

EAST RENFREWSHIRE COUNCILEDUCATION COMMITTEE18 April 2024Report 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 a further review of the sustainable rate paid to Funded Providers for the provision of the Early Learning & Childcare (ELC) statutory entitlement and seek approval for the payment of the new rate from 1st April 2024.

RECOMMENDATION

2. Education Committee is asked to:
- a. Note the position of COSLA and the Scottish Government with regards to the sustainable rate paid to Funded Providers;
 - b. Approve an increase in the sustainable hourly rate to £6.32; and
 - c. Request the Director of Education arrange for the backdating of the new rate to Monday 1 April 2024.

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 (ELC) per year. This offer has been available to families across East Renfrewshire since August 2020, a full year in advance of the revised national implementation date of August 2021.

4. In line with the Scottish Government's *Funding Follows the Child* policy, families have flexibility in how they wish to access their child's entitlement and can choose the provider which best suits their preferences. Any childcare provider registered with the Care Inspectorate can deliver the statutory entitlement, so long as they meet the National Standard, have a place available and are willing to enter into a contractual arrangement with their host local authority. A wide range of different providers across the private, voluntary and independent sectors deliver the statutory entitlement across Scotland and are, collectively, referred to as Funded Providers.

5. The rate paid for the provision of the statutory entitlement is known as the sustainable rate. Each local authority is responsible for setting their own rate and national guidance is produced by the Scottish Government to support local authorities with this exercise.

6. Across East Renfrewshire, families have a wide range of choice as to how they wish to access their child's entitlement. In addition to 13 nursery classes and 10 family centres in the local authority sector, there are 12 private, independent and voluntary nurseries and 9 childminders working in partnership with the Council to deliver the entitlement. Families are also able to access their child's entitlement in settings across other local authorities and this is managed through the West Partnership Cross-Boundary Funding Protocol.

7. In August 2023, Education Committee approved the increase in the sustainable rate to £5.87 per hour. This new rate was an increase from the previous rate of £5.69, with the rationale behind the increase detailed in the report. Importantly, in line with the national guidance, the department consulted with Funded Providers through the rate setting process. In addition to the increase in the sustainable rate itself, Education Committee also approved an increase in the meal payment from £0.50 per hour to £0.57 per hour, up to a maximum of £3.42 per day. The new rates applied from the beginning of the 2023/24 session, being backdated to Monday 14 August 2023.

REPORT

8. Throughout 2023, a joint [review of the sustainable rate setting process](#) was undertaken by COSLA and the Scottish Government, published in December 2023. This review was informed through evidence gathered from a range of different stakeholders, including local government, professional associations and the private, voluntary and independent sectors. Through the review, concerns around the ongoing funding, affordability of provision and availability of staff within the sector continued to emerge. The findings of the review align with the issues that are raised by local Funded Providers within East Renfrewshire through our ongoing engagement.

9. The Scottish Government's Programme for Government, published in September 2023, set out a commitment to deliver funding to enable childcare workers delivering the statutory entitlement in Funded Providers to be paid at least £12 per hour from April 2024. This position was confirmed in the Scottish Government's budget set out in late 2023, confirming that local authorities were to be provided with £16million of additional funding in 2024/25 to support the delivery of this commitment.

10. Given the commitment that staff will receive £12 per hour from 1 April 2024, it has been necessary to introduce a mid-year increase to the sustainable rate. This represents a departure from the usual process whereby any review has been conducted in advance of the beginning of the school session in August.

11. Through national agreement at COSLA, it has been determined that all local authorities would adopt a fixed percentage uplift of 7.6% on their existing 2023/24 rate. Within East Renfrewshire, this will result in a new sustainable rate of £6.32 per hour, an increase of £0.45 on the existing rate.

12. As the increase is linked to the commitment to pay staff £12 per hour, it is not proposed that any separate increase in the food payment will be included. In addition to the previous increase to the food payment introduced from August 2023, the department continues to encourage participation in the Scottish Milk and Healthy Snack Scheme (SMHSS) which provides a daily £0.58 further funding to providers to support the provision of milk and snack for attending children.

13. The department continues to work very closely with all Funded Providers with a wider package of support, above and beyond the sustainable rate alone. This includes free at the point of access professional learning, access to a teacher and support from the department's

Educational Psychology Service and Early Years Development Officer. In addition, all Funded Providers are invited to East Renfrewshire Early Learning and Childcare Head of Establishment meetings, demonstrating the department's equitable provider neutral approach. This provides a platform for professional dialogue and ongoing support across all provision.

14. In advance of the new financial year, the department has updated Funded Providers to advise of the expectation that staff would receive at least £12 per hour and that funding would be provided through an increase to the sustainable rate in due course. As such, it is proposed that the new rate of £6.32 per hour be backdated for all hours funded from Monday 1 April 2024 onwards and officers will engage with Funded Providers to put the necessary arrangements in place.

FINANCE & EFFICIENCY

15. An additional £16 million has been provided for 2024/25 nationally by the Scottish Government to fund the increase in the sustainable rate required to meet the commitment to pay at least £12 per hour from April 2024, with £278,500 provided directly to the Council as our allocated share.

16. Based on the current demand, this additional funding meets the additional costs associated with the nationally agreed fixed percentage uplift. As the number of families choosing to access their child's entitlement in a Funded Provider varies on an annual basis, the department will continue to closely monitor ongoing affordability.

17. The department has noted the findings of the joint review of the sustainable rate setting process and the continued challenges facing the sector. Noting that any sustainable rate must also be financially sustainable from the perspective of the local authority, the department will continue to engage with Funded Providers across East Renfrewshire to inform future reviews of the sustainable rate, however, there is no guarantee of annual increases.

CONSULTATION

18. The Education Department continues to work closely with Funded Providers across East Renfrewshire, with regular meetings and ELC Forums providing opportunities for ongoing engagement.

CONCLUSION

19. The Council welcomes the additional funding being provided by the Scottish Government to support the increase in the sustainable rate paid to Funded Providers for the delivery of the statutory entitlement.

20. In line with the nationally agreed approach, it is proposed that a new rate of £6.32 per hour be introduced, backdated, from Monday 1 April 2024 to ensure the delivery of this new commitment.

RECOMMENDATIONS

21. Education Committee is asked to:

- a. Note the position of COSLA and the Scottish Government with regards to the sustainable rate paid to Funded Providers;
- b. Approve an increase in the sustainable hourly rate to £6.32; and
- c. Request the Director of Education arrange for the backdating of the new rate to Monday 1 April 2024.

Mark Ratter
Director of Education
18 April 2024

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