

10am, Tuesday, 15 December 2020

Early Learning and Childcare Partner Provider Funding

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 The Education, Children and Families Committee is asked to:
 - 1.1.1 Note the content of this report.

Andrew Kerr

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Early Learning and Childcare Partner Provider Funding

2. Executive Summary

- 2.1 This report provides an update on the following requests agreed by the Education, Children's and Families Committee on 3 March 2020:
- 2.1.1 To welcome the "independent review" of rates of Partner providers anticipated to start in August 2020 and request a report to the next Education, Children and Families Committee regarding the scope of this review and timescales. Timescale should be advanced to as soon as possible in light of sustainability concerns raised by Partner providers.
 - 2.1.2 In advance of the review, to agree that the Council ought to approach the Scottish Government regarding the ability of partner providers to charge in excess of the current hourly rate pending the outcome of the review.
 - 2.1.3 To request to know the amount allocated to each child (on an hourly basis) in Local Authority nurseries.

3. Background

- 3.1 116 providers from the private, voluntary and independent sectors along with 29 childminders are in partnership with the local authority to deliver funded early learning and childcare.
- 3.2 £5.31 per hour is the expected hourly rate assumed by the Scottish Government in the guidance sent to local authorities when they were tasked with providing the estimated cost of delivering the expansion.
- 3.3 The Education, Children and Families Committee agreed to increase the hourly rate paid to partner providers from £3.90 to £5.31 in May 2018 and this is the rate that has been paid to partners delivering 1,140 hours since August 2018.
- 3.4 Partners are also paid £3.00 per meal for each child. This is a total of £6,623.40 per child receiving the full 1,140 hours.
- 3.5 Approximately, 35% of Edinburgh's children receive their funded ELC hours in settings that are in partnership with the local authority. Assuming 35% of children continue to receive their funded ELC within partner provision, it is estimated that the annual cost by session 2021-22 paid to partners to provide 1,140 hours will be £21,618,000. Providers in partnership with the local authority also receive a wider package of benefits including;
 - 3.5.1 Access to CEC training
 - 3.5.2 Funding for additional qualifications for managers in partner settings
 - 3.5.3 Funding for specific resources
 - 3.5.4 Regular support from CEC officers in relation to meeting national guidance from Education Scotland and The Care Inspectorate.

4.1 Independent Review

Committee agreement 3 March 2020:

To welcome the “independent review” of rates of Partner providers anticipated to start in August 2020 and request a report to the next Education, Children and Families Committee regarding the scope of this review and timescales. Timescale should be advanced to as soon as possible in light of sustainability concerns raised by Partner providers.

4.2 The Early Years Team contacted Scotland Excel (ScotExcel) in February 2020, to request support to review the hourly rate paid to partner providers. ScotExcel submitted their proposal to the service in June 2020 and they were commissioned to undertake the project to enable the local authority to:

- Understand the actual costs incurred by funded providers in the city;
- Have a clear, transparent approach and methodology to setting a sustainable rate;
- Understand the financial value to individual providers of the support package offered by the local authority;
- Gain knowledge of how to undertake a sustainable rate setting process; and
- Review and implement national guidance published by Scottish Government and COSLA.

The timeline ScotExcel have set out to complete this project is provided in appendix 1 of this report.

4.3 Charging Parents

Committee agreement 3 March 2020:

In advance of the review, to agree that the Council ought to approach the Scottish Government regarding the ability of partner providers to charge in excess of the current hourly rate pending the outcome of the review.

4.4 The Scottish Government Published “The National Standard for Early Learning and Childcare – Funding Follows the Child” (December 2018). To be eligible for Scottish Government funding to deliver 1140 hours all providers will be required to meet the criteria set out in the Standard. As well as providing high quality early learning and childcare, providers will not be permitted to charge parents fees relating to the funded hours. This is detailed as follows;

National Standard Criteria 9 - Payment Processes

4.4.1 Settings delivering the funded entitlement must ensure that access to the funded hours are free at the point of access to the child and that parents and carers are not subject to any fees in relation to the funded hours. The setting must ensure that:

4.4.2 parents and carers are not asked to make any upfront payment, including a deposit or any other payment, in respect of the funded hours, therefore ensuring that the child's funded entitlement is free at the point of access;

4.4.3 no top-up fees are charged to parents and carers relating to the funded hours;

4.4.4 parents and carers are not required to purchase additional hours beyond the funded hours in order to access their child's funded entitlement at the setting;

4.4.5 additional charges to parents and carers relating to the funded hours should be optional, and limited to, for example, snacks, costs of outings or extracurricular activities such as music classes; and

4.4.6 where parents and carers choose to purchase further hours in addition to the funded hours, the associated fees and hours must be transparent and clearly set out in any parental communication and invoices.

4.5 Unfortunately, due to the impact of COVID 19 on many services across the country, the Scottish Government has delayed the commitment for statutory early learning and childcare to increase from 600 hours to 1140 hours from August 2020. A decision on the revised timetable will be made in December 2020.

4.6 **Local Authority Provision**

Committee Agreement 3 March 2020:

To request to know the amount allocated to each child (on an hourly basis) in Local Authority nurseries.

4.7 Funding for local authority settings is not allocated per child. Allocations for settings registered for early learning and funded places only, are made using the Care Inspectorate registered capacity. Where settings are staffed below the Care Inspectorate capacity due to low numbers of children, the funding is reduced accordingly.

4.8 Allocations for settings that have provision for non-funded children for example Early Years Centres where children are referred through the GIRFEC process, receive a greater staffing budget to meet the significant support needs of children and families.

5. **Next Steps**

5.1 ScotExcel will complete their review in February 2021 and submit their findings to the early years service. The findings will be shared with the Education, Children and Families Committee.

6. **Financial impact**

6.1 Edinburgh's revenue funding allocation for 2020/21 is £41.489m. The 2021/22 allocation has not been confirmed, however if Edinburgh's share of the national funding is similar to this year we can expect to receive approximately £46.3m.

6.2 Assuming 35% of children (approximately 3,500) continue to receive their funded ELC within partner provision at the hourly rate of £5.31, it is estimated that the annual cost by session 2021-22 paid to partners to provide 1,140 hours will be £23,181,900. Approximately 50% of the expected revenue budget.⁴

6.3 The amount of revenue funding paid to partners will increase should the average number of children increase.

7. **Stakeholder/Community Impact**

7.1 'A Blueprint for 2020: The Expansion of Early learning and childcare in Scotland – Early Learning and Childcare Expansion Planning Guidance for Local Authorities' issued in March 2017 by the Scottish Government set out local authorities' responsibility for the implementation and delivery of an expanded entitlement of 1140 hours of free Early Learning and Childcare in their area. The vision for expansion is underpinned by the principles of Quality, Flexibility, Accessibility and Affordability.

7.2 A significant reduction in the number of providers in partnership with the local authority would have an impact on Edinburgh's ability to deliver the principles of Flexibility and Affordability for parents.

8. Background reading/external references

8.1 [“A Blueprint for 2020: The Expansion of EARLY LEARNING AND CHILDCARE in Scotland”](#)

8.2 <https://www.gov.scot/publications/funding-follows-child-national-standard-early-learning-childcare-providers-principles-practice/>

9. Appendices

9.1 Appendix 1 – ScotExcel Timeline

Appendix 1

Task	Date
Initial Provider Workshops	1 st Sept. 2020
Follow-Up Workshop	w/c 7 th Sept. 2020
Follow-Up Workshop	w/c 21 st Sept. 2020
Follow-Up Workshop	w/c 28 th Sep. 2020
Data Elements Survey Published	2 nd Oct. 2020
Data Elements Survey Responses	23 rd Oct. 2020
Distribution of Final Survey	6 th Nov, 2020
Survey Responses Due	4 th Dec. 2020
Analysis of Survey Results	22 nd Jan. 2021
Publication of Final Report to The City of Edinburgh Council	26 th Feb. 2021