

Agenda Item	8.
Report No	EDU/23/20

## HIGHLAND COUNCIL

**Committee:** Education

**Date:** 18 November 2020

**Report Title:** Early Learning and Childcare (ELC) 1140 Hours

**Report By:** Executive Chief Officer Education and Learning

### 1. PURPOSE/EXECUTIVE SUMMARY

- 1.1 Recent reports to Committee have provided updates regarding the ongoing rollout of 1140 hours of funded Early Learning and Childcare provision in Highland, and as at the last Committee of 30 September, 136 settings were providing 1140 hours at that date, and a further 63 settings had a clarified timescale between then and April 2020 for implementation. Out of 241 settings across the Highlands, that left only 29 active settings (circa 10%), mainly those related to ELC capital building works, where a confirmed date for 1140 hours provision was subject to ongoing review at the date of last Committee. There are currently 13 settings that are inactive, these could potentially be re-established subject to future demand.
- 1.2 This report provides an update on those final 29 settings, providing members with the current position and expected timeline for completion of capital works. In addition to the 29, the report annex also provides an update on other active or pending ELC capital works in other settings. Given Covid-19 delays to capital works, the report also reflects updated work on interim arrangements and contingency plans, with regard to 1140 hours provision, to ensure arrangements in place to deliver 1140 hours pending completion of capital works. At this time a number of the interim or contingency arrangements are still being refined and discussed with settings, and therefore may be scope to change. In all cases the intent is to progress delivery of 1140 hours at the earliest possible opportunity.
- 1.3 Finally, this report provides further update on other developments in relation to ELC, including ongoing discussion with Scottish Government regarding 1140 readiness, and input to national level work regarding a new timeline for Statutory provision of 1140 hours, ongoing engagement with partners regarding ELC provision and funding.

### 2. RECOMMENDATIONS

2.1 Members are asked to:

- i. note the updated position regarding ELC and provision of 1140 hours;
- ii. note the further progress towards delivering 1140 hours in all Highland settings;
- iii. note the current status of ELC capital projects and work being taken forward to progress project delivery; and
- iv. note the updates provided regarding ongoing discussion with Scottish Government and other local and national developments.

**3. IMPLICATIONS**

- 3.1 **Resource** – the further expansion of 1140 hours for the settings within this report are expected in the main to fall within the new 2021/22 financial year, with only a marginal impact expected in 2020/21. With the removal of the August 2020 Statutory Duty and Covid-19 delays, the level of 1140 hours expenditure in the current year is of course lower than had been planned, as a result of those delays. This gives some scope for any additional or one-off costs that may arise from interim or contingency arrangements. The resource implications are being assessed and will be reported back to the next Committee once these plans are finalised, including any one-off or additional costs associated with interim or contingency arrangements. Any additional costs arising related to partner sustainable funding would be additional and unbudgeted costs, the implications of which would be considered and reported to members as part of a future report and any recommendations.
- 3.2 **Legal** – the current statutory duty is for provision of 600 hours of funded Early Learning and Childcare, and The Highland Council (THC) is meeting and exceeding that duty. The update outlined in this report relates to plans to deliver 1140 hours across all settings no later than summer 2021, in anticipation of the re-introduction of a Statutory Duty for 1140 hours. THC remains in discussion with Scottish Government as part of national level reviews of ELC 1140 readiness, to help inform Scottish Government planning for the Statutory Duty for 1140 hours being re-introduced.
- 3.3 **Community (Equality, Poverty and Rural)** – The further expansion of 1140 hours will provide further support to families and to partners and would be expected to have a positive economic impact as a result.
- 3.4 **Climate Change / Carbon Clever** – implications associated with capital projects will be considered as part of regular capital project management arrangements.
- 3.5 **Risk** – there remain a number of risks and challenges associated with the ELC expansion programme, in the main as a result of the scale and complexity of the programme, and in turn the impact of Covid-19. In relation to timescales for implementation of interim or contingency arrangements for 1140 expansion, and also the timescales for ongoing delivery of capital projects, these remain at risk of any additional negative impact arising from Covid-19 and further lockdown or restrictions. In relation to scope and quality of provision, while any variation to arrangements will require agreement with Care Inspectorate and relevant standards, it is the case that many of the interim or contingency arrangements will represent pragmatic short term solutions and may not deliver the same quality and scope of provision as is intended through the capital investment. This may impact on the ELC provision itself, potentially

also on the wider school accommodation if 1140 hours requires access to space currently used within the Primary School setting. In all cases any changes are discussed and agreed with the Head Teacher, and as above will require Care Inspectorate agreement. With regard to changes to operating models, this also represents a compromise and change from the model intended and parents may have expected. The offering of 1140 hours across a whole year, rather than term time, is a viable means to deliver 1140 hours short term but may not meet all parental expectations. In relation to Care Inspectorate agreement, it remains the case that Highland has a very significant number of settings and the capacity within Care Inspectorate to undertake all necessary reviews represents a risk. This risk existed pre-Covid but has increased with Covid-19 implications. To mitigate THC has and continues to engage regularly with the Inspectorate at local level, and at a national level with working with Scottish Government to consider what further assistance they may be able to provide to support discussions. Finally, while the level of additional recruitment to settings is lower than had previously been anticipated, to deliver increased capacity for 1140 will clearly require an increase in overall staff Full Time Equivalents. In some locations, and in some disciplines (GME settings in particular) there are additional risks around staff availability, and this has been factored into the timescales assumed for 1140 provision where relevant.

3.6 **Gaelic** - ELC settings include GME provision, and the update provided in this paper covers those settings also.

#### 4. BACKGROUND

4.1 Prior reports to Committee have provided members with updates on the ELC expansion programme, and most recently the work undertaken to further rollout 1140 hours during the current financial year.

4.2 Based upon past reports to Committee, and reflecting the up to date position at the timing of writing this report, the status across the 241 settings in Highland are as follows:

Providing 1140 hours at this time	136
Moving to 1140 hours later in 2020	23
Moving to 1140 hours January 2021	35
Moving to 1140 hours April 2021	8
Settings inactive	13
Date to be confirmed (the subject of this report)	<u>26</u>
<b>TOTAL</b>	<b>241</b>

4.3 The 26 now featuring for a more substantive update in this report, represent the 29 settings where at the last Committee further work was required to review and report back on the status of Capital projects on which ELC expansion was dependent, and also the contingency planning and interim arrangements being considered to accelerate 1140 provision relative to capital works being completed. This number has been revised down to the 26 as a result of recent confirmations that Lochardil, Golspie Primary and Arisaig can now be ready to move to 1140 in January, earlier than had been previously indicated.

4.4 As stated earlier, the timescale for implementation in these final group of settings are predicated on interim or contingency arrangements, due to delayed capital works or other local issues, and finalised plans are still under development and agreement with

Head Teachers and the Care Inspectorate. For the majority, interim arrangements or contingency plans for 1140 hours provision are fairly well developed and a reasonable degree of confidence exists about implementation and timescales. There remain a small number of settings where interim or contingency arrangements are more challenging, or with very limited options available until capital works complete. Work on this continues and a final position will come back to the next Committee.

- 4.5 The update set out within this report, and the work taking place to develop 1140 plans remains under regular review and is subject to ongoing discuss with Scottish Government and Scottish Future Trust, who provide scrutiny, challenge and constructive support around THC's expansion programme.

## 5. CAPITAL WORKS

- 5.1 Members will be aware from past reports of the impact from Covid-19 on capital project delivery, with delays going beyond simply the lockdown period, but given the often reliance on school holidays, and summer holidays in particular, for the scheduling of more significant and potentially disruptive works, that in effect up to 12 months delay had resulted.
- 5.2 Recent reports to Council have set out recommendations relating to the progress of capital projects across THC, and agreement to allocation of budget and progressing to contract award for many ELC projects within the approved capital programme.
- 5.3 In relation to the ELC capital programme, there are 83 planned capital projects overall, 32 of which are complete at this time. Of the remaining capital projects, an update is set out within the annex to this report.
- 5.4 **Annex 1** provides an update on the status of ELC capital projects, including the current project status and expected timeline for completion. As members will note, a number of projects are large scale projects, and linked in with wider school improvement works and as such have an extended completion timescale, in some cases beyond 2021. Many projects are predicated on works in 2021, significant elements of which are currently programmed over the 2021 summer holiday period, and as such August 2021 is considered the earliest expected completion date.
- 5.5 There remain a number of risks and issues related to the programme for delivery of these projects, particularly Covid-19 related factors such as additional site measures that will be required, potential supply chain problems, and associated inflationary and market pressures.
- 5.6 Given Covid-19 delays to capital works this has pushed the project completion beyond planned dates, and the timescale for rollout of 1140 in other parts of the Highland, the next section sets out the work being taken forward regarding interim arrangements, and contingency plans, to provide a means of still delivering 1140 hours pending these capital projects being completed.

## **6. DELIVERING 1140 - INTERIM ARRANGEMENTS AND CONTINGENCY PLANS**

- 6.1 Prior to Covid-19 THC had a plan in place regarding contingencies for ELC 1140, recognising that even at that time there were risks associated with a number of capital projects. That work has been revisited, in light of the updated position relating to capital as set out in the previous section, and also reflecting the current operational position in settings, mindful also of any ongoing operational risk and impact that Covid-19 is having on service provision.
- 6.2 The clear focus of this piece of work, has been to consider what actions can be taken to deliver 1140 in these settings as soon as is practically possible, considering short term interim arrangements and contingency plans which would not be dependent on capital work completion.
- 6.3 By implication these would be short term and often pragmatic solutions to secure 1140 delivery, pending the improvements to capacity and quality of accommodation that the completion of capital works would deliver. The types of arrangement considered are outlined below, into the broad categories considered across these settings.
- 6.3.1 Utilisation of existing space within the setting – this may involve use of General Purpose rooms or other spaces including games halls, and as a result may continue or extend some compromises within the school until such time as capital works are complete, with improvements to overall quality dependent on the completion of the capital project works. In a number of situations while the provision of additional classroom space can be achieved, issues such as kitchen and dining space represent ongoing challenges and risks around ability to deliver meals. In all cases the arrangements to be implemented will be through discussion with the Head Teacher to consider the wider implications on the school and would be dependent on agreement with Care Inspectorate over suitability of the arrangements and variations to registration and capacity approved.
- 6.3.2 A change to operating models in the setting - for example extending operating hours to full year provision, to allow 1140 to be achieved. By implication this means a weekly level of funded childcare of less than the 30 hours that applies during a term-time operating model. This approach may reduce flexibility and choice to some extent and may not meet the expectations of all parents. Nonetheless it would support delivery of 1140 hours in those settings and represent a positive move forward from 600 hours offered at present.
- 6.3.3 Considering short term alternative accommodation - whether on-site demountable units or alternative off-site provision (village hall etc) where practical to do so. Given potential additional costs, and lead time for such arrangements, only considered where the period of time such arrangements would be required for, pending capital completion works, merits this.
- 6.3.4 Incremental expansion and split placements – considering a stepped move to 1140 hours with say 760 hours being offered in the setting if this is the maximum that could be delivered pending capital works completion.
- 6.3.5 Split placements – subject to the Covid-19 position, and restrictions and guidance applying, the opportunity to split placements across settings will represent another opportunity to access full 1140 hours funded provision, particularly where individual settings may be operating to a different model or on an incremental basis.
- 6.4 Each setting is being assessed in terms of the viable options available, and the risks and implications associated. Due to the short period of time since the last Committee meeting, and the timing of school holidays, local discussions with Head Teachers have

not concluded across all settings with further meetings scheduled over the coming weeks. As a result, there may be some revision to the proposed plans as a result of these discussions.

- 6.6 Annex 1 also provides a description, per setting, of the current expected interim or contingency options being considered, and as a result the expected timescale for delivery of 1140 hours. At this time the phasing show is within two 'windows' of January-April 2021 or April-August 2021. The clear intent remains to implement at the earliest possible opportunity, subject of course to the risks and implications outlined within this report.
- 6.7 In the majority of cases, there is a reasonable degree of confidence in the implementation of the plans within settings, and the expected timescales. The ongoing support from Head Teachers and Partners in settings is much appreciated in being flexible and creative in finding solutions. There remain a small number of settings where the limitations of existing accommodation, and dependency on the completion of capital works, creates more significant challenges in identifying suitable interim or contingency arrangements. This work continues, and the intent is for an update and finalised position to come back to the next meeting of this Committee.

## 7. LOCAL AND NATIONAL DEVELOPMENTS

- 7.1 In relation to Covid-19 financial implications for partner settings, THC has successfully implemented and administered the Scottish Government Transitional Support Fund for early years providers. This scheme offered fixed one-off grants based on registered setting capacity, to assist partners with some of the additional costs and implications from Covid-19. The scale of grant ranges from £1,500 to £8,000, with the scheme closed to grant applications on 9<sup>th</sup> October. The level of total grant funding to be disbursed was estimated as circa £400,000 by Scottish Government with this being covered by additional grant funding from them.
- 7.2 THC has also received approaches from a number of partner providers regarding their financial sustainability as a result of Covid-19, with partners looking to engage in discussion with THC regarding funding arrangements. Members will recall from the report to June Resources Committee regarding keyworker childcare during lockdown that additional partner sustainability funding during that period was a risk. The current approaches relate to ELC partner providers and the position from August onwards, with re-opened settings still facing financial challenges due to Covid-19. Such approaches were to be expected in light of Scottish Government guidance provided whereby Scottish Government re-affirmed ELC partner sustainability as a key priority, re-stating pre-existing guidance that the rate paid to providers *"should reflect the costs of delivering early learning and childcare"*, and issued further guidance relating to partner sustainability in light of Covid-19 for August 2020 onwards, and expectations on local authorities.
- 7.3 Specifically, Scottish Government have stated that *"local authorities will need to continue to work in partnership with funded providers to reach agreement on sustainable local funding models which recognise the interplay with (Covid-19) national reliefs and support."* With the following 4 examples of issues to be considered which may impact on partner sustainability.

- many funded providers in the private and third sector will have restructured their business models, and invested in their settings, in the anticipation of delivering an expanded ELC entitlement from August 2020. Lower volumes of payments for the funded hours than had been expected will have implications for the sustainability of these settings.
- providers are expected to face increased costs of delivery in order to meet the public health guidance requirements.
- income from private sources is below business as usual levels (due to potential restrictions on capacity as a result of the public health guidance, and expected lower levels of parental demand)
- current financial and business support schemes start to be reduced and removed (in particular the Coronavirus Job Retention Scheme)

- 7.4 THC has received submissions and financial information from a number of partners regarding their financial sustainability, and this is being reviewed at present. Each case differs, and will need considered in light of the most up to date position, in particular THC's updated plans for 1140 provision as set out in this and prior Committee reports, and in turn changes to national support arrangements including the Coronavirus Job Retention Scheme, and other business/wage support arrangements.
- 7.5 Scottish Government has given the following illustrations of possible approaches Council's may consider. For example, a temporary top-up could be applied to the sustainable rate, or one-off (or less frequent) payments could be made to cover the costs. Ultimately it is for Councils to determine their approach, and in turn there is an over-arching statement within the guidance which reinforces that the rate paid by the Council does not have a detrimental effect on the local authority's ability to continue to pay for the service in the long-term. Once an assessment of the position is complete, recommendations can come back to a future meeting regarding next steps.
- 7.6 This is a complex and challenging situation, with it clear that a number of partners stating they are facing financial sustainability challenges, and significant negative impacts on their incomes. This creates risks for both the short and longer-term sustainability of partners and ability to deliver 1140 hours across the Highlands. On the other hand, THC faces its own significant financial challenges, and any additional payments to partners, where a case exists, would represent an additional and unbudgeted cost, and no additional specific Scottish Government funding available to support this. The situation is also very fluid, with the ongoing uncertainty around Covid-19, and the ongoing changes in national business support schemes, also means partner's own financial forecasts are likely to change month by month.
- 7.7 Finally, THC continues to engage with Scottish Government regarding our ELC delivery and expansion to 1140 hours. With Scottish Government and Scottish Futures Trust providing support and constructive scrutiny and challenge to THC's plans. THC has held a number of recent meetings to share updated data and information to support Scottish Government's national 1140 hours readiness assessment, and the re-establishing of a new expected Statutory timeline for 1140 hours provision.

Designation: Executive Chief Officer - Education and Learning

Date: 22 October 2020

Author: Brian Porter, Head of Resources

Appendices: Annex 1 – ELC Projects Update

**ANNEX 1 - ELC PROJECTS UPDATE**

PART A: 1140 IMPLEMENTATION AND INTERIM OR CONTINGENCY ARRANGEMENTS					PART B: CAPITAL PROJECT UPDATE		
Setting Name	1140 Implementation Timescale Jan - April 21	1140 Implementation Timescale April - Aug 21	Interim or Contingency Arrangement Required	Current Interim or Contingency Arrangement in Consideration	Capital Project Status	Project Scope	Target Opening Date
Arisaig Primary Nursery	January		Interim	Use existing space	Pre-Construction	New Build	Aug-21
Avoch Primary Nursery			Contingency	Off-site or temp accommodation	Construction	Extension/Refurbishment	Aug-21
Balloch Primary Nursery			Contingency	Phasing e.g. as interim step increase from 600 hours until full 1140 can be offered	Pre-Construction	Refurbishment	Aug-21
Beauly Primary Nursery			Interim	Use additional class-room	Pre-Construction	Major Project	TBC
Ben Wyvis Primary Nursery			Interim	Operating model change	Pre-Construction	Extension	Dec-21
Bun-sgoil Shleite - EM			Contingency	Use existing space	Pre-Construction	New Build	Aug-21
Bun-sgoil Shleite - GM			Contingency	Use existing space	Pre-Construction	New Build	Aug-21
Crown Primary Nursery	As interim: Increase hours 600+ from January		Contingency	Phasing e.g. as interim step increase from 600 hours until full 1140 can be offered	Pre-Construction	Extension	Aug-21
Golspie Primary Nursery	January		Not required	Not required	N/A	N/A	
Grantown Playgroup (P)			Not required	Not required	N/A	N/A	
Grantown Primary Nursery			Interim	Not required	Pre-Construction	Refurbishment	TBC
Hilton Primary Nursery	As interim: Increase hours 600+ from January		Interim	Use additional class-room	Tender	New Build	Oct-21
Holm Primary Nursery			Contingency	Use additional class-room	Pre-Construction	Refurbishment	Aug-21
Kinmylies Primary Nursery			Interim	Phasing e.g. as interim step increase from 600 hours until full 1140 can be offered	Pre-Construction	New Build	TBC
Kirkhill Primary Nursery			Not required	Not required	Construction	Extension/Refurbishment	Apr-21
Miller Academy Primary Nursery			Contingency	Use existing space	Tender	New Build	Aug-21
Mount Pleasant Primary Nursery - EM			Contingency	Not required	Pre-Construction	Refurbishment	Aug-21
Mount Pleasant Primary Nursery - GM			Contingency	Not required	N/A	N/A	Aug-21
Milton of Leys Primary Nursery	January		Interim	Operating model change	Pre-Construction	Major Project	TBC
Muirtown Primary Nursery			Contingency	Use additional class-room	Tender	Refurbishment	Aug-21
Lochardil Primary Nursery	January		Not required	Not required	N/A	N/A	
Newtonmore Primary Nursery - EM			Contingency	Off-site or temp accommodation	Construction	Refurbishment	Aug-21
Newtonmore Primary Nursery - GM			Contingency	Off-site or temp accommodation	Construction	Refurbishment	Aug-21
North Kessock Primary Nursery			Not required	Not required	Pre-Construction	New Build	Aug-21
Pennyland Primary Nursery			Contingency	Operating model change	Pre-Construction	Refurbishment	Aug-21
Raigmore Primary Nursery	January		Not required	Not required	Pre-Construction	New Build	Aug-21
Reay Under 5s (P)			Contingency	Off-site or temp accommodation	Tender	New Build	Aug-21
St Joseph's RC Primary Nursery			Contingency	Off-site or temp accommodation	Pre-Construction	Refurbishment	Aug-21
Shieldaig Primary Nursery			Contingency	Use existing space	Pre-Construction	Refurbishment	Aug-21

**PART C: UPDATE ON OTHER ELC CAPITAL PROJECTS. THOSE WHERE 1140 IMPLEMENTATION COVERED IN PREVIOUS COMMITTEE REPORTS**



Ardersier	Apr 21	
Ardgour	Jan 21	
Auldearn	Apr 21	
Bridgend	Currently delivering	
Coulhill	Jan 21	
Cromarty	Currently delivering	
Dingwall	Currently delivering	
Duncan Forbes	Apr 21	
Dunvegan	Currently delivering	
Gairloch	Jan 21	
Glenurquhart GM	Apr 21	
Invergarry	Currently delivering	
<i>Inverness HS</i>	<i>Production Kitchen build</i>	
Kiltearn	Currently delivering	
Kyle	Currently delivering	
Lairg	Currently delivering	
Lochcarron	Currently delivering	
Mallaig	Jan 21	
Merkinch	Currently delivering	
Millbank	Jan 21	
Mulbuie	Apr 21	
Ness Castle - New Primary School	New build	
Newtonpark	Nov 20	
Obsdale	Currently delivering	
Rosebank	Apr 21	
Strathconon	Inactive	
Strathpeffer	Apr 21	
Tomnacross	Jan 21	

Construction	New Build	Apr-21
Pre-Construction	Refurbishment	Aug-21
Construction	New Build	Apr-21
Tender	Refurbishment	Aug-21
Tender	Refurbishment	Aug-21
Pre-Construction	Refurbishment	Aug-21
Pre-Construction	New Build	Aug-21
Construction	New Build	Apr-21
Pre-Construction	Refurbishment	TBC
Pre-Construction	New Build	Aug-21
Construction	Refurbishment	Mar-21
Construction	Refurbishment	Dec-20
Construction	N/A	Nov-20
Pre-Construction	Major Project	TBC
Pre-Construction	Refurbishment	Aug-21
Pre-Construction	Refurbishment	Aug-21
Construction	Refurbishment	Apr-21
Complete	Refurbishment	Oct-20
Complete	Major Project	Oct-20
Pre-Construction	Refurbishment	Aug-21
Construction	New Build	Apr-21
Pre-Construction	Major Project	TBC
Pre-Construction	Refurbishment	Aug-21
Construction	Refurbishment	Apr-21
Construction	Refurbishment	Jan-21
Pre-Construction	Major Project	TBC
Construction	Refurbishment	Jan-21
Construction	Refurbishment	Jan-21