



Glasgow City Council

City Administration Committee

Item 1

20 June 2024

Report by Councillor Christina Cannon, City Convener for Education and Early Years.

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PARTNER COMMISSIONING ARRANGEMENTS

Purpose of Report:

To update Committee on the proposed rate for funded providers within Early Learning and Childcare from April 2024.

Recommendations:

City Administration Committee is asked to approve the following:

- i. An increase to the commissioning rate of £0.46 to £6.46 per child per hour from April 2024 for 3 - 5 year olds.
- ii. An increase to the commissioning rate of £0.54 to £7.65 per child per hour from April 2024 for eligible 2 year olds.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

1 INTRODUCTION

- 1.1 The Scottish Government's Funding Follows the Child Guidance and National Standard sets out the principles and practice for funded early years providers seeking to enter or maintain partnership status with a local authority. Importantly, the National Standard sets out the need for a locally determined, sustainable commissioning rate.
- 1.2 The guidance for setting sustainable rates for the delivery of funded early learning and childcare in 2024-25, issued in March 2024 outlines the criteria which councils should follow in setting a sustainable rate.

Mainly:

The rate will support delivery of a high quality ELC experience for all children
It will be a rate that reflects the cost of delivery, including the delivery of national policy objectives

The rate will allow for investment in the setting – staff, resources, and physical environment and

It will enable payment of the real living wage for those childcare workers delivering the funded entitlement.

In 2023 council agreed the rate of £6.00 per hour for three year olds, and £7.11 for eligible two year olds payable from August 2023

- 1.3 The national guidance also highlights that from a local authority perspective the rate must be sustainable for authorities in terms of the budgets available, and that the following points are also important to consider when setting a sustainable rate:

- the rate does not have a detrimental effect on the local authority's ability to continue to pay for the service in the long-term.
- the wider package of 'in-kind benefits', which are separate to the sustainable rate, available to the funded provider as part of their contract with the local authority
- the rate does not need to be cross-subsidised by parents and carers through charges for non-funded hours

1.4 Supporting SMEs and the Voluntary Sector

There are 124 funded nursery providers and 51 registered childminders operating statutory ELC services across the city, delivering an important service to families and making a valuable contribution to the city's economy, supporting approximately 2,000 jobs across the sector. Funded providers currently deliver statutory early learning & childcare hours to almost 5199 children across Glasgow, with many delivering significantly more through additional hours purchased by the family.

1.5 Provider Risk Mitigation

Through payment of a sustainable rate, the Council will seek to mitigate potential risk to funded providers, encompassing both operational and financial risks.

1.6 Maintaining High Quality Provision

Children across Glasgow should be able to access the same quality of provision regardless of provider. Payment of a sustainable rate will ensure funded providers can continue to support the delivery of quality services which meet the minimum expectations of the National Standard.

2 COMMISSIONING RATE

2.1 The Council continues to attend Scottish Government groups in seeking to determine a sustainable commissioning rate which will work for both funded providers and deliver best value to the Council.

2.2 Education Services is proposing a commissioning rate of £6.46 per hour for each funded child aged 3-5 years and £7.65 for each funded child aged 2-3 years. It is proposed that this rate will be payable from April of financial year 2024/25 for a period of one year. Rate setting will then move to April for each subsequent year. The increase represents an uplift of 7.6% on the unit cost.

2.3 It is believed that this rate allows providers to pay the Scottish Living Wage. It has been difficult to address all inflationary pressures which both Local Authorities and funded providers will experience.

2.4 These figures represent an uplift of £0.46 per hour per funded 3-5 year old child on the current £6.00 hourly rate and £0.54 per hour for funded 2 year olds on the current £7.11 hourly rate which has been in place since August 2023. This represents an increase of 7.6% on the unit cost.

2.5 The uplift cost of the increase in the commissioning rate for 2024/25 will be met from the Early Learning and Childcare Revenue Budget.

FOOD PROVISION

2.6 In addition to the rate per hour all funded children are also entitled to a free meal each day the child attends as part of their statutory entitlement. This is payable daily over and above the hourly rate per child.

Presently the food rate is £3 per child per day.

- 2.7 An amount of £0.582 is also available daily as part of the Scottish Government funded Scottish Milk and Healthy Snack Scheme (SMHSS) for each funded provider per child for the number of days attended. As with the £3 per meal food rate, the additional £0.582 for snack is payable daily over and above the core hourly rate per child.
- 2.8 There is no proposal to change either the meal rate (£3.00) or the Scottish Government funded snack rate (58.2p)
- 2.8 The financial impact of the cost uplift for 2024/25 is in the region of £2.337m based on our current Early Years children.

3 POLICY AND RESOURCE IMPLICATIONS

Resource Implications:

<i>Financial:</i>	Financial implications of the increase in increase in the partner commissioning rate will be met from within the existing Early Learning and Childcare revenue budgets.
<i>Legal:</i>	Funded Provider contracts will require to be updated to reflect the new rate.
<i>Personnel:</i>	N/A
<i>Procurement:</i>	N/A

Equality and Socio-Economic Impacts:

<i>Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.</i>	N/A
<i>What are the potential equality impacts as a result of this report?</i>	No significant impact
<i>Please highlight if the policy/proposal will help address socio-economic disadvantage.</i>	The increased payment rates will enable Funded Providers to continue to pay their workforce at Scottish Living Wage as required by the National Standard for the provision of statutory early learning & childcare.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

N/A

What are the potential climate impacts as a result of this proposal?

N/A

Will the proposal contribute to Glasgow's net zero carbon target?

N/A

**Privacy and Data
Protection Impacts:****4 RECOMMENDATIONS**

4.1 City Administration Committee is asked to approve the following:

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