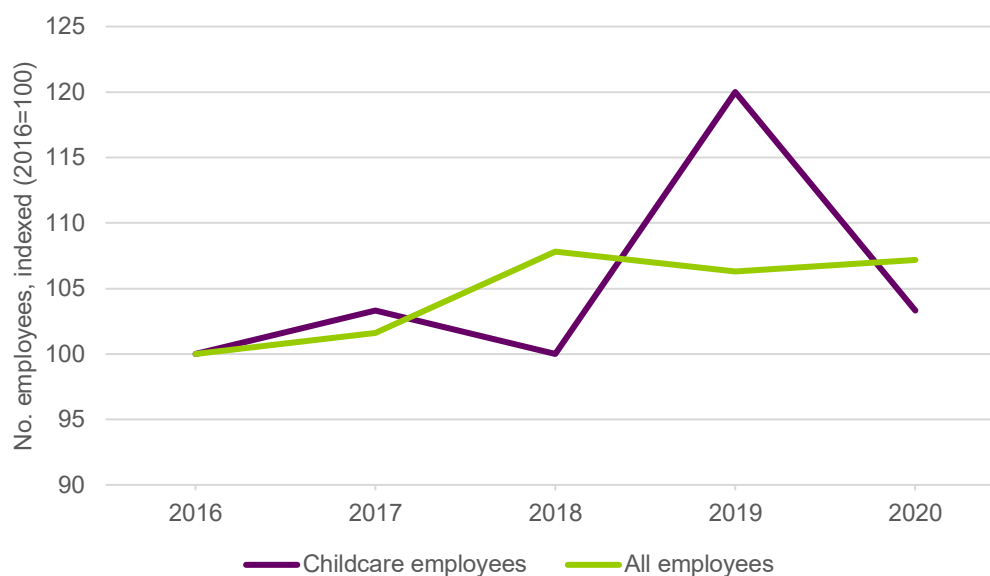
**Table A2.5: Childcare employees in Edinburgh, 2016 – 2020**

Sector	2016	2017	2018	2019	2020	% change 2016-2020
Pre-primary education	500	600	500	600	600	20.0%
Child day-care activities	2,500	2,500	2,500	3,000	2,500	0%
<b>Total childcare</b>	<b>3,000</b>	<b>3,100</b>	<b>3,000</b>	<b>3,600</b>	<b>3,100</b>	<b>3.3%</b>

Source: BRES 2022

Figure A2.7 shows the change in the number of childcare employees in Edinburgh, compared to all employees in the city, between 2016 and 2020. While there has been a steady rise in the number of overall employees in the city, the number of childcare employees has remained largely the same between 2016 and 2020 – albeit, following a steep rise from 2018 to 2019 and subsequent decline from 2019 to 2020. It may be that the steep rise between 2018 and 2019 was a result of settings increasing their recruitment efforts in preparation for the introduction of 1,140 funded hours (which was originally set to be implemented by August 2020), while the decline in employees thereafter may be due to the pandemic.

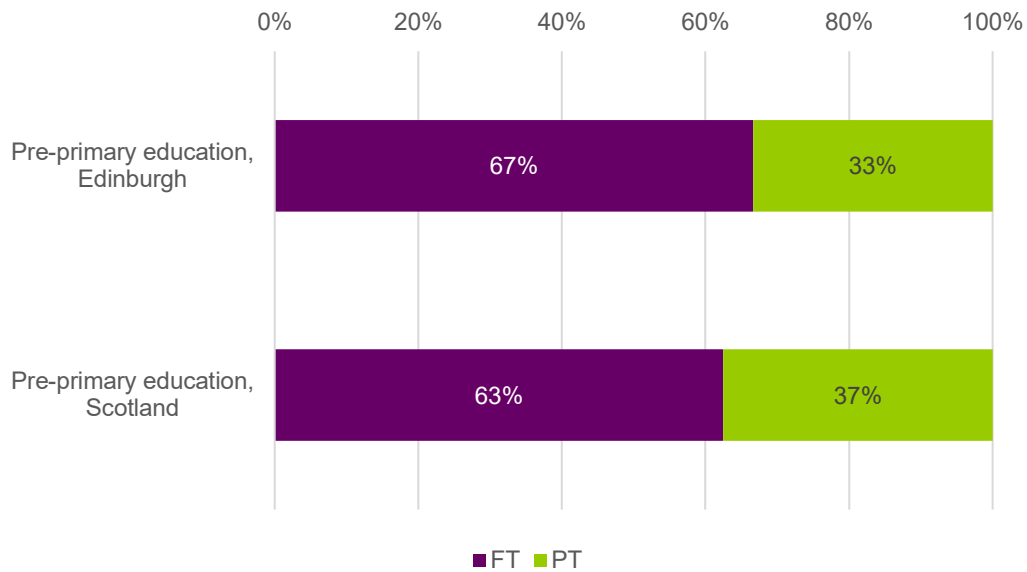
**Figure A2.7: Employees in Edinburgh, 2016 – 2020**



Source: BRES 2022

Figure A2.8 presents the breakdown of full-time and part-time employees in the Pre-primary education sub-sector in Edinburgh and Scotland in 2020. There were proportionally more full-time employees in the sub-sector in Edinburgh compared to Scotland (67% versus 63%).

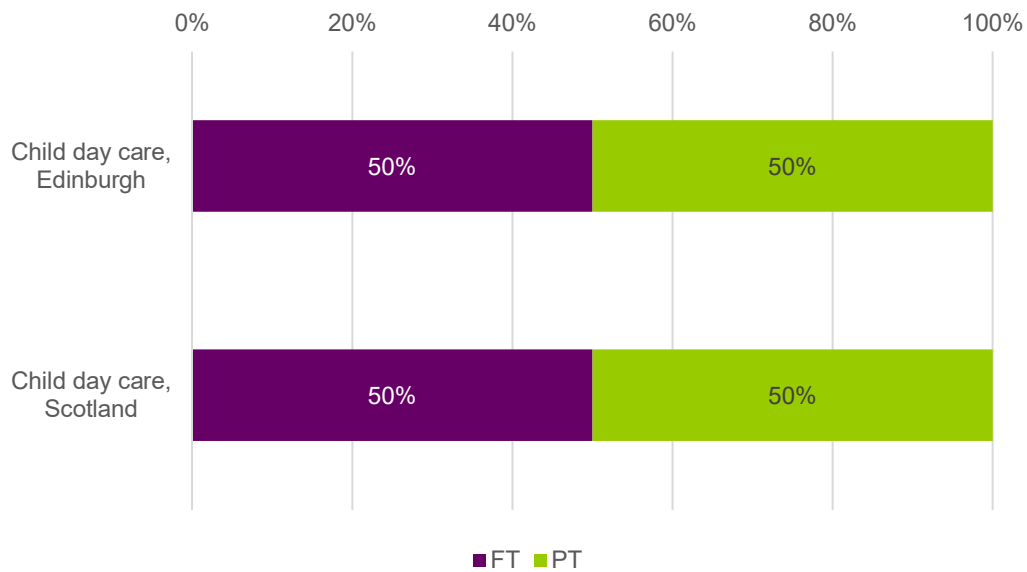
**Figure A2.8: Pre-primary education employees by full and part time, 2020**



Source: BRES 2022

Figure A2.9 shows the breakdown of full-time and part-time employees in the Child day-care activities sub-sector in Edinburgh and Scotland in 2020. Across both, there were an equal number of full-time and part-time employees.

**Figure A2.9: Child day care employees by full and part time, 2020**



Source: BRES 2022

Table A2.6 presents the total headcount of the childcare workforce registered through the SSSC between 2016 and 2020. It shows the childcare workforce accounted for 21% of the total social services workforce in Edinburgh in 2020, with Day care of children workers making up the largest number workers within this cohort (4,040). This is unsurprising given the Day care of children sub-sector includes nurseries and pre-primary education settings and therefore has a larger footprint than Childminding.

Despite the decline in the number of Care Inspectorate-registered childcare services in Edinburgh between 2016 and 2020, there was a slight increase in the number of workers across the period (just over 2%). This may indicate a higher share of the workforce being employed in fewer organisations and

could have implications for future service delivery if the trend continues. For instance, fewer childcare options for parents and carers to choose from due to fewer Care Inspectorate-registered settings delivering childcare throughout the city.

**Table A2.6: Childcare workforce headcount, 2016 – 2020**

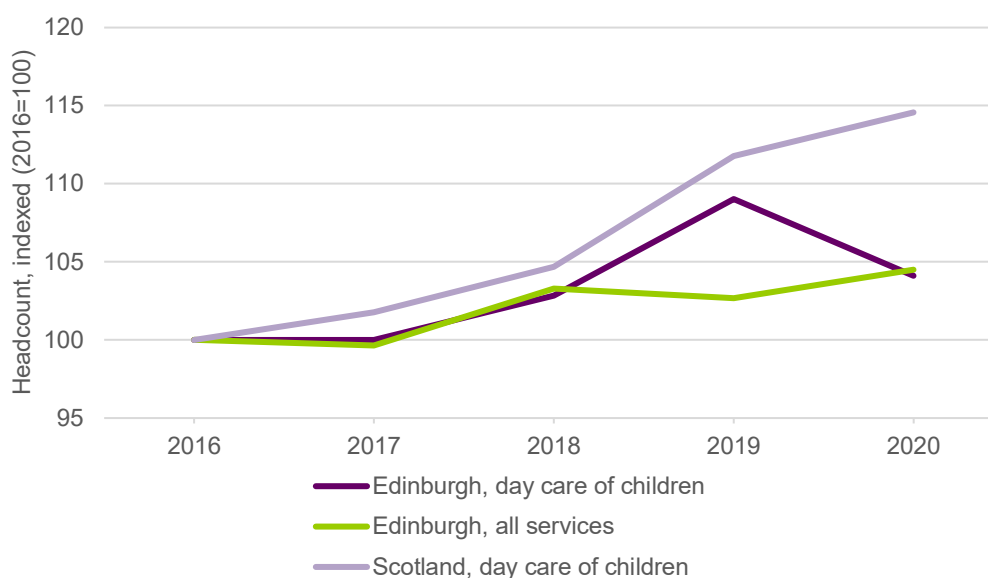
Sector	2016	2017	2018	2019	2020		
	No.	No.	No.	No.	No.	% Edinburgh services	% Scotland sector
Day care of children	3,880	3,880	3,990	4,230	4,040	19.5%	10.5%
Childminding	380	360	360	330	310	1.5%	7.2%
<b>Total childcare</b>	<b>4,260</b>	<b>4,240</b>	<b>4,350</b>	<b>4,560</b>	<b>4,350</b>	<b>21.0%</b>	<b>10.2%</b>

Source: SSSC 2022

Figures A2.10 and A2.11 compare the trends in the Day care of children and Childminding workforce in Edinburgh with the total social service workforce in Edinburgh, as well as the workforce across all childcare-related services in Scotland. Figure 2.10 indicates the overall growth in the Day of children workforce in Edinburgh between 2016 and 2020 was around the same level as the growth in the total social services workforce in Edinburgh, but below the rate of growth in the Day care of children workforce across Scotland.

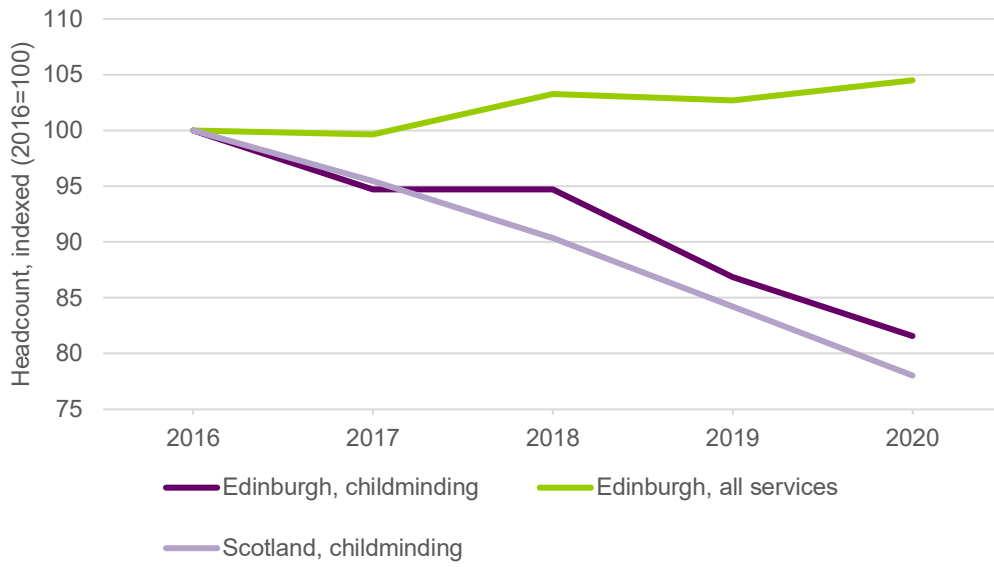
Figure A2.11 shows the decline in the Childminding workforce in Edinburgh between 2016 and 2020 was around the same level as the decline in the total Childminding across Scotland. However, by comparison, the total social services workforce in Edinburgh has risen slightly over the period.

**Figure A2.10: Day care of children headcount, 2016 – 2020**



Source: SSSC 2022

**Figure A2.11: Childminding headcount, 2016 – 2020**



Source: SSSC 2022

