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# NORTH AYRSHIRE COUNCIL

5 December 2023

## Cabinet

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**Title:** Early Learning and Childcare – Redesign of Service

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**Purpose:** To seek approval to engage with parents and carers on the proposed redesign of Early Learning and Childcare in North Ayrshire to match capacity to demand in the context of a reducing pupil role and a corresponding revised funding allocation.

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**Recommendation:** That Cabinet approves the proposed engagement with parents and carers with the purpose of informing a further report to Cabinet early in 2024 on ELC provision in North Ayrshire.

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## 1. Executive Summary

- 1.1 North Ayrshire Council (NAC) has implemented the Scottish Government's policy to provide 1140hrs of funded Early Learning and Childcare (ELC) to eligible children, utilising the additional grant funding received to support this new policy.
- 1.2 After three years of delivery aligned to earlier assessments of need and uptake, the Council now has an evidence base to inform its analysis of demand and therefore optimum capacity. In addition, based on a declining population and a lower than anticipated national and local uptake of 1140hrs of funded ELC, NAC has received a revised core allocation and specific grant allocation for the delivery of ELC in line with the reducing roll. The Scottish Government, as part of a national review of funding, now plans to provide an annual core quantum for the provision of ELC. Further budget reduction for NAC is anticipated.

## 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. NAC phased in this programme with full implementation of 1140 hours 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 the uptake of 1140 hours is lower than originally anticipated when the multi-

year grant funding agreement was reached. Current NAC capacity is 2228 spaces with 1852 spaces allocated (83% occupancy rate).

2.1.3 Correspondingly, the Scottish Government has advised local authorities they now intend to remove 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 is working with COSLA to agree the annual core quantum for 2024/25 onwards.

2.1.4 It is anticipated that the share of the annual quantum received by local authorities will be 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.

2.1.5 North Ayrshire Council has therefore had a reduction in funding since 2022/23:

Financial Year	ELC Specific Grant Funding	ELC Specific Grant Funding Reduction	NAC Core Allocation	NAC Core Allocation Reduction	Funding Revision	Total Funding Reduction
	£m	£m	£m	£m	£m	£m
2021/22	14.013		11.654			
2022/23	13.093	-0.920	12.033	0.379	0.000	-0.541
2023/24	12.579	-0.514	11.561	-0.684	0.212	-0.986
Total Funding Movement to 2023-24		<b>-1.434</b>		<b>-0.305</b>	<b>0.212</b>	<b>-1.527</b>

*Current reductions in NAC core and grant funding allocations for ELC*

2.1.6 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. The reductions noted above demonstrate a reduction to the level of Scottish Government funding allocated to NAC as a direct result of these two factors.

2.1.7 It is estimated that a further reduction in the specific grant will take effect from 1<sup>st</sup> April 2024. As noted in 2.1.5, a budget reduction of £1.527m is confirmed in 2023/24 with a further £0.411m estimated in 2024/25 due to the factors outlined in 2.1.4. This represents an overall estimated reduction of £2m in the ELC budget across the 2022/23, 2023/24 and 2024/25 financial years. 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.

2.1.8 In response to the demographic and budget position outlined above, a 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 early years service provision to meet current and anticipated levels of demand, within the anticipated Scottish Government

2024/25 funding envelope. This would include the implementation of refreshed delivery models in line with current and projected demand.

2.1.9 It should also be noted that the Scottish Government has outlined an ambition to increase the eligibility of 2-year-olds to access 1140 hours of funded ELC. NAC currently makes provision for eligible 2-year-olds in a number of establishments, and these children are typically referred by Health Visitors. There is currently no published timescale for this.

## 2.2 Current ELC delivery models

2.2.1 Funded ELC is delivered by NAC alongside our funded providers, which are predominantly private nurseries and childminders. As of the 2023 census return, 2394 children are accessing 1140 hours of funded ELC in North Ayrshire, breakdown 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 NAC schools and ELC centres:

Model	Service Provided	Number of Schools/Centres
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 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.

2.2.4 The current 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 ratio is maintained during lunch breaks, annual leave and across a maximum day from 8am to 6pm.

### **2.3 Redesign of ELC Delivery Models: next steps**

- 2.3.1 The existing ELC delivery models require to be redesigned to take account of reducing birth rates, available data on uptake of 1140hrs funded ELC (particularly outside of the school term), current parental preferences and the projected budget envelope.
- 2.3.2 Redesigned models would be implemented from the new academic session in August 2024. This would allow time for engagement with parents and carers and consultation with staff and trade unions as well as consideration of workforce implications, service impacts and opportunities and approach to organisational change in delivering required service changes within the revised financial envelope, as well as in relation to redesigned delivery models.
- 2.3.3 Redesigned models will ensure that there is capacity for all eligible children across NAC to receive 1140 hours of funded ELC provision either through a North Ayrshire Council establishment or a funded provider.

## **3. Proposals**

3.1 It is proposed that Cabinet:

Approves the proposed engagement with parents and carers with the purpose of informing a further report to Cabinet early in 2024 on ELC provision in North Ayrshire.

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## **4. Implications/Socio-economic Duty**

### **Financial**

4.1 A summary of the overall financial position is provided at 2.5 above. The current proposals have no direct financial implications.

### **Human Resources**

4.2 None within the current report although future proposals will require organisational change.

### **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.

### **Equality/Socio-economic**

- 4.4 A review of the current Equality and Children’s Rights Impact Assessment (ECRIA) for ELC will be carried out to inform future proposals and implementation.

### **Climate Change and Carbon**

- 4.5 None.

### **Key Priorities**

- 4.6 Proposals developed as a result of this report would 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.

## **5. Consultation**

- 5.1 This report proposes engagement with parents and carers, to inform, alongside the current evidence base, future proposals for ELC service delivery in North Ayrshire.

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For further information please contact **Andrew McClelland, Head of Service (Education)**, on **01294 32 324413**.

### **Background Papers**

None