

EAST RENFREWSHIRE COUNCILEDUCATION COMMITTEE17 August 2023Report by Director of EducationREVIEW OF THE SUSTAINABLE RATE FOR EARLY LEARNING AND CHILDCARE
FUNDED PROVISION**PURPOSE OF REPORT**

1. The purpose of this report is to update Education Committee on the review of the sustainable rate provided to Funded Providers for provision of the 1,140 hours funded statutory entitlement and seek approval for the payment of the new rate from the beginning of the 2023/24 session.

RECOMMENDATION

2. Education Committee is asked to:
- a) Note the review undertaken of the sustainable rate paid to Funded Providers within East Renfrewshire;
 - b) Approve the increase in the sustainable hourly rate to £5.87;
 - c) Approve the increase in the meal provision hourly rate to 57p; and
 - d) Request the Director of Education arrange for the backdating of the new rates to the beginning of the new session, starting from Monday 14th August 2023.

BACKGROUND

3. Across Scotland, all 3- and 4-year old children, in addition to eligible 2-year old children, have a statutory entitlement of up to 1,140 hours of funded early learning and childcare per year. Within East Renfrewshire, families have been able to access this provision from August 2020, a year earlier than the revised Scottish Government implementation date of August 2021.

4. In line with the Scottish Government's *Funding Follows the Child* policy, all ELC provision is 'provider neutral', with no distinction between public, private or voluntary providers. This enables families to utilise their child's statutory entitlement in the provider of their choice, as long as the provider meets the criteria set out in the National Standard, wishes to deliver the funded entitlement and has space available. Within East Renfrewshire, families have a wide range of choice to best meet their own personal circumstances, with options available across local authority provision in both nursery classes and family centres, in addition to 13 private, voluntary and independent nurseries and 10 childminders.

5. All non-local authority settings and childminders are known as funded providers. The Council works in partnership with the above providers and, where a family wish to access their child's entitlement in a funded provider, the Council funds this provision through the payment of the sustainable rate. In addition, to allow the provision of a meal as part of the statutory entitlement, the Council provides an additional fixed hourly meal rate.

6. In October 2022, Education Committee approved the increase in the sustainable rate to £5.69 per hour. This new hourly rate was an increase from the previous rate of £5.31. The new rate was established through a comprehensive review, based on regional data provided from a national cost collection exercise undertaken with Ipsos-Mori. This review process focussed on supporting the payment of the Scottish Living Wage; reflecting the cost pressures facing providers; consideration of the seasonality of provision; and providing an appropriate margin to provide support for reinvestment. The meal rate continued to be paid at £0.50 per hour, up to a maximum of £3.00 per day.

7. In addition to the sustainable rate, the Council has been encouraging participation in the recently launched Scottish Milk and Healthy Snack Scheme. This scheme, administered by the Council on behalf of the Scottish Government, provides additional support to providers for the provision of a serving of milk, or milk alternative, and a healthy snack for each child attending. A payment of 58.2p per session is available for all providers registered with the scheme.

REPORT

8. In setting the existing rate, the Council agreed to review the rate for the 2023/24 session, ensuring it remained sustainable for both providers and the authority, in line with the Scottish Government's national approach. Whilst initially advised of the Scottish Government's commitment to updating the data collection exercise annually, this exercise has not progressed for this review period.

9. In reviewing the rate for 2023/24, the Council has specifically focussed on supporting providers to continue to pay the Scottish Living Wage and meet the increased costs as a result of inflationary pressures. Following the review undertaken for last year, both seasonality and margin are already included within the existing base rate and, as such, are not included for further increase.

10. From April 2023, the Scottish Living Wage has been set at £10.90 per hour. As detailed in the National Standard, all funded providers are expected to pay the Scottish Living Wage for staff providing the statutory entitlement, and this new rate was included in the review for 2022/23. The Scottish Living Wage rate from April 2024 has not yet been confirmed, however, in line with recently published research from the Low Pay Commission, it is estimated as likely to be set at between £10.90 and £11.43. The midpoint of this range represents an increase of 2.4% on the existing rate and this increase will be added to the staffing element of the previous baseline figure.

11. Given the continued uncertainty regarding inflation, with projections for the rate to begin to fall over the coming months, an estimate of 5% has been determined as appropriate to uplift the non-staff cost element of the baseline figure.

12. Following the review, combining both the staff and non-staff increases on the previous baseline figure, provides a new rate of £5.87 per hour. This rate will continue to apply for all 0-5 provision. This represents a 3% increase on the existing rate of £5.69 and is in line with increases approved in those other local authorities who have, so far, uplifted their own sustainable rate.

13. Given the continued high rate of food inflation being experienced, the Council has also reviewed the previous meal rate paid to funded providers. To align this with the meal charges in place across local authority ELC provision, a new rate of £0.57 will be paid for each funded hour, up to a maximum of £3.42 per day.

14. In addition to the sustainable rate, funded providers within East Renfrewshire continue to have access to a wide range of additional high quality supports, including free at the point of access professional learning, access to a teacher, support from the department's Educational Psychology Service and Early Years Development Officer, and financial support towards external training costs. The department continues to work alongside providers to ensure access to the most appropriate support is available.

FINANCE & EFFICIENCY

15. The proposal to increase the sustainable rate paid to funded providers will result in additional costs being incurred for the provision of the statutory entitlement. For 2023/24 financial year this will be met from existing financial resources, with the ongoing impact being reflected in future budget spending pressures.

16. Given the continued financial pressures facing the Council, the Education Department will continue to carefully consider the financial impact of sustainable rates going forward.

CONSULTATION

17. The Education Department has strong existing relationships with funded providers across East Renfrewshire, with regular meetings and ELC Forums providing an opportunity for ongoing engagement. Specifically with regards to the sustainable rate review, officers from the department have met with groups of funded providers both to discuss the process, providing an opportunity to highlight specific elements to be considered and, subsequently, to discuss the proposed new rate.

IMPLICATIONS OF THE REPORT

18. At this stage, there are no direct implications in terms of staffing, legal, equalities, sustainability or climate change for the Education Department or the wider Council.

CONCLUSION

19. In line with the Council's commitment to review the rate paid to funded providers for the provision of the statutory entitlement, this report outlines the review undertaken to establish the new rate to apply for the 2023/24 session. Following the completion of the review, a new

rate of £5.87 has been proposed, in addition to an increase in the hourly meal rate to £0.57. In line with previous practice, these rates will apply from the beginning of the current session, backdated to Monday 14th August 2023.

20. Notwithstanding the continued financial uncertainty, the new rate seeks to provide an affordable and evidenced increase in the sustainable rate paid to funded providers, recognising the likely future Scottish Living Wage and rates of inflation but remaining sustainable for the Council.

RECOMMENDATIONS

21. Education Committee is asked to:

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Mark Ratter
Director of Education
17 August 2023

Convener Contact Details
Councillor Anderson, Convener for Education, Equalities, Culture and Leisure
Tel: 07341 640 825
Tel: 0141 577 3107
andrew.anderson@eastrenfrewshire.gov.uk

Report Author
Graeme Hay
Education Senior Manager (Leading Change)
Tel: 0141 577 3217
graeme.hay@eastrenfrewshire.gov.uk