



Glasgow City Council  
City Administration Committee

**Item 2**

18th June 2026

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

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**ELC PARTNER COMMISSIONING ARRANGEMENTS FROM APRIL 2026**

**Purpose of Report:**

To update Committee on the proposed rate for funded providers within Early Learning and Childcare from April 2026.

**Recommendations:**

City Administration Committee is asked to approve the following:

- i. An increase to the commissioning rate of £0.35 to £7.05 per child per hour from April 2026 for 3 - 5 year olds.
- ii. An increase to the commissioning rate of £0.41 to £8.35 per child per hour from April 2026 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 2026-27, issued in March 2026 outlines the criteria which councils should follow in setting a sustainable rate.

The rate will enable payment of the real living wage for those childcare workers delivering the funded entitlement and will allow for investment in the setting – staff, resources, and physical environment.

A minimum 5.2% uplift will be applied to all 2025-26 rates to reflect the estimated increase in the average staff cost element of the sustainable rate required to meet the new real Living Wage uplift from April 2026. This reflects staffing costs accounting for, on average, 77% of the sustainable rate as reflected in the recently published guidance and makes use of the full amount of additional funding made available by Scottish Government to support the setting of sustainable rates within ELC.

The minimum 5.2% uplift will also be applied to sustainable rates paid to all childminders delivering funded ELC as has always been the practice in Glasgow and is reflected in the 2026/27 guidance.

The remainder of the sustainable rate, covering non- staffing costs is set in line with the requirements of the wider sustainable rates guidance.

As the sustainable rates for 2026-27 are being confirmed after April 2026 payments to our funded providers to support delivery of the real Living Wage uplift will be backdated to 1 April 2026.

In 2025 council agreed the rate of £6.70 per hour for three to five year olds, and £7.94 for eligible two year olds payable from April 2025. The rates proposed for 2026/27 are an uplift on those in line with the guidance and also reflect the requirement to set a higher rate for 2 year old provision which has always been practice in Glasgow.

- 1.3 Section 1, point 24 of 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 119 funded nursery providers and 34 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 5672 children across Glasgow (figure as at 7 April 2026), with many delivering significantly more through hours purchased by the families.

#### 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.

The Scottish Government and COSLA are progressing a series of reforms over 2025 to 2027 to the sustainable rates setting process as proposed in their jointly published Sustainable Rates Review. (December 2023 - <https://www.gov.scot/publications/elc-review-sustainable-rates/> )

Glasgow City Council is already meeting the key recommendations set out to date in the interim Sustainable Rates Guidance for 2026-27, published March 2026. These are to pay the same rates to childminders as other Funded Providers, to pay a higher rate for eligible 2 year olds in recognition of the higher ratio and to pay for meals as a separate payment to the hourly rate to provide clarity for Funded Providers.

- 2.2 Education Services is proposing a commissioning rate of £7.05 per hour for each funded child aged 3-5 years and £8.35 for each funded child aged 2-3 years. It is proposed that this rate will be payable from April of financial year 2026/27 for a period of one year. The increase represents an uplift of 5.2% on the unit cost.

- 2.3 It is believed that this rate allows providers to pay the Scottish Living Wage of £13.45 per hour. 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 £0.35 per hour per funded 3-5 year old child on the current £6.70 hourly rate to £7.05 and £0.41 per hour for funded 2 year olds on the current £7.94 hourly rate, to £8.35 which has been in place since April 2025. This represents an increase of 5.2% on the unit cost.
- 2.5 The uplift cost of the increase in the commissioning rate for 2026/27 will be met from the Early Learning and Childcare Revenue Budget and the amount required to implement the increase is above the amount of additional funding made available by Scottish Government for this purpose. The financial impact of implementing the increase to the hourly rate based on 25/26 funded hours is estimated to be £1.834m. The funding received from the Scottish Government for this is £1.595m for 2026/27.
- 2.6 The Scottish Government and COSLA have acknowledged that the interim rate setting guidance was published whilst local authorities and providers continue to face cost and workforce pressures.

## **FOOD PROVISION**

- 2.7 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 which is higher than the rate of £2.50 paid for school meals during the holidays. The revised guidance for 2026/27 states that good practice is that this is paid separately to the hourly rate. Glasgow have always paid the food rate separately and will continue to do so.

- 2.8 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. This rate is set nationally by Scottish Government. 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.
- 2.9 There is no proposal to change either the meal rate (£3.00) or the Scottish Government funded snack rate (58.2p). The funding award does not allow for this to be contained within the funding awarded.

## **3 FUNDED PROVIDER SUPPORT PACKAGE**

- 3.1 Along with the hourly per child sustainable rate, the Council provides a range of additional benefits to funded providers to support them in delivering quality services to Glasgow families and in sustaining their business in exceptional

circumstances. During 2026/27 the total cost of providing these additional supports is in excess of £1.02 million.

- 3.2 The most significant elements of this fully funded package include free access to continued professional learning ; funding of certificated qualifications for staff ; targeted support when services fall below national standards at inspection ; peripatetic learning & teaching support for all services and Educational Psychology support relating to children with additional needs.
- 3.3 Beyond support for the quality of childrens' experiences, the Council's ELC service offers a Sustainability Framework to providers who find themselves in short-term difficulties which threaten the viability of their businesses. This has been accessed by 3 Funded Providers to date all of whom continue to operate successfully in the city having worked through the short-term issues. One further Funded Provider is currently in discussion with the Council regarding whether this may support them with a short-term crisis.

Additionally, through the Flexible Rental scheme developed as part of the 1140 hours ELC Expansion Programme, the Council makes a range of refurbished and purpose designed new build premises available to Funded Provider businesses to operate their services from at below market rents. This represents a significant capital investment into the Funded Provider sector.

#### 4 POLICY AND RESOURCE IMPLICATIONS

##### Resource Implications:

*Financial:* Financial implications of the increase in the partner commissioning rate will be met from within the existing Early Learning and Childcare revenue budgets.

*Legal:* Funded Provider contracts will require to be updated to reflect the new rate.

*Personnel:* N/A

*Procurement:* N/A

**Council Strategic Plan:** Specify which Grand Challenge (s) and Mission (s) the proposal supports. Where appropriate the relevant Commitment can also be listed.

**Grand Challenge 1 – Reduce Poverty and inequality in our communities**

**Mission 2**

Meet the learning and care needs of children and their families before and through school

**Grand Challenge 2** – Increase opportunity and prosperity for all our citizens  
**Mission 3** – Raise attainment amongst children and young people

**Equality and Socio-Economic Impacts:**

*Does the proposal support the Council’s Equality Outcomes 2025 - 2029? Please specify.* N/A

*What are the potential equality impacts as a result of this report?* No significant impact

*Please highlight if the policy/proposal will help address socio-economic disadvantage.* 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:** N/A

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