

ANGUS COUNCIL

CHILDREN AND LEARNING COMMITTEE – 12 AUGUST 2021

FUNDED ELC FRAMEWORK COSTS REVIEW

REPORT BY KELLY MCINTOSH, DIRECTOR OF EDUCATION AND LIFELONG LEARNING

ABSTRACT

This report provides Committee with an update on the additional costs incurred by the council's funded early learning and childcare (ELC) partner providers as a result of COVID-19 in 2020/21, and seeks approval to continue providing financial support from 1 August 2021 until restrictions are ended.

1. RECOMMENDATIONS

It is recommended that the Committee:

- (i) Agrees to forego the planned reduction in hourly rates paid through the funded ELC framework agreement in 2021/22, caused by lower than expected inflation;
- (ii) Agrees to the continuation of a quarterly invoicing process for additional staffing costs incurred by contracted ELC providers in relation to COVID-19, which is subject to ongoing review in line with changing COVID-19 guidance from Scottish Government.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN AND COUNCIL PLAN

This report contributes to the following local outcomes contained within the Angus Community Plan:

The best start in life for children
Improved physical, mental and emotional health and wellbeing
More opportunities for people to achieve success

And in the Angus Council Plan 2021- 2024:

Priority 2: We want to maximise inclusion and reduce inequalities

3. BACKGROUND

- 3.1 Reference is made to Committee Report [354/19](#), approved by the Children and Learning Committee on 5 November 2019, which was a procurement authority report outlining the procurement strategy for the provision of funded ELC in non-local authority settings from August 2020, and seeking approval from Committee to implement the strategy through a major procurement exercise.
- 3.2 Reference is made to Committee Report [280/20](#), approved by the Children and Learning Committee on 17 November 2020, which provided Committee with information regarding the increased costs of delivering funded ELC in the context of COVID-19 and sought approval to implement a process for increased financial support to contracted providers of this service throughout 2020/21.

4. CURRENT POSITION

Sustainable Rates for Funded ELC

- 4.1 Report 354/19 obtained approval for the implementation of an open framework agreement for funded ELC in Angus, which was implemented in August 2020. The report also outlined the provisional hourly rates to be paid to providers on the framework in each of its first three years, advising that the rates may be adapted slightly in line with actual economic inflation or recession each year.

- 4.2 The suite of hourly rates provisionally published in report 354/19 for the second year of the framework, commencing on 1 August 2021, was based on projected inflation of 2.7%. Actual inflation has now been confirmed at 2.1%, meaning that the council has the contractual option to apply a small reduction to the hourly rates that were provisionally published for 2021/22.

Additional Financial Support During COVID-19 Restrictions

- 4.3 Further to report 280/20, a process was implemented allowing contracted providers of funded ELC to reclaim from the council the additional, essential costs of delivering the service in line with COVID-19 safety measures, such as additional staff to facilitate the separation of children into cohorts and enhanced cleaning requirements. These costs have been claimed by invoice, quarterly in arrears, in addition to the standard hourly rates paid for each hour of funded ELC.

National ELC Guidance for 2021/22

- 4.4 On 21 June 2021, Scottish Government issued new guidance for the safe provision of ELC in line with the anticipated ongoing reduction of COVID-19 restrictions across Scotland. The guidance came into effect on 19 July and some of the relevant features are:

- Safety measures and restrictions on the provision of ELC services are now generally aligned to the local restriction levels applied to local authority areas by Scottish Government using their COVID-19 Strategic Framework;
- The planning assumption is that all of Scotland will continue to be in Level 0 from the start of the new ELC year in August 2021;
- In Level 0 and beyond, the requirement to separate children into restricted cohorts is removed, with registered capacity being the only restriction on cohort size;
- Enhanced cleaning requirements will continue in Level 0.

- 4.5 The current financial support process in Angus is scheduled to end on 31 July. At the time of writing updated guidance on physical distancing within education settings has not yet been published. It is likely that some of the council's contracted ELC providers will require further financial support from 1 August 2021 until such a time as restrictions are no longer in place.

- 4.6 In Angus there is agreement that enhanced cleaning should continue in ELC settings after the end of nationwide restrictions, in order to make learning environments safer and to further contribute to the wellbeing of children. As the costs associated with enhanced cleaning consumables can be roughly predicted based on the costs accrued in 2020/21, it would therefore be beneficial to create a more administratively efficient way of compensating providers for these costs, such as incorporating the contribution into the agreed hourly rates for the year.

- 4.7 As additional staffing costs are both more difficult to predict and less likely to continue further into 2021/22, it is not recommended that compensation for these costs is incorporated into the agreed hourly rates for the year.

5. PROPOSALS

- 5.1 Agree to forego the planned reduction in hourly rates paid through the funded ELC framework in 2021/22, caused by lower than expected inflation. This will support funded ELC providers to continue with enhanced cleaning procedures even after the ending of COVID-19 restrictions in Scotland, without any requirement for providers to claim the costs from the council in arrears.

- 5.2 Agree to the continuation of a quarterly invoicing process for additional staffing costs incurred by contracted providers in relation to COVID-19, which is subject to ongoing review in line with changing COVID-19 guidance from Scottish Government.

6. FINANCIAL IMPLICATIONS

Sustainable Rates for Funded ELC

- 6.1 The impact of foregoing the inflationary reduction on the proposed rates is as follows:

	Nursery/Playgroup		Childminder	
	Two year olds	Three to five year olds	Two year olds	Three to five year olds
Rates with inflationary reduction applied	£6.74	£5.28	£5.62	£5.12
Rates without inflationary reduction applied	£6.78	£5.31	£5.65	£5.15

- 6.2 Based on hours of funded ELC provided on the framework in 2020/21, the proposed waiving of the inflationary reduction in 2021/22 would cost a total of £22,500.

Additional Financial Support During COVID-19 Restrictions

- 6.3 The following is a summary of the costs incurred through the invoicing process for additional COVID-19 costs in Q1 to Q3 of 2020/21:

Total number of providers on framework	60
Total number of quarterly claims received	32
Total spend on staff	£126,250 (69%)
Total spend on PPE and cleaning materials	£10,000 (5%)
Total spend on indoor and outdoor equipment	£47,000 (26%)
Total additional spend due to COVID-19	£183,250
Total of deductions made from claims due to national financial support	£-70,000
Total cost to Angus Council	£113,250

- 6.4 26% of the costs incurred by providers in 2020/21 were for one-off purchases of equipment, with a further 5% for PPE and cleaning materials to be met by the proposed foregoing of the inflationary reduction. Only the remaining 69% of the costs would therefore be eligible to be invoiced to the council from the beginning of 2021/22. The additional costs may therefore be up to £42,000 per quarter from August 2021 until restrictions are ended. Any additional financial support provided by Scottish Government would be deducted from this figure.
- 6.5 The funding package allocated to Angus for the expansion of ELC is sufficient to cover the costs associated with this report, therefore there is no expected impact on council budgets.

7. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is appended to this report as Appendix 1.

8. CONSULTATION

The Director of Finance and the Director of Strategic Policy, Transformation and Public Sector Reform have been consulted in the preparation of this report.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Report [280/20](#) Funded ELC Framework Costs Review, Angus Council Children and Learning Committee 17 November 2020
- Report [354/19](#) Procurement Authority Report – Open Framework for Funded ELC, Angus Council Children and Learning Committee 5 November 2019

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List of Appendices:

Appendix 1 Equality Impact Assessment



Equality Impact/Fairer Scotland Duty Assessment Form

Step 1

Name of Proposal

Committee report requesting approval to:

- forego a planned inflationary reduction in the hourly rates paid to contracted providers of funded early learning and childcare (ELC);
- continue to allow contracted providers of funded ELC to claim additional, essential staffing costs from the council until COVID-19 restrictions are ended.

Step 2

Is this only a **screening** Equality Impact Assessment No

(A) If Yes, please choose from the following options **all** reasons why a full EIA/FSD is not required:

(i) It does not impact on people No

(ii) It is a percentage increase in fees which has no differential impact on protected characteristics No

(iii) It is for information only No

(iv) It is reflective e.g. of budget spend over a financial year No

(v) It is technical No

If you have answered yes to any of points above, please go to **Step 16**, and sign off the Assessment.

(B) If you have answered No to the above, please indicate the following:

Is this a full Equality Impact Assessment Yes

Is this a Fairer Scotland Duty Assessment No

If you have answered Yes to either or both of the above, continue with Step 3.

If your proposal is a **strategy** please ensure you complete Step 13 which is the Fairer Scotland Duty Assessment.

Step 3

(i) Lead Directorate/Service: Education & Lifelong Learning

(ii) Are there any **relevant** statutory requirements affecting this proposal? If so, please describe. No.

(iii) What is the aim of the proposal? Please give full details.

To allow contracted providers of ELC to continue to provide the service safely, through the end of COVID-19 restrictions in Scotland and beyond, by providing funding for the additional, essential costs of enhanced cleaning through the foregoing of a planned reduction in hourly rates and, where absolutely necessary, further financial support for additional staffing by invoice.

(iv) Is it a new proposal? No

Is it a review of e.g. an existing budget saving, report, strategy, policy, service review, procedure or function? Yes

Step 4: Which people does your proposal involve or have consequences for?

Please indicate all which apply:

Employees	Yes
Job Applicants	No
Service users	No
Members of the public	No

Step 5: List the evidence/data/research that has been used in this assessment (links to data sources, information etc which you may find useful are in the Guidance). This could include:

Internal data (e.g. customer satisfaction surveys; equality monitoring data; customer complaints).
Analysis of the component costs of invoices received from providers throughout 2020/21.
Analysis of the sex of workers in the ELC sector.

Internal consultation (e.g. with staff, trade unions and any other services affected).
N/A

External data (e.g. Census, equality reports, equality evidence finder, performance reports, research, available statistics)
N/A

External consultation (e.g. partner organisations, national organisations, community groups, other councils).
Consultation with contracted ELC providers in 2020/21 regarding costs.
No direct consultation with protected group – see Step 8 below.

Other (general information as appropriate).
N/A

Step 6: Evidence Gaps.

Are there any gaps in the equality information you currently hold? No

If yes, please state what they are, and what measures you will take to obtain the evidence you need.

Step 7: Are there potential differential impacts on protected characteristic groups? Please complete for each group, including details of the potential impact on those affected. Please remember to take into account any particular impact resulting from **Covid-19**.

Please state if there is a potentially positive, negative, neutral or unknown impact for each group. Please state the reason(s) why.

Age
Impact
Neutral

Disability
Impact
Neutral

Gender reassignment
Impact
Neutral

Marriage and Civil Partnership
Impact
Neutral

Pregnancy/Maternity

Impact

Neutral

Race - (includes Gypsy Travellers)

Impact

Neutral

Religion or Belief

Impact

Neutral

Sex

Impact

Negative. A significant proportion of the ELC workforce (more than 95%) is female, therefore a failure to provide financial support has the potential to negatively and disproportionately affect this protected group as those workers, particularly childminders, would have to bear the additional costs themselves.

Sexual orientation

Impact

Neutral

Step 8: Consultation with any of the groups potentially affected

If you have consulted with any group potentially affected, please give details of how this was done and what the results were.

If you have not consulted with any group potentially affected, how have you ensured that you can make an informed decision about mitigating action of any negative impact (Step 9)?

No direct consultation was undertaken with female ELC providers as the analysis of costs was provider neutral and sought to identify trends in spending related to factors such as the size of the setting or the number of children attending. The report itself attempts to mitigate the negative impacts of not providing financial support to any protected group, by recommending that the support is provided to all providers.

Step 9: What mitigating steps will be taken to remove or reduce potentially negative impacts?

The recommendations in the report are to provide the required financial support to all contracted providers.

Step 10: If a potentially negative impact has been identified, please state below the justification.

The purpose of the report is to mitigate against the negative impact.

Step 11: In what way does this proposal contribute to any or all of the public sector equality duty to: eliminate unlawful discrimination; advance equality of opportunity; and foster good relations between people of different protected characteristics?

The recommendations, if approved, will ensure that all contracted ELC providers receive the same financial support regardless of any protected characteristics.

Step 12: Is there any action which could be taken to advance equalities in relation to this proposal?

The proposal is financial in nature and all providers are paid the same regardless of any protected characteristics, therefore there is no additional action required to advance equalities in the context of this report.

Step 13: FAIRER SCOTLAND DUTY

This step is only applicable to **strategies** which are key, high level decisions. If your proposal is **not** a strategy, please leave this Step blank, and go to Step 14.

Step 13(A) What evidence do you have about any socio-economic disadvantage/inequalities of outcome in relation to this strategic issue?

N/A

Step 13(B) Please state if there are any gaps in socio-economic evidence for this strategy and how you will take measures to gather the evidence you need.

N/A

Step 13(C) Are there any potential impacts this strategy may have specifically on the undernoted groupings? Please remember to take into account any particular impact resulting from Covid-19.

N/A

Please state if there is a potentially positive, negative, neutral or unknown impact for each grouping.

Low and/or No Wealth (e.g. those with enough money to meet basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future.

Impact

Material Deprivation (i.e. those unable to access basic goods and services e.g. repair/replace broken electrical goods, warm home, leisure and hobbies).

Impact

Area Deprivation (i.e. where people live (e.g. rural areas), or where they work (e.g. accessibility of transport).

Impact

Socio-economic Background i.e. social class including parents' education, people's employment and income.

Impact

Other – please indicate

Step 13(D) Please state below if there are measures which could be taken to reduce socio-economic disadvantage/inequalities of outcome.

N/A

Step 14: What arrangements will be put in place to monitor and review the Equality Impact/Fairer Scotland Duty Assessment?

The proposal is for financial support to be provided until no later than 31 July 2022, therefore if the support is to continue beyond that date there will be a requirement for both a further committee report and a further EIA.

Step 15: Where will this Equality Impact/Fairer Scotland Duty Assessment be published?

www.angus.gov.uk

Step 16: Sign off and Authorisation. Please state name, post, and date for each:

Prepared by: Jamie Aitchison, Programme Manager – EY Expansion on 20/07/21

Reviewed by: Doreen Phillips, Snr Practitioner (Equalities) 20/07/21

Approved by: