
NORTH AYRSHIRE COUNCIL

20 February 2024

North Ayrshire Council Cabinet

Title: Early Learning and Childcare – Redesign of Service

Purpose: To seek Cabinet approval for the proposed refresh of North Ayrshire Council's Early Learning and Childcare provision.

Recommendation: That Cabinet approves the proposed redesign of North Ayrshire's Early Learning and Childcare provision as outlined in this report.

1. Executive Summary

- 1.1 1.1 North Ayrshire Council (NAC) has implemented the Scottish Government's policy to provide 1140 hours of funded Early Learning and Childcare (ELC) to eligible children since August 2021, utilising the additional grant funding received to support this new policy.
- 1.2 This report provides information on a proposed refresh of provision taking into consideration local uptake data and engagement with parents, carers, and staff in North Ayrshire on the redesign of the service, within a significantly reduced budget. This paper also outlines for Cabinet's consideration the potential workforce implications, service impacts and opportunities, and proposed approach to organisational change in delivering required service changes and cost reductions.
- 1.3 Revised delivery models proposed in this paper take into consideration affordability, local demand for places, and the views of North Ayrshire families who currently or will soon access this service.

2. Background

2.1 Early Learning and Childcare Funding

- 2.1.1 The Scottish Government introduced a policy to increase funded ELC for eligible children from 600 hours per year to 1140 hours per year from August 2020, supported through the provision of specific annual grant funding to local authorities. North Ayrshire Council phased in this programme with full implementation of 1140 hours of funded early learning and childcare for all eligible children from August 2021. There was a delay in full implementation due to the impact of the Covid-19 pandemic.

- 2.1.2 Data for the whole of Scotland shows that there are fewer children eligible for funded ELC and that the uptake of 1140 hours is lower than originally anticipated when the multi-year grant funding agreement was reached.
- 2.1.3 In line with the national picture, the uptake of children's ELC places in North Ayrshire has been lower than originally estimated. In addition, declining birth rates will continue to impact the overall level of uptake. Current North Ayrshire Council capacity is 2228 spaces with 1852 spaces allocated to children accessing their full 1140 hours through a Local Authority provision (83% occupancy rate).
- 2.1.4 Scottish Government has advised local authorities that they now intend to replace the specific annual grant funding for 1140 funded hours and provide an annual core funding quantum for the provision of early learning and childcare. The Scottish Government has worked with COSLA to agree the annual core quantum for 2024/25 onwards.
- 2.1.5 The share of the annual quantum received by local authorities is based on:
a) the number of eligible children in the local authority area; and
b) the percentage uptake of 1140 hours in the local authority area.
- 2.1.6 A cumulative budget reduction of £1.527m was confirmed in 2023/24 due to the factors outlined in 2.1.5. To date, the £1.527m budget reduction has been met through use of temporary funding sources, including earmarked funds, to enable longer term planning to take place and the current proposals to be developed.
- 2.1.7 As a result of the factors outlined in 2.1.5, a local review of early learning and childcare service delivery is underway, governed by an ELC Review Board. The key aim of this review is to redesign the early years service to meet current and anticipated levels of demand, which has been informed by local data, within the revised Scottish Government 2024/25 funding envelope. This includes the implementation of refreshed delivery models through the proposals outlined in section 3.1.
- 2.1.8 It should also be noted that the Scottish Government has outlined an ambition to increase the eligibility of 2-year-olds to access 1140hrs of funded ELC. North Ayrshire Council currently makes provision for eligible 2-year-olds in several establishments, and these children are typically referred by Health Visitors. Should the eligibility for 2-year-olds be expanded at a future date or expanded to include all 2-year-olds, then there would be a requirement to again increase ELC delivery. There is currently no published timescale for this.

2.2 Current ELC delivery models

- 2.2.1 Funded ELC is delivered by North Ayrshire Council alongside our funded providers, which are predominantly private nurseries and childminders. As of the 2023 census return, 2394 children in total are accessing 1140 hours of funded ELC in North Ayrshire. A breakdown is provided below:

Type of provision	No. of children	Overall % of children accessing 1140
Full 1140 hours through Local Authority	1852	77%
Full 1140 hours through Partner Nursery	427	18%
Full 1140 hours through Partner Childminder	21	1%
1140 hours through a blend of providers	94	4%

2.2.2 Based on wide-ranging consultation at the original design stage, there are currently three models of service delivery provided by North Ayrshire Council schools and ELC centres:

Model	Service Provided	Number of Establishments
1	8am to 6pm over 48 weeks per year. Option of either full year (48 weeks) or term time (38 weeks) with a variety of children's attendance patterns to obtain 1140 hours of funded ELC.	24
2	8.45am to 4.30pm over term-time (38 weeks). 665 hours of funded ELC provided by NAC with 475 hours available to blend childcare with a private nursery or childminder.	11
3	9am to 3pm over term-time (38 weeks). Children attend 6 hours each day to obtain 1140 hours of funded ELC.	8

2.2.3 An overview of the current models delivered in each locality is provided below:

Locality	Model 1	Model 2	Model 3
Kilwinning	3	2	0
Irvine	7	4	0
Three Towns	7	4	0
Garnock Valley	4	1	1
North Coast	2	0	2
Arran	1	0	5
Totals	24	11	8

2.2.4 In delivering ELC, the Council is required to maintain a minimum statutory adult:child ratio based on the age group of children. For children aged 3-5 years, this ratio is 1 adult to 8 children. For children under the age of 3, this ratio is 1 adult to 5 children.

2.2.5 The employee budget required to support current service delivery models is £16.8m. Existing model 1 and 2 sites require complex staffing schedules to ensure statutory ratios are maintained across a maximum day from 8am to 6pm that enable lunch breaks as well as annual leave for full year staff.

2.3 Engagement with parents and carers

- 2.3.1 Following Cabinet approval on the 5th of December 2023, an engagement exercise took place between the 18th of December 2023 to 26th of January 2024 to gather views of parents and carers to inform revised models. Views were gathered via an online survey, which was promoted in several ways. These included cascading information to parents and carers via early years establishments and funded provider networks; emailing current families accessing North Ayrshire's ELC service and/or primary school education directly; and promoting this via social media channels. The survey was completed by 835 respondents.
- 2.3.2 835 parents and carers responded to the survey with 556 respondents indicating they access their entitlement to 1140 hours through a North Ayrshire Council early years provision (67%). The remaining 33% of respondents either accessed a 'private/voluntary early years' (169 respondents), 'childminder' (40 respondent), or 'a blend of these services' (70 respondents). The primary benefits of early years provision delivered across North Ayrshire were recorded as 'child wellbeing / development' (737 respondents), 'support to work/ study' (372 respondents), and 'reduced childcare costs' (336 respondents).
- 2.3.3 The proposals within this paper focus on the redesign of ELC provision delivered by North Ayrshire Council and consequently the analysis presented in sections 2.3.3 – 2.3.5. below and referenced in section 3.2, has been based on respondents who access ELC through a North Ayrshire Council early years provision. A breakdown of the model accessed by respondents accessing a North Ayrshire Council early years provision is provided below:

Model	Number of respondents	Percentage of respondents accessing ELC through North Ayrshire Council ELC
Term time (full 1140 hours from a NAC early years)	256	46%
Full year Full Year (full 1140 hours from a NAC early years)	248	45%
Term time (blend of full 1140 hours from a NAC and private provider / childminder)	36	6%
Other pattern (private provision / childminder)	16	3%

- 2.3.4 Of the respondents who access ELC through North Ayrshire Council (556 respondents), 36% of families do not access their full entitlement to ELC (200 respondents). This data gathered suggests a significant number of families do not have an available pattern that meets their needs (65 responses), have limited providers available (48 responses), or encounter complications in accessing a blended model (35 responses). These insights are a key driver in the proposed models

outlined in section 3.1. A breakdown of the main reasons given for not accessing full entitlement to ELC is provided below:

Reason for not accessing full entitlement to ELC using North Ayrshire Council early years provision	Number of times selected
Personal choice	69
Available pattern doesn't meet my needs	65
Limited providers available	48
Complications of accessing a blended model	35
Other	28
Unaware of full entitlement	15

2.3.5 Parental views were also gathered on the factors that are important when deciding which early years provision is best for their child. The two most important factors identified by parents/carers in deciding on an early learning and childcare provision were proximity to their home and the quality of resources and facilities of the provision. A breakdown of all factors selected by parents / carers accessing a North Ayrshire Council early years provision (556 respondents) is provided below:

Factors used by parents and carers to decide which early years provision is best for their child	No. of times this factor was selected
Close to home	396
Resources and facilities	299
Word of mouth / reputation	278
Availability of full year or term time place	178
My other child already attends	157
Flexibility in hours	138

2.4 Engagement with ELC staff and establishment leadership teams

2.4.1 It is recognised North Ayrshire Council's ELC staff and establishment leadership teams play an important role in ensuring the effective delivery of high quality ELC in North Ayrshire. Consequently, an ELC staff engagement survey was conducted between the 11th and 25th of January to gather views from across North Ayrshire Council's ELC workforce. 344 responses were gathered in total. A breakdown of responses by current model is provided below:

Employed in current ELC model	Number of staff survey respondents
1	262
2	60
3	22

2.4.2 The views gathered from ELC practitioners mirror the primary benefits expressed by surveyed parents and carers referenced in section 2.3. ELC staff highlighted 'child wellbeing / development' (282 responses), 'parenting support' (165 responses), and 'reduced childcare costs' (146 responses) as the primary benefits of the ELC provision. ELC practitioners also spotlighted 'access to high quality indoor and outdoor learning environments' (155 responses); 'improved outcomes for children and families'

(150 responses); and 'availability of full year and term time options' (140 responses) as all working well in the delivery of ELC.

- 2.4.3 Engagement data gathered through the ELC staff survey has also provided the education service with a greater understanding of the areas for improvement within ELC delivery in North Ayrshire. Areas for further improvement highlighted by respondents include: 'additional time out to plan for children's learning' (283 responses); 'enhanced collegiate time for staff development and training' (271 responses); and 'increased focus on supporting staff wellbeing' (251 responses).
- 2.4.4 The staff engagement survey also provided an opportunity for staff to express any other views in relation to the remodelling of ELC provision. Qualitative data coding of the 213 responses obtained indicated 'improving staff wellbeing (63 responses), 'ensuring time for planning, preparation and professional dialogue' (63 responses), and 'providing greater availability of term time 9am – 3pm ELC provision' (46 responses) are priorities in the remodelling of North Ayrshire Council's ELC provision. Areas of improvement highlighted by staff will be considered as part of plans to operationalise proposed models referenced in section 3.1. Additional findings from the staff engagement survey are provided in section 3.2 below as part of the rationale for the revised models.
- 2.4.5 Alongside the ELC staff engagement survey, a focus group was conducted with a sample of 9 heads of ELC establishments from across current ELC delivery models. Analysis of the key messages from this session strengthen feedback provided by staff gathered in the engagement survey. Key messages included a need to streamline North Ayrshire Council's ELC offer for parents and carers; consider approaches to ensure enhanced time for planning, preparation, professional dialogue and staff cohesion; and continue to provide a flexible ELC offer across localities whilst enhancing availability of ELC provision that mirrors 9am – 3pm school term-time provision to meet local demand. Additional key messages gathered through this focus group are provided in section 3.2 within the rationale for proposed models.

3. Proposals

3.1 New ELC Delivery Models

- 3.1.1 It is proposed that the existing ELC delivery models are redesigned to take account of reducing birth rates, available data on uptake of 1140 hours funded ELC (particularly outside of the school term), current parental preferences and the projected budget envelope.
- 3.1.2 The proposed redesigned models, which would be implemented from the new academic session in August 2024, are as follows:

Revised Model	Service Provided	Number of Establishments
1	8am to 6pm over 48 weeks per year. Children can attend 5 half day sessions (am or pm) each week, or 2.5 days per week to obtain 1140 hours of funded ELC (23.75 hours per week).	9

2	8am – 6pm over term time (38 weeks). Children can attend one full day and 4 half day sessions (am or pm) per week to obtain 1140 hours of funded ELC (30hours per week).	13
3	9am to 3pm over term-time (38 weeks). Children attend 6 hours each day to obtain 1140 hours of funded ELC (30hours per week).	22

3.1.3 The redesign of models is based on a review of ELC requirements across localities and ensures North Ayrshire Council will continue to meet the Scottish Government's principles of flexibility and accessibility for parents and carers. The proposed changes to models across all North Ayrshire Council establishments are provided below. It is important to note that proposals reconfigure current ELC models and there are no proposed closures of any North Ayrshire Council ELC provisions:

Model	Hours of delivery	No. of weeks	Current	Proposed
1	8am – 6pm	48 weeks (Full Year)	24	9
2 (existing model)	8.45am – 4.45pm	38 weeks (Term Time)	11	0
2 (revised model)	8am – 6pm	38 weeks (Term Time)	0	13
3	9am – 3pm	38 weeks (Term Time)	8	22

3.1.4 There are no catchment areas prescribed within ELC guidance. Parents and carers in North Ayrshire are asked to list their choice of five establishments on application. In the event that the Council is unable to accommodate any of these choices, the service will allocate an alternative place for a child which is the closest establishment to the home postcode (unless a different request is submitted). The recent survey reinforced that location is important to parents and carers. Therefore the range of proposed North Ayrshire Council model options available to parents and carers is shown below on a locality basis:

Locality	Model 1	Model 2 (revised)	Model 3
Kilwinning	2	2	1
Irvine	2	4	6
Three Towns	2	4	5
Garnock Valley	1	2	3
North Coast	1	1	2
Arran	1	0	5
Totals	9	13	22

- 3.1.5 An options appraisal within the redesign process explored the possibility of removing existing model 2 options in favour of 12 model 1 sites and 32 model 3 sites. Whilst this realised additional savings and reduced the complexity in the ELC offer for parents and carers, this was ruled out as capacity within North Ayrshire Council ELC establishments would be reduced below anticipated levels of demand. This would likely result in North Ayrshire Council being unable to deliver 1140 hours of ELC to all eligible children should greater numbers of North Ayrshire families wish to access a Council provision.
- 3.1.6 The redesigned models will ensure that there is capacity for all eligible children across North Ayrshire Council to receive 1140 hours of funded ELC provision either through a North Ayrshire Council establishment or a funded provider.

3.2 Rationale for model changes

- 3.2.1 The proposal to reduce the number of ELC establishments delivering full year provision was informed by uptake data from the 2023 summer holiday period. 41% of 3-5 year olds and 44% of eligible 2s did not opt to access 1140 hours during this period and consequently did not benefit from their full entitlement. Parental engagement survey findings suggest the inverse of this with only 21% of respondents who access a full year provision (52 respondents) indicating they do not use their full entitlement within a full year provision. This sample of parents who responded to the engagement survey and access a full year provision is therefore not representative of all parents accessing full year provision due to the disparity in uptake data versus engagement survey responses. Staff engagement survey respondents who chose to express a view on future remodelling indicated further work is needed to improve uptake of full 1140 hours as part of the revised models (26 respondents), with many respondents specifically referencing reduced uptake during holiday periods. This perspective was also supported by some heads of early years establishments operating a current model 1 site.
- 3.2.2 Increasing the number of term time only facilities is supported by data demonstrating that term time service is the most popular choice for parents / carers with almost all current term time establishments being full. Enhancing availability of term-time 9am – 3pm ELC provision was also viewed as a priority by respondents to the ELC staff engagement survey. 20% of staff survey respondents who chose to express their views on the remodelling of ELC indicated a preference for increasing availability of term time 9am – 3pm ELC provision (43 respondents). Reasons provided for this preference were to better support families to avoid the need for multiple childcare arrangements if a child accessing ELC has school-aged siblings; and providing greater scope for parents / carers to access work, further education, or training opportunities. It should also be noted engagement with heads of ELC establishment and some staff survey respondents who chose to express a view on the remodelling of ELC indicated North Ayrshire Council should continue to offer a range of flexible ELC options (43 respondents), including full-year provisions (13 respondents). Data gathered from the parental engagement survey also supports the need to continue with a range of options as 32% of respondents accessing a North Ayrshire early provision (178 respondents) indicated 'availability of full year or term time place' was a factor when deciding which early years provision is best for their child.

- 3.2.3 Blending of ELC provision through current models is not widely utilised across North Ayrshire. Current data shows that only 20% of those currently attending a model 2 ELC provision blend their 1140 entitlement across a local authority and funded provider provision, with some only using a few hours per week from a funded provider. Notably, this data also highlights that 80% of children in model 2 sites do not access 475 hours of their 1140 entitlement due to challenges of securing a blend that meets their needs. Data gathered from the parent and carer engagement survey provides further evidence of the challenges around a formalised blended model. 24% of the respondents who access an early years provision provided by North Ayrshire Council but do not utilise their full entitlement (200 respondents in total) referenced 'limited funded providers' (48 respondents) as a factor. In addition, 18% of respondents who do not access their full entitlement referenced 'complications of accessing a blended model' (35 respondents) as a barrier to using their full 1140 hours entitlement with North Ayrshire.
- 3.2.4 North Ayrshire's funded providers play a vital role in supporting families and North Ayrshire Council will continue to work in partnership to promote blended ELC provision as an option that can be utilised by parents to meet their early learning and childcare needs. Blending with a funded provider continues to be proposed as a choice for parents and carers, which can be pursued through engaging in discussions with a North Ayrshire ELC establishment.

3.3 Direct people and financial implications of the proposed review of delivery models

- 3.3.1 The early years projected employee budget required to support the proposed new service delivery models is £15.3m. The overall remodelling proposals generate a saving of £1.074m with an August 2024 implementation or an equivalent full year saving of £1.611m. It is important to note that the financial implications of this change now result in the alignment of resource requirements with available levels of funding.
- 3.3.2 The proposed redesign of the early years' service will impact on the current ELC workforce of approximately 450 early years employees (DSM 317.9 FTE entitlement). This will include shifts in requirements from full-year to term-time working and in the weekly working hours required to support children's attendance patterns.
- 3.3.3 In recognition of the significant impact of these proposals an Organisational Change Plan will be developed in consultation with trade unions to set out the organisational change process, communication and engagement plan, and timeline.
- 3.3.4 The proposed Organisational Change Plan would include the use of service redesign principles including Voluntary Early Release (VER) and compensatory payment for loss of earnings as means of mitigating the impact of these proposals on affected employees.

3.4 Consideration of adjustment to eligibility dates for funded early learning and childcare

- 3.4.1 In North Ayrshire a child becomes eligible for funded early learning and childcare at the beginning of the school term following their third (or in some cases second) birthday. This is aligned to the Scottish Government standard outlined in the Children and Young People (Scotland) Act 2014 and in the associated Scottish Statutory Instruments and has been in place in North Ayrshire for a number of years.
- 3.4.2 An opportunity was taken during the review of delivery models to reassess when eligible children can start receiving funded early learning and childcare in North Ayrshire. Specifically, consideration was given to changing the start of funded provision from the term after the child's birthday to the month after the child's birthday.
- 3.4.3 Detailed financial modelling was undertaken to assess the viability of this proposed change. However, it was concluded that changing the start of funded provision to the month after the child's eligible birthday would increase costs significantly and is therefore not an affordable option within the current financial envelope. This position will be kept under review in future years.

3.5 Proposal

- 3.5.1 It is recommended that Cabinet approves the proposed redesign of North Ayrshire's Early Learning and Childcare provision as outlined in this report.

4. Implications/Socio-economic Duty

Financial

- 4.1.1 The projected Early Years employee budget required to support the proposed service delivery models is £15.3m. The proposed remodelling generates a saving of £1.074m with an August 2024 implementation date or an equivalent full financial year budget saving of £1.611m.
- 4.1.2 The £1.527m cumulative reduction for 2023/24 referenced at section 2.1.6 has been funded to date via earmarked reserves and unallocated funding which was available due to the delay in implementation of 1140 hours. This has allowed appropriate engagement with parents, carers and staff in order to ensure the proposed redesign is fully informed by their views. It is important to note that the financial implications of this change now result in the alignment of resource requirements with available levels of funding.
- 4.1.3 The remodelling of early years provision may require early release or mitigation payments to impacted staff. The cost of release or compensation payments would be met within current earmarked reserves.

Human Resources

- 4.2 The workforce implications of proposals outlined in this paper will be supported through an Organisational Change Plan that will be developed through consultation with trade unions.

Legal

- 4.3 The *National Care Standards Early Education and Childcare up to the age of 16* outlines a statutory requirement for ratios of 1:5 for 2 to under 3s and 1:8 for children aged 3 and over in ELC provisions. The proposals outlined in this paper are cognisant of this statutory requirement and will ensure that ratios are maintained. The *Children and Young People (Scotland) Act 2014 (Modification) Order 2021* places a statutory duty on education authorities to make provision for 1,140 hours of funded ELC available to all children aged 3-5, and eligible 2-year-olds. The proposals outlined in this paper enable the local authority to more effectively deliver on this to provide full access to 1140 to a greater number of parents and carers by realigning delivery models to better meet the needs of North Ayrshire families.

Equality/Socio-economic

- 4.4 Proposals contained in this paper will impact the provision of ELC across North Ayrshire with a potential impact on learners residing in North Ayrshire's areas of highest deprivation. Some of the proposed changes are anticipated to be positive due to the proposed redesign of the service based on patterns of uptake. Regular reviews that currently take place to ensure that ELC capacity and demand are as closely aligned as possible will continue. A review of the current Equality and Children's Rights Impact Assessment (ECRIA) for ELC has been carried out to inform implementation.

Climate Change and Carbon

- 4.5 The revised ELC models provide a range of options to access ELC across each locality, continuing to mitigate where possible the requirement of parents/carers to travel outwith their locality area to access ELC.

Key Priorities

- 4.6 Proposals outlined in this report support the Council Plan 2023-28 strategic aim to "transition to a wellbeing economy, delivering prosperity, wellbeing and resilience for local people" and more specifically "improving educational attainment and achievement and closing the attainment gap" activities.

Community Wealth Building

- 4.7 North Ayrshire's Education Service works closely with a range of funded providers (private nurseries and childminders) to deliver 1140 through procurement of local services. Implementation of this proposal will also continue to support community wealth building through support for parental employment.

5. Consultation

- 5.1 Engagement on these proposals has taken place via the ELC Review Board with parents and carers, impacted staff groups, ELC management and senior leadership teams. Further formal consultation and engagement with relevant stakeholders, including trade unions, will take place as part of the proposed organisational change plan.

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Background Papers

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