

Agenda Item	9.
Report No	EDU/25/21

HIGHLAND COUNCIL

Committee: Education

Date: 17 November 2021

Report Title: Early Learning and Childcare (ELC) Update

Report By: Executive Chief Officer - Education and Learning

1. Purpose/Executive Summary

- 1.1 This report provides an update on progress in relation to Early Learning and Childcare (ELC) Services, delivery of 1140 hours of funded ELC, the status of the remaining ELC capital works programme, national and local developments relating to ELC, the ongoing review of the rate paid to partners for funded ELC, and recommendations on an interim uplift for the current academic year.
- 1.2 Delivery of ELC across the Highlands is delivered through partnership, and the successful conclusion of delivery of 1140 hours of funded ELC by August 2021 is through the combined efforts of the ELC project team, the wider ELC team, ELC settings including Council, Partners and Childminders, the Estates team, Catering colleagues and also the Care Inspectorate.

2. Recommendations

- 2.1 Members are asked to:
- i. note the update and positive information provided in relation to the number of settings and children benefitting from funded ELC provision;
 - ii. note the current status of the remaining ELC capital projects and work being taken forward to progress project delivery;
 - iii. note the update provided in relation to local and national developments;
 - iv. note the work being taken forward in relation to the review of the rate of payment for funded ELC to our partners; and
 - v. agree an interim rate for funded ELC to apply effective August 2021, as outlined in section 8 of this report;

3. Implications

- 3.1 **Resource:** The proposal relating to the interim uplift in rate paid for funded ELC has direct resource implications and no specific budget provision was made when the budget for the year was set. The current and future financial forecast for the Council, and with significant saving targets and financial challenges for the forthcoming financial

year are key considerations. As outlined in section 8, while no specific budget provision was made for an uplift in rates, based on the current year end forecast, the recommendation can however be accommodated within the existing ELC budget this year. There are however financial risks relating to the outcome of the wider review which will conclude later this year, and could create further financial pressures for this year and into the forthcoming financial year. This will be the subject of reports to a future Committee, once that wider review of partner rates has concluded, and with any wider financial implications to be considered as part of the Council budget setting process.

- 3.2 **Legal:** the Council is meeting Scottish Government requirements in relation to the delivery of 1140 hours of funded ELC.
- 3.3 **Community (Equality, Poverty and Rural):** the provision of ELC is across Highland communities and represents an important service to support our communities. The recommendation in relation to an interim partner rate will provide some further positive impact in relation to payments to partners, their staff and childminders. The full delivery 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:** as outlined in section 8, the interim rate being proposed for consideration by Members is below that sought from our partner Working Group representatives. It is however important to emphasise that Scottish Government guidance, and Working Group discussions, are clear that the review of rates should be under-pinned by an objective and data driven process. We have had positive discussions through our Working Group on how such a review will be taken forward, and also been clear to partners that a proposal for an uplift of the level they have outlined, could not be recommended in advance of the review concluding and there being a full appraisal of the position. Partners have nonetheless requested that their request is something members are aware of. There are risks therefore in relation to partner expectations. This is mitigated by the commitments given, through the Working Group, to an ongoing open, honest and positive working relationship, with this being supported for example through positive discussions and a way forward reached through the Working Group, for the wider rate review, and process and timeline to be followed. There are also longer-term financial risks relating to the outcome of that wider review work, with the potential for additional and unfunded cost pressures arising, which will be considered at future Committee alongside recommendations from that work. There remain ongoing risks to the timescales for ongoing delivery of capital projects, particularly given ongoing market and supply chain pressures and uncertainties.
- 3.6 **Gaelic:** ELC settings include GME provision, and the update provided in this paper includes GME settings. One GM service in Glenurquhart is delayed due to an ecology report finding which the Council must comply with. However, children continue to access 1140 in the meantime at the partner setting in the locality, therefore the council is meeting its 1140 obligation. Plans are in place to provide some GM input at the partner setting to support the children towards entering the GM provision in January.

4. ELC 1140 Provision and Capital Projects

- 4.1 Previous reports to Committee have provided Members with updates on the ELC expansion programme, and most recently the work undertaken to conclude the rollout of 1140 by August 2021.
- 4.2 For context, and with all active ELC settings in Highland now operating 1140 hours, the following information is highlighted.
- Highland is now delivering 1140 hours in 225 settings. This being represented by 147 local authority settings, 23 private providers, 28 voluntary sector partners and through 27 commissioned childminders. There are also 16 settings currently inactive, where there is not at present sufficient demand within the community.
 - Highland is delivering up to 1140 hours, in line with parent/carer demands, to 2813 children in local authority settings and 1567 in partner settings, with some blending a placement between 2 or more settings.
 - Highland has 16 ELC settings delivering through the medium of Gaelic offering GM provision to 295 children. Glenurquhart GM provision is due to open in January 2021.
 - Highland has 2 fully outdoor ELC settings with another currently inactive and one in progress and a further satellite provision planned.
- 4.3 There remain 19 projects still to complete in terms of capital works with 10 of those due to complete in next 2 months. As per past reports to Committee, this has not prevented 1140 hours being provided, with interim or contingency arrangements in place.
- 4.4 **Annex 1** provides a status update on the remaining ELC capital projects.

5. Return to Early learning and Childcare (ELC) at Protection Level 0

- 5.1 As per previous reports to Committee, the Scottish Government published on 11 August 2021, revised Coronavirus (COVID-19): early learning and childcare services, Non-statutory guidance to support the continued safe operation of ELC settings Covid protection level guidance for ELC services, which amends mitigations dependent on protection level.
- 5.2 Further updates and clarification have been received particularly in relation to self-isolation for under 5s. The update highlights the mitigations which can be eased as settings move down through the levels. The key changes are to:
- cohort size
 - blended placements
 - visits to the setting by specialist staff
 - use of peripatetic staff
- 5.3 Further updates have since been issued. Version 11.3 of the guidance was published on 24 September 2021. It updated the wording on testing for close contacts aged under 5 to use the same wording as used on the NHS Inform Test and Protect website. Version 11.4 of the guidance was published on 11 October 2021, and

reflects advice from the advisory sub-group that visitors to the setting are permitted in a broader range of circumstances. This version also introduces new sections on short local excursions which promote outdoor learning and day visits. The most recent update advised that parents and carers could come into settings where this is considered beneficial for children's wellbeing, progress and development.

6. National Developments

6.1 Funding Follows the Child

6.1.1 The Funding Follows the Child approach places the choice in parents' and carers' hands, allowing them to access their child's funded entitlement from any setting in the public, private, third or childminding sectors, if that setting meets the National Standard, and is in contract with the local authority. As the guarantors of quality, the Local Authority is supporting settings with their self-evaluation and improvement planning. A National Standard Audit tool has been shared and the data being collated to help target support at those settings most in need of improvement.

6.2 Scottish Milk and Healthy Snack Scheme

6.2.1 The Highland Council has received funding from the Scottish Government to provide all pre-school children, toddlers and babies attending eligible settings for 2 hours or more per day, with 1/3 pint milk or a specified alternative and a healthy snack of a portion of fruit or vegetables.

6.2.2 Partners who registered, have been funded to end March 2022 in line with the numbers submitted at registration. A further payment will be made in April for remainder of the academic session based on April numbers.

6.2.3 Local Authority settings will be funded for milk and snack according to the numbers submitted at registration, in October and again in April.

6.3 Co2 monitors

6.3.1 Scottish Government set a goal that every learning, teaching and childcare space be assessed by **Co2 monitoring** (fixed or mobile) by the October break. Units were distributed to all schools. Partner settings were asked to note their requirement for a unit, and distribution facilitated by the area early years teams. The units are to be used to assess the space and to take remedial action where this suggests that ventilation needs to improve.

6.4 Future expansion of ELC and Wraparound Care

6.4.1 Highland Council anticipates further updates from Scottish Government in due course in relation to their commitment to:

- Expand free early learning and childcare to 1- and 2-year-olds – starting in this Parliament with children from low-income households.
And
- Build a new system of wraparound childcare for school age children.

6.4.2 Further updates will be brought to Committee as further information from the Scottish Government becomes available.

6.5 **Inspection and Scrutiny**

The Care Inspectorate have increased their inspections as they return to a degree of normality and increased scrutiny. Likewise, Education Scotland are beginning to engage again in inspections and scrutiny will be focussed on those due re-inspection initially.

7. **Local Developments**

7.1 **ELC Vision**

7.1.1 The expansion of Early Years provision has the aim of providing more children access to ELC for longer time periods as well as improving the quality of all provision in Highland. During the summer term of 2021 the Early Years team facilitated eight consultation sessions with almost 300 participants to start to develop a Highland Vision for Early Years. A small team has undertaken a thematic analysis and produced a draft vision which is rich enough to catch the key content but also concise enough to be useful. The next step is to test the draft vision statements with Families, Practitioners and Partners, to ensure we have a Vision that is fit for purpose. This will drive improvement forward for Early Years in Highland and ensure everyone is working together with a shared understanding and similar approach to meet local and national expectations. It is hoped that the vision will launch in January 2022 renewing the focus on the quality agenda.

8. **Partner Rates for Funded ELC**

8.1 The report to the last Committee highlighted the context around the review of rates paid to partners for funded ELC, and summarised for members the Scottish Government national guidance pertaining to ELC relating to 'Funding Follows the Child' and 'Sustainable Funding' with the clear expectation that:-

The rate paid to funded providers should be sustainable and affordable by the Local Authority whilst meeting the following: -

- to support delivery of a high quality ELC experience for all children;
- a rate that reflects the cost of delivery, including the delivery of national policy objectives;
- allow for investment in the setting – staff, resources and physical environment; and
- enable payment of the Real Living Wage for those childcare workers delivering the funded entitlement.

8.2 The Highland Council currently pays ELC partners and childminders £5.31 per hour for funded ELC provision for 3-5 year olds (a higher rate of £6.00 applies for eligible 2 year olds). This rate was the national average recommended from a 2019 review undertaken by Scotland Excel and then issued via guidance from the Scottish Government. In Highland this rate was implemented in 2020/21. As an addition, the Council also pays £2.30 per meal to partners for lunch provision.

8.3 With regard to the review of rates paid, Highland has been engaging with our partners through a Working Group including Council officers and Partner representatives. That work has focused on two key workstreams:-

- (1) An interim uplift in the ELC rate to apply effective August 2021, pending conclusion of the wider review. The report to the September Committee had indicated the intent to consider an interim position.
- (2) Options for progressing the wider review, to ensure in line with Scottish Government guidance, and in turn that provides a robust and transparent evidence base on which future recommendations can be based.

8.4 It is clear that to undertake a comprehensive review of rates, in line with the Scottish Government guidance and principles as outlined above, will take some months, with that work being taken forward through the Working Group. Consideration of an interim uplift, is in recognition of that timescale, and expectations nonetheless from partners and Scottish Government that new rates would be effective from August 2021. The report to the September Committee provided clarity to members and our partners, of the Council's intent to recognise this and backdate the interim rate to August 2021. A basis and timeline for the wider review has been reached with expectations of recommendations back to the Committee in the new year.

8.5 Partners represented on the Working Group have made a case, that in their view, the current rate being paid, the £5.31 national average rate, does not address a number of key points:-

- It is a nationally derived average and as such does not take account of the additional costs of service delivery in Highland, and in smaller and more remote and rural settings.
- Nationally published data, including the Scottish Government GAE Green Book, provides information relating to the relative costs of delivery across the 32 Scottish Local Authorities, supporting a case of higher costs of delivery in Highland.
- The rate does not fully allow for the payment of the Scottish Living Wage, nor the uplift in that rate. And by implication results in challenges for partners in relation to recruitment and retention of staff, relative to rates of pay available in Council settings and in other job roles.
- The rate does not provide for re-investment in their operations.

8.6 The Working Group has discussed and reviewed the case made by partners, alongside which is a request for an interim uplift to £6.50 (a 22% increase on the £5.31 currently paid and an annual full year financial cost of £1.504m). Partners have also requested, and assurance had been given, that their request would form part of this report to Committee, and hence is reflected in this report.

8.7 It is the view of Council Officers, and has been discussed with the Working Group, that the points made by the partners are relevant issues to consider, as they are covered by the key principles of the Scottish Government guidance. And that they would be considered as part of the wider review work being taken forward. However, the Scottish Government guidance is clear in terms of an expectation of a thorough and objective review leading to the setting of rates, and with a number of recommended mechanisms to support the work being underpinned by data and evidence, much of which is expected to derive from a comprehensive survey of partners. Broad consensus on how that work will be taken forward has been reached through the Working Group, with a cost data survey approach to be used, and this to be supplemented through a hybrid approach of assessing other relevant information and evidence, to lead to final recommendations. This work will take some time, and recommendations would come back to a future Committee.

- 8.8 As it would only be possible to provide members with options, recommendations, and a robust rationale and evidence base once this work is complete, it is simply not feasible nor justified to consider the hourly rate being sought by partners at this time. What has been discussed with partners is a more modest interim uplift, recognising that their costs will have increased since the £5.31 rate was implemented in Highland, including movement in the Scottish Living Wage in particular, and an interim position was appropriate pending the wider review concluding. The Council must of course also consider the financial implications of any recommendation.
- 8.9 The recommendation to members is an uplift of 2.2%, which would recognise that there has been an uplift in the Scottish Living Wage announced in November 2020, and which in a Council context was implemented for our own staffing in the current 2021/22 financial year. This would increase the current rate from £5.31 to £5.43, and with an equivalent percentage uplift applying to the higher rate paid for 2 year-olds. By coincidence, this interim position would also bring the Highland rate in line with the current Scottish average rate which stands at £5.44, and therefore be broadly reflective of the position taken across Scotland by other Councils who have set rates to date (30 of 32 Councils have set rates for this year). The cost of this recommendation is £0.104m in the current year, and £0.152m on a full financial year basis. This interim uplift can be accommodated within the existing ELC budget albeit had not been provided for when the budget for the year was set.
- 8.10 A further increase in the Scottish Living Wage is expected to be announced in November of this year, and in relation to the Council we would expect that applies effective 1 April 2022 for our own staff. In turn, partners would therefore also have an expectation in relation to that uplift for their own funding rate next year. Rather than any formal commitment from the Council at this time, it is expected that this matter would be considered as part of the wider review, and recommendations to come back to a future Committee, given they relate to the forthcoming rather than the current financial year.
- 8.11 Partners have also sought an assurance from the Council that the recommendations to come out of the review of rates, to come back to a future Committee meeting, would also be backdated to August 2021. However, with the outcome of that review still unknown, and the financial implications unknown, it is not appropriate to make this commitment at this time.
- 8.12 Subject to member decisions arising from this report, this would provide for a backdated interim uplift, and a recognition by the Council that our ELC partners have faced financial challenges and cost pressures. It also demonstrates a positive ongoing willingness to work with our partners, and that is also represented by a way forward with the wider review of rates, through the Working Group, and a positive indication of joint working on what are complex issues. Recommendations to future Committees, will of course need consider affordability and longer-term implications, including the financial context facing the Council next year and significant budget gap to be closed.

Designation: Executive Chief Officer - Education and Learning

Date: 8 November 2021

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ANNEX 1 - ELC PROJECTS UPDATE

CAPITAL PROJECT UPDATE				
Setting Name	Capital Project Status		Project Scope	Target Delivery in new space
Ardgour Primary	Construction	Onsite, planned completion 4 Dec	New Build	Dec-21
Avoch Primary Nursery	Construction	On site, due completion 15 Nov, interim arrangement extended	Extension/Refurbishment	Nov-21
Beaully Primary Nursery	Pre-Construction	Capital works part of new school project	Major Project	TBC
Ben Wyvis Primary Nursery	Construction	Due for completion 17 Dec	Extension	Dec-21
Bun-sgoil Shleite - EM	Pre-Construction	Delays due to material supplies - currently scheduled towards end November	New Build	Nov-21
Bun-sgoil Shleite - GM				
Crown Primary Nursery	Construction	Lease signed, works ongoing, completion Feb 22	Extension	Feb-22
Gairloch	Construction	delays due to materials and sub trades.	New Build	Dec-21
Grantown Primary Nursery	Pre-Construction	for rescope and retender 2022	Refurbishment	TBC
Glenurquhart GM	Construction	On site due completion 26th Nov	Refurbishment	Nov-21
Hilton Primary Nursery	Construction	Ecology delays initially led to rephasing of internal works originally planned for Summer 21. Timber kit delay of 4 weeks	New Build	Apr-21
Kinmylies Primary Nursery	Pre-Construction	In-house design team to progress to stage 3	New Build	TBC
Milton of Leys Primary Nursery	Pre-Construction	Enabling package complete, site works set to complete Aug 22	Major Project	Aug-22
Ness Castle	Construction	Onsite, completion due Aug 22	New build school and ELC	Aug-22
Reay Under 5s (P)	Construction	Onsite with commissioning and snagging underway. Decant/relocation targeted for 8th November, interim arrangement extended.	New Build	Nov-21
St Joseph's RC Primary Nursery	Construction	Canopy fitted during October holidays. Works complete with some snagging around canopy to be arranged for weekend in near future. Off site satellite provision TBC as a suitable site and associated costs are currently being assessed.	Refurbishment	Complete awaiting temp occ and snagging
Shieldaig Primary Nursery	Construction	Interim in village hall agree to Jan, completion due Dec 21, delays due to ecology initially, resources and weather issues with render application.	Refurbishment	Dec-21