

**South Ayrshire Council**

**Report by Director of Education  
to South Ayrshire Council  
of 15 December 2022**

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**Subject: Early Learning and Childcare Funded Provider Rates**

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**1. Purpose**

- 1.1 The purpose of this report is to seek approval and funding for an increase in the funded provider rates for academic session 2022-23.

**2. Recommendation**

**2.1 It is recommended that the Council:**

- 2.1.1 agrees to fund an increase in the funded provider rates for children aged two to five from £5.31 per hour to £5.76 from August 2022 (Option 1);**
- 2.1.2 notes that the 2022/23 costs can be met within existing resources;**
- 2.1.3 approves the inclusion of full year costs in 2023/24 base budget; and**
- 2.1.4 requests a further report to review the sustainable rate from August 2023 once the funding allocation from Scottish Government is confirmed.**

**3. Background**

- 3.1 Under the Children and Young People (Scotland) Act 2014 Education Authorities must provide 1140 hours of funded early learning and childcare.
- 3.2 In the Scottish Government [Funding Follows the Child and the National Standard for Early Learning and Childcare Providers](#) (May 2022) local authorities are required to set an hourly rate for the provision of Early Learning and Childcare (ELC) for eligible children attending a funded provider setting. The rate should enable the delivery of high quality early learning and childcare, allow for investment and the payment of the real living wage for staff delivering the entitlement.
- 3.3 South Ayrshire currently has 14 funded providers. They currently provide ELC to 463 children aged three to five years and 23 children aged two. This number can vary year on year. This equates to 23% of the eligible children attending ELC. Working with funded providers means that there is more choice and flexibility for parents and families and partnership with local business. This is at the heart of the expansion of ELC

- 3.4 In preparation for the implementation of 1140 hours a rate of £5.31 was agreed at Leadership Panel in 2019/20 for a three year period.
- 3.5 In addition to the hourly rate South Ayrshire pay £2.87 per lunch and Scottish Government provide an additional £0.58 per day to cover the cost of milk and snack as part of the Scottish Milk and Healthy Snack Scheme (SMHSS). Proposals for meal payment rate will be considered as part of 2023-24 revenue budget.
- 3.6 Between February and March 2022 all funded providers were invited to take part in a national cost collection survey commissioned by Scottish Government and administered by Ipsos Mori. The purpose of this survey was to support local authorities to gather robust evidence towards setting sustainable rates. 34% of funded providers participated nationally by completing the online questionnaire. Two providers in South Ayrshire participated. This resulted in insufficient local data. Data at a regional improvement level (East Ayrshire, North Ayrshire and Dumfries and Galloway) along with the South Ayrshire data has been used as an option to explore funding rates.
- 3.7 Scottish Government provided ring fenced funding for the provision of 1140 hours of ELC. 2022- 2023 was identified as an interim year for ELC funding whilst work was undertaken to determine the funding for 2023 onwards. There is no detail yet on the funding available or the methodology that will be applied.
- 3.8 Registration for ELC places for August 2023 takes place in February. The framework for Early Learning and Childcare requires to be open in December to allow funded providers to commit to the provision of ELC for session 2023-24 prior to registration. Engagement has taken place with funded providers. They have indicated that they do not support the options or recommendations put forward. They have requested a rate of £6.04 for session 2022-23 and a further increase for session 2023-24
- 3.9 Following a review of childcare costs in the local area, parents currently buying ELC at funded providers pay on average £5.35 per hour for three to five year olds and £5.64 for children aged two. This generally includes a meal.

#### **4. Proposals**

- 4.1 The following options set out different ways to calculate a sustainable rate for session 2022/23:
- 4.1.1 Option 1: Apply an inflationary increase of 8.5% on the current rate of £5.31 for session 2022-23. The proposed rate would therefore be £5.76 for children two to three years and three to five years.
- 4.1.2 Option 2: Increase the rates for 2022/3 to provide an increase to reflect real living wage and inflation based on the Ipsos Mori survey data using the South West mean. The proposed rate would therefore be £5.74 for children two to three years and three to five years.
- 4.2 It is proposed to approve Option 1 and to backdate any increase for session 2022-23 to August 2022. This backdate would support local business during the current economic challenges. The 2022/23 costs for the increase can be met from existing resources.

4.3 Officers will develop proposals for a sustainable rate for 2023-24 for consideration as part of the 2023-24 budget process. It is anticipated that SG funding for ELCC will be advised as part of the finance settlement due in December 2022.

## 5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 The recommendations in this report are consistent with procurement requirements and reflect appropriate advice.

## 6. Financial Implications

6.1 Summary costs of options:

<b>Options (August 2022)</b>	<b>2022/23 (Aug 22 – Mar 23)</b>	<b>2023/24 (full year)</b>
<b>Option 1:</b> Apply an inflationary increase of 8.5% on the current rate of £5.31 for academic session 2022-23. The proposed rate would be £5.76	£128,669	£205,870
<b>Option 2:</b> Increase the rates to provide an increase to real living wage and inflation based on the Ipsos Mori survey data. The proposed rate would be £5.74	£121,100	£193,760

6.2 The 2022/23 costs can be met from within existing resources. The full year costs of £205,870 require to be included within the 2023/24 base budget.

## 7. Human Resources Implications

7.1 Not applicable

## 8. Risk

### 8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There is a risk that funded providers will not want to re-join the Framework for delivering ELC. Should the partner Providers refuse to join the procurement framework for session 2023-24, parents will be required to look for alternative ELC provision. In a few areas, the council will not be able to provide a full range of flexibility and choice of session and days. This may have a negative impact on parents who rely on childcare to access employment.

## 8.2 **Risk Implications of Rejecting the Recommendations**

8.2.1 Rejecting the recommendations may impact on the reputation of the Council. There will be a risk to the sustainability of local businesses and jobs.

## 9. **Equalities**

9.1 An Equalities Impact Assessment (EQIA), (including the Fairer Scotland Duty in respect of any Strategic decision), has been carried out on the proposals contained in this report, which identifies potential positive and negative equality impacts and any required mitigating actions. The EQIA is attached as [Appendix 1](#).

## 10. **Sustainable Development Implications**

10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

## 11. **Options Appraisal**

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

## 12. **Link to Council Plan**

12.1 The matters referred to in this report contribute to Commitment 2 of the Council Plan: Closing the Gap/ Reduce poverty and disadvantage.

## 13. **Results of Consultation**

13.1 Consultation has taken place with Councillor Stephen Ferry, Portfolio Holder for Education, and the contents of this report reflect any feedback provided.

13.2 Consultation has taken place with Funded Providers and the contents of this report reflect any feedback provided.

## 14. **Next Steps for Decision Tracking Purposes**

14.1 If the recommendations above are approved by Members, the Director of Education will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

<b><i>Implementation</i></b>	<b><i>Due date</i></b>	<b><i>Managed by</i></b>
Implement the increased rates as per Council approval for session 2022/23	January 2023	Quality Improvement Manager – Early Years

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Prepare a further report for Council to review the sustainable rate from 2023	2 March 2023	Quality Improvement Manager – Early Years

**Background Papers**    [Funding Follows the Child and the National Standard for Early Learning and Childcare Providers](#)

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**Date:** 7 December 2022

**South Ayrshire Council**  
**Equality Impact Assessment including Fairer Scotland Duty**

**Section One: Policy Details\***

Name of Policy	Early Learning and Childcare Funded Provider Rates
Lead Officer (Name/Position)	Aileen Valenti
Support Team (Names/Positions) including Critical Friend	Sarah Pye, Quality Improvement Officer Lyndsay McRoberts, Director of Education

\*The term Policy is used throughout the assessment to embrace the full range of policies, procedures, strategies, projects, applications for funding or financial decisions.

What are the main <b>aims</b> of the policy?	Setting rate for funded providers.
What are the intended <b>outcomes</b> of the policy?	Increase the hourly rate for funded providers

**Section Two: What are the Likely Impacts of the Policy?**

Will the policy impact upon the whole population of South Ayrshire and/or particular groups within the population? (please specify)	No specific impacts anticipated
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**Considering the following Protected Characteristics and themes, what likely impacts or issues does the policy have for the group or community?**

**List any likely positive and/or negative impacts.**

<b>Protected Characteristics</b>	<b>Positive and/or Negative Impacts</b>
<b>Age:</b> Issues relating to different age groups e.g. older people or children and young people	The evidence suggests that provision for early learning and childcare will have a positive impact on the young children in securing positive outcomes.

<b>Disability:</b> Issues relating to disabled people	No specific impacts anticipated.
<b>Gender Reassignment – Trans/Transgender:</b> Issues relating to people who have proposed, started or completed a process to change his or her sex	No specific impacts anticipated.
<b>Marriage and Civil Partnership:</b> Issues relating to people who are married or are in a civil partnership	No specific impacts anticipated.
<b>Pregnancy and Maternity:</b> Issues relating to woman who are pregnant and/or on maternity leave	No specific impacts anticipated.
<b>Race:</b> Issues relating to people from different racial groups, (BME) ethnic minorities, including Gypsy/Travellers	No specific impacts anticipated.
<b>Religion or Belief:</b> Issues relating to a person’s religion or belief (including non-belief)	No specific impacts anticipated.
<b>Sex:</b> Gender identity: Issues specific to women and men/or girls and boys	It is believed that expansion of ELC, including access to ELC in funded providers, will bring particular benefits for women as the primary carers, particularly impacting upon the cost and accessibility of childcare as a barrier to return to work.
<b>Sexual Orientation:</b> Issues relating to a person’s sexual orientation i.e. LGBT+, heterosexual/straight	No specific impacts anticipated.

<b>Equality and Diversity Themes Relevant to South Ayrshire Council</b>	<b>Positive and/or Negative Impacts</b>
<b>Health</b> Issues and impacts affecting people’s health	There will be a positive impact on families through access to local, flexible early years provision including funded providers.
<b>Human Rights:</b> Issues and impacts affecting people’s human rights such as being treated with dignity and respect, the right to education, the right to respect for private and family life, and the right to free elections.	We will continue to ensure that all service users are treated with dignity and respect. This proposal positively supports the rights to education and family life.

Socio-Economic Disadvantage	Positive and/or Negative Impacts
<p><b>Low Income/Income Poverty:</b> Issues: cannot afford to maintain regular payments such as bills, food and clothing.</p>	
<p><b>Low and/or no wealth:</b> Issues: enough money to meet basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future</p>	
<p><b>Material Deprivation:</b> Issues: being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies</p>	<p>The increased payment rate will enable Funded Providers to pay their workforce at Real Living Wage as required by the national standard for the provision of statutory early learning and childcare.</p>
<p><b>Area Deprivation:</b> Issues: where you live (rural areas), where you work (accessibility of transport)</p>	

### Section Three: Evidence Used in Developing the Policy

<p><b>Involvement and Consultation</b> In assessing the impact(s) set out above what evidence has been collected from involvement, engagement or consultation? <b>Who</b> did you involve, <b>when</b> and <b>how</b>?</p>	<p>There has been engagement with local funded providers.</p>
<p><b>Data and Research</b> In assessing the impact set out above what evidence has been collected from research or other data. Please specify <b>what</b> research was carried out or data collected, <b>when</b> and <b>how</b> this was done.</p>	<p>Ipsos Mori Survey of Funded Providers 2022. All funded providers invited to participate</p>
<p><b>Partners data and research</b> In assessing the impact(s) set out in Section 2 what evidence has been provided by partners?  Please specify partners</p>	<p>No specific impacts anticipated.</p>
<p><b>Gaps and Uncertainties</b> Have you identified any gaps or uncertainties in your understanding of the issues or impacts that need to be explored further?</p>	<p>None</p>



**Section Four: Detailed Action Plan to address identified gaps in:**  
**a) evidence and**  
**b) to mitigate negative impacts**

No.	Action	Responsible Officer(s)	Timescale
1	N/a		
2			
3			
4			

*Note: Please add more rows as required.*

**Section Five - Performance monitoring and reporting**

Considering the policy as a whole, including its equality and diversity implications:

When is the policy intended to come into effect?	December 2022
When will the policy be reviewed?	Ongoing
Which Panel will have oversight of the policy?	Council

**Section 6**

**South Ayrshire Council**

**Appendix ..1.....**

**Summary Equality Impact Assessment Implications & Mitigating Actions**

**Name of Policy:** ..... Early Learning and Childcare Funded Provider Rates

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This policy will assist or inhibit the Council's ability to eliminate discrimination; advance equality of opportunity; and foster good relations as follows:

<b>Eliminate discrimination</b>
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<b>Advance equality of opportunity</b>
<b>Foster good relations</b> Support local business
<b>Consider Socio-Economic Disadvantage (Fairer Scotland Duty)</b> <b>Support Real Living Wage payment</b>

<b>Summary of Key Action to Mitigate Negative Impacts</b>	
<b>Actions</b>	<b>Timescale</b>

**Signed:** .....Aileen Valenti.....**Service Lead**

**Date:** ...1 December 2022.....