

Moray Council Early Learning and Childcare Consultation

Summary of Initial Findings

All Scottish local authorities have a statutory obligation to provide 1140 hours of funded Early Learning and Childcare (ELC) for those three- and four-year-olds whose parents request it. In addition, 1140 hours of ELC must be made available to the parents of two-year-old children who are eligible. Moray Council has successfully introduced 1140 provision across its local communities and is now well positioned to enhance its statutory provision to ensure the key principles of quality, flexibility, accessibility and affordability are fully embedded. The service has a strong team, fully committed to further developing a coherent approach to ELC which puts quality at the heart of service delivery. The team understands the importance of early intervention and is making a significant contribution to meeting the needs of children and families.

1. Key Principles - Quality

1.1 The main quantitative measure of quality used by the service is the gradings given following external inspections. The ELC team supplement this with local information collected during support visits. There is a spread of quality across both local authority and partner provision. Both sectors have settings at risk of failing to meet the national minimum standards and therefore becoming ineligible to provide funded hours. The proportion of settings in this category has remained broadly constant despite the challenges of Covid-19.

1.2 Support to settings is provided by the EYES team, consisting of 10 fte qualified teachers. This is a substantial investment and compares very well with neighbouring authorities. The introduction of the *Pebbles* approach has been successful in supporting quality. Support is demand led and optional for settings. The service should:

- consult with staff to establish a needs led service.
- determine the average annual hours per setting needed to quality assure individual provision and to provide advice, support and access to a teacher.
- revise how support is allocated proportionate to need.

Each 10% reduction in EYES staffing would generate a reduction in revenue spend of £55 000. The service cannot be disestablished as there is a statutory requirement for children to access a teacher. The risk to quality of the proposed changes is low.

1.3 The quality of leadership and management is a key determinant of overall quality in a setting. In local authority settings all managers are employed on the same terms and conditions, regardless of the operational requirements of their setting. As a result, the time individual managers have to devote to improving quality varies. The service should:

- consider the management arrangements for term time only settings.
- evaluate the demands of larger settings. Settings with a role of over 60 children are likely to benefit from dedicated management.
- review the management arrangements of very small settings. A return to the previous management arrangements where small settings are managed by school Head Teachers would reduce pressure across the system.

Savings in relation to altering management arrangements will be approximately £50 000. Risk to quality would be low.

1.4 Quality of staff is also a key determinant of quality. Partner settings experience high levels of staff turnover in comparison to local authority settings. The service should:

- establish a minimum number of new training positions in local authority settings.
- ensure training routes to management positions are accessible and inclusive.
- remove the post of peripatetic early years practitioner.

The use of training posts and removal of peripatetic staff will reduce revenue spending by £100 000 and present low risk to quality.

1.5 Ensuring sufficient staff are available in settings contributes to overall quality gradings. At present the authority has a well understood staffing calculator used by managers to calculate staffing in authority nursery classes. Staffing in authority settings now needs to further reflect demand and uptake in each setting. To ensure staffing is adequate and equitable across authority settings the service should:

- revisit calculations to allow the development of staffing complements for standard class sizes across the authority.
- draw up a schedule of staffing establishment reviews, beginning with all year-round settings, to identify where staffing is above establishment.
- consult with staff associations and unions to agree procedures to be implemented where staffing is above agreed establishments.
- draw up a plan to phase in identified staffing changes. The period for this should be realistic and be complete by June 2024.
- suspend recruitment and review all temporary contracts until staffing reviews are complete.

Reduction in revenue funding will depend on the outcome of individual staffing reviews. It should be possible to identify up to £500 000 in the first phase, assuming this is complete by August 2023.

2. Key Principles - Flexibility

2.1. Moray Council's Delivery Plan conforms with the Scottish Government's requirement to increase the flexibility on offer to families. It is now clear that the demand for full day care places is less than anticipated. The service has already reduced its flexibility in all but 6 all year-round settings. Ensuring local authority settings are operating as close to capacity as possible will reduce the average cost per hour of provision and therefore over all costs. The service should:

- identify those settings where flexibility is not economically viable and confirm with these communities that nursery classes will deliver a traditional local authority delivery model, 9am – 3pm, Monday to Friday.
- consult with communities where demand for local authority nursery places is greater than supply. This offer should include term time only 8am – 6pm opening. This will increase overall places and allow parents to choose up to 6 morning or afternoon sessions, or three full days.
- consult with the remainder of communities to establish a standard delivery model.

The reduction in revenue spend will depend on the uptake of new delivery models. Accommodating 10 additional children in local authority settings would generate savings of £71 000. An initial target should be to accommodate an additional 30 children in local authority nursery classes.

2.2 Across the local authority area there is additional capacity. The original delivery plan contained a commitment to sell on unused hours to families at a commercial rate and create wrap round care opportunities. A survey of partner providers suggests the demand for this type of provision is limited and confined mainly to Elgin. However, selling wrap round hours which do not incur any increased costs would increase flexibility and be a source of new income. The service should:

- develop clear guidelines and procedures, including contractual arrangements, to allow families to purchase additional hours of childcare where settings are not at capacity.
- price initial wrap round additional hours at above the present commercial rate to avoid disruption to the local market. This should be reviewed as the market readjusts.
- ensure the service is fully utilising the existing approaches in education to monitoring staffing levels and utilisation.

A target of £20 000 income generation in the initial year is likely to be achievable.

3. Key Principles – Accessibility

3.1 Moray Council's commitment to accessible provision requires equality of access for children with additional support needs and those living in remote and rural areas. Additional support needs are well met and well funded at present. The service should:

- review the allocation of additional support needs funding to reflect the staffing and needs of a setting as a whole.
- review how funding is linked to improved outcomes for children and the time scales involved.
- consider the impact on revenue funding of introducing an additional support needs hourly rate to allow more flexibility for providers.

The service should aim to stabilise spending at 2021/22 levels of £300 000, removing £250 000 of revenue pressure.

3.2 Provision of ELC in remote and rural areas is very good. Allocation is managed locally and works well for remote and rural settings. Allocation is demand led which results in some council settings operating at less than optimum efficiency. The service should:

- establish a working capacity for every local authority nursery class which reflects optimum utilisation and is based on standard staffing ratios, eg 16, 24, 32
- develop a check point in the allocations procedure, prior to parents being offered places, that ensures allocations across Associated School Groups (ASG) are cost effective.
- monitor the impact of any changes on up take of provision and number of parents offered their first choice of setting.
- set targets for utilisation of authority spaces within each ASG at a minimum of 85%.

The risk to parental satisfaction rates is medium. The target for revenue savings in the year 23/24 should be £100 000.

4 Key Principles - Affordability

4.1 Funded ELC is free for all children who qualify. Prior to the 1140 expansion, commercial providers argued that the rate paid by local authorities was unsustainable and required to be subsidised by the cost of additional hours. The rate paid by Moray Council to partners is £6.30 for 3 and 4 year olds and £7.20 for 2 year olds. The average commercial rate for additional ELC is £5 per hour. The cost of additional hours in partner providers no longer subsidises other elements.

4.2 Local authorities have the duty to set a sustainable hourly rate for ELC which reflects local costs and circumstances. Moray Council's combined rate is the highest in Scotland. There is no evidence to suggest costs in Moray are higher than elsewhere. IPSOS Moray has carried out data collection on behalf of the Scottish Government and separately on behalf of Moray Council. Neither IPSOS Moray nor the Scottish Government's Improvement Service will recommend a particular methodology to set rates. Both agencies state that all methods are based on assumptions which are equally open to challenge. The service should:

- sense check their rate setting methodology by using two other nationally used methodologies.
- sample local partner providers to participate in an open book exercise, sharing their accounts in order to sense check the partner rate.
- maintained current rates for the remainder of the financial year.
- share with partner providers any change in Moray Council's rate setting methodology.

Reducing the partner rate in the current financial year is not realistic. Contracts will be retendered in April 2023. No risks are present at this time.

4.3 The rate set for partner providers must be sustainable for both partner providers and the local authority. The availability of accurate and real time financial information is crucial. Covid-19 and changes in the officer cohort have made this difficult. The service should:

- revisit the original 1140 expansion financial template to update data to allow direct comparison between actual and anticipated spend for each budget heading.
- conduct a cost centre study of the hours provided and total costs incurred in local authority settings to allow for comparison of average costs per hour across all settings.
- work with colleagues to revise role forecasts in light of updated national data to ensure anticipated demand has not changed.

While there are no direct savings associated with this action, accurate and real time financial information will allow the service to take action in the event of budget pressures. The risk associated with continuing with the present system is high.

4.4 Moray Council delivers lunches and light teas to settings. Given possible changes in delivery models, the service should:

- consult settings in relation to the delivery and serving of lunches.
- model the financial implications of using early years staff to serve food.

The risk to quality and flexibility are low. Reduction in revenue spend would depend on the authority's ability to redeploy displaced staff. Revenue savings could be up to 15% of this budget.



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