

Appendix 3 – Support Arrangements – Early Learning & Childcare (ELC)

1. General support – all suppliers

Further to report [354/19](#), contracts have been awarded to 64 private nurseries, playgroups and childminders for the provision of funded ELC in Angus from 1 August 2020. It is anticipated that around one third of funded ELC in Angus will be delivered by these suppliers. This provision has been factored into the wider early years expansion and must be protected if the council is to deliver on its statutory obligation to expand the funded ELC entitlement from 600 hours to 1140 hours per annum. While the August deadline for this expansion has been lifted due to the current restrictions on the construction industry, indications are that local authorities will be expected to deliver on this commitment sometime in academic year 2020/21. In Angus, the expansion will be implemented in August as planned.

In implementing general support for all ELC suppliers' officers have had regard to the following: -

19 March 2020 – letter from Deputy First Minister – COVID-19 – Closure of School and ELC Premises – Protection of Key Interests

Among other things this letter confirmed the Government's policy position on allowing use of private and third sector childcare providers to support provision for key workers. The letter also confirmed that Councils could use ring-fenced ELC grant monies for the purposes of maintaining critical provision for key workers.

24 March 2020 – joint letter from Minister for Children & Young People and COSLA Children & Young People Spokesperson – Guidance on COVID-19 response in education, early learning and childcare and children services

This letter included separate "Guidance for Commissioners during Covid-19 Response". Both the letter and guidance confirmed that "...where private or third sector ELC settings (including childminders) are closed or children are unable to attend due to the pandemic, local authorities should continue payments for funded places for the duration of the closure, to ensure that local ELC capacity is retained and to support sustainability for the future delivery of ELC.."

6 April 2020 – letter from Scottish Government Interim Director, Early Learning & Childcare

This letter provided additional guidance on the interaction between ELC payments made by Councils to providers of those services and the Coronavirus Job Retention Scheme. To ensure that local ELC capacity is retained, and to support sustainability for the future provision of ELC, the letter confirmed that:

- ELC providers can access the Coronavirus Job Retention Scheme, or for childminders the Self-Employment Income Support Scheme;
- **and**
- ELC providers who deliver funded ELC in their settings will continue to receive payments from their local authority for these funded ELC hours when services close or children are unable to use services due to the pandemic.

The Scottish Government's view is that funded ELC providers should be able to access support through both schemes. This is based on their assessment that private and third sector providers are not, in general, primarily funded by the government, with a significant proportion of their funding coming from private arrangements with families which are not currently allowed to continue.

The letter advised that "the default position for Local Government should therefore be to continue to pay all private and third sector providers, and childminders, who deliver statutory ELC." This is subject to reviews in specific cases to ensure no double funding.

All ELC providers in Angus with a contract at this time are therefore being funded on an “as normal” basis (based on 600 hours provision) whether they are closed or not. In line with the above guidance this has applied since 23 March 2020. This means that they are continuing to be paid what they would have been paid had their normal funded ELC services been open at this time, using the existing ringfenced Scottish Government Grant funding for ELC.

2. Additional support – emergency key worker childcare

While most ELC providers are closed until August and receiving only their “as normal” ELC funding as described above, five private nurseries and some childminders have remained open and are currently providing emergency key worker childcare on behalf of Angus Council.

National guidance issued by COSLA following the Leaders Meeting on 15 May states that key worker childcare must be free at the point of access with an expectation that any costs will be funded by local authorities using flexibility on various education related ring-fenced funding. In addition to the continuation of their statutory funding, the five private nurseries are therefore receiving additional funds to ensure they can meet all of their essential salary and running costs.

Childminders providing key worker childcare are being paid at an agreed hourly rate, which in most cases is the standard rate for funded ELC but in some cases is slightly higher, for example where weekend childcare is being provided.

These extraordinary costs are being funded by unspent Scottish Government ELC expansion revenue grant, which had previously been ring-fenced for the ELC expansion but has now been repurposed to support emergency COVID-19 arrangements as directed by Scottish Government.

Support for extraordinary costs has been reviewed on an ongoing basis and adjusted downwards where required, to reflect any additional support providers have accessed such as the Job Retention Scheme.

3. Summer holiday planning

The arrangements described so far in this appendix cover the period between lockdown commencing on Monday 23 March and the end of what would have been the summer term on Friday 26 June. To continue to support essential services through the summer, starting on Monday 29 June it is proposed that the council provide emergency key worker childcare throughout the summer holidays, both in local authority hubs and through a continuation of the arrangements in place with private nurseries and childminders. This is subject to a separate report to the June Special Arrangements Committee.

Volunteers from within the existing Education & Lifelong Learning workforce have been sought to staff local authority childcare hubs throughout this period. Whilst early indications are that the response to this has been positive, it is anticipated that local authority provision will be reduced and that this will create a need to expand private sector provision if possible. Discussions are underway with private providers who are closed to establish whether additional capacity can be secured by the careful reopening of those services during the summer holidays.

While we remain in Phase 1 or Phase 2 of the [national route map out of the crisis](#), private suppliers cannot allow private arrangements with families to restart, meaning that the essential salary and running costs of any additional suppliers who reopen to provide key worker childcare must also be funded in full by Angus Council. The opening of further private nurseries to provide key worker childcare would therefore increase the overall costs to the council of this support. Officers are assessing how this can be funded within the existing funding available (see separate report).

4. ‘Phase 3’ implications

In Phase 3 of the national route map, ELC suppliers can reopen their private arrangements with families. Whilst there is a clear expectation that key worker requests and statutory ELC funded hours are prioritised

over private arrangements, this will mean that these suppliers can reopen their other funding streams and the need for the council to fully fund all essential salary and running costs will be removed.

At this point, the funding of the extraordinary costs described above would change to an agreed hourly rate and would be paid only for actual key worker childcare hours provided. This would therefore have the effect of reducing the overall costs of this support.

Consideration may need to be given to the hourly rates to be paid to ELC suppliers when Phase 3 begins, as the sustainable rates approved in report 354/19 may no longer be sustainable when additional COVID-19 recovery costs are factored in, such as personal protective equipment.

Any ongoing financial support to providers will be provided in accordance with the Council local support arrangements which are subject to review.

5. Financial Implications

“As normal” ELC funding is paid using the existing ringfenced Scottish Government Grant funding for ELC. When considering the level of additional financial support to those acting as childcare hubs, reasonable scrutiny has been applied to evidence the salary and essential running costs provided by each supplier. This includes evidence from online banking, payroll systems, invoices and receipts.

Deductions are made from this agreed figure to account for the “as normal” ELC funding (which continues to be paid through its separate process) and any other funding accessed by those providers such as Job Retention Scheme payments. The payments below are the net additional payment beyond normal ELC funding.

Four-weekly payment period	Total amount paid
Mon 23 March to Fri 17 April	£187,000
Mon 20 April to Fri 15 May	£106,000
Mon 18 May to Fri 12 Jun	£100,000

As Scotland continues to move through the route map, payments will continue to reduce as suppliers can begin to open to their private arrangements with families which reduces the proportion of their essential running costs that the council must meet in order to secure key worker childcare provision.

6. Summary

23 March to 26 June	29 June to 31 July (or until end of Phase 2 if this is sooner)	From 1 August (or beginning of Phase 3 if this is sooner)
Statutory ELC funding continuing to be paid to all contracted suppliers (Note 1)	Statutory ELC funding not applicable in summer holidays	Statutory ELC funding resumes
Additional salary and running costs also being paid to ELC suppliers acting as key worker childcare hubs (Note 2): <ul style="list-style-type: none"> • Full salary and running costs for private nurseries • Hourly rates for childminders 	Subject to agreement of Report 179/20. Full salary and running costs would be paid to ELC suppliers acting as key worker childcare hubs: <ul style="list-style-type: none"> • Full salary and running costs for private nurseries • Hourly rates for childminders 	Hourly rates to be agreed for all key worker childcare provision provided from this date subject to affordability considerations.

Note 1 – implemented under delegations from Report 123/20 and as directed by Scottish Government through letters of 19 and 24 March and 6 April using ring-fenced grant funding

Note 2 – implemented under delegations from Report 123/20 and in line with national guidance agreed by COSLA Leaders using ring-fenced grant funding