

ABERDEEN CITY COUNCIL

COMMITTEE	Education and Children's Services
DATE	16 th November 2017
REPORT TITLE	Early Learning and Childcare Financial Template
REPORT NUMBER	ECS/17/057
DIRECTOR	Gayle Gorman
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1. PURPOSE OF REPORT:-

The purpose of this report is to provide Committee with an updated Early Learning and Childcare Delivery Plan including the completed indicative financial template.

2. RECOMMENDATION(S)

It is recommended that Committee:

- (i) note the content of the current version of the Early Learning and Childcare Delivery Plan including the indicative financial template contained at the exempt appendix to the report;
- (ii) instruct the Head of Education and Inclusion to present a further updated Early Learning and Childcare Delivery Plan to the appropriate Committee once notification of capital and revenue grants are received from Scottish Government;
- (iii) endorse the interim Memorandum of Understanding between Aberdeen City and Aberdeenshire Council in relation to the provision of Early Learning and Childcare for Cross Border Split Placements as detailed at section 3.8 of the report; and
- (iv) delegate authority to the Head of Education and Inclusion to allocate the 17/18 early years expansion revenue and capital grants, and in utilising the grant to instruct the Head of Education and Inclusion to ensure that the many assumptions made in the financial template are rigorously tested to support more accurate financial planning.

3. BACKGROUND/MAIN ISSUES

3.1 The National Expansion of Early Learning and Childcare (ELC)

The Scottish Government is committed to expanding the provision of funded early learning and childcare (ELC) from 600 hours to 1140 hours by 2020. The Scottish Government recognises that existing ELC provision will have to be transformed to deliver 1140 hours in line with the Ministers' Blueprint for 2020 and encourages Local Authorities to innovate to improve service delivery.

3.2 Submission of the Early Learning and Childcare Plan

All Local Authorities submitted an Early Learning and Childcare Delivery Plan and Financial Template in September 2017. Prior to submission The Early Learning and Childcare Delivery Plan was presented to the Education and Children's Services Committee in September 2017, however the indicative Financial template was not available at that time and Committee requested early sight of the template.

3.3 Submission of the Financial Template

The Financial Template has been developed by The Scottish Government to give an indication of the costs of the expansion and to support the Scottish Government to distribute funding allocations. The template comprised core data fields with additional optional fields to be continually developed over time. The Aberdeen City template was populated as fully as possible and submitted with a letter from the Director of Education and Children's Services to highlight the indicative nature of the data enclosed within the template. The transformational nature of the expansion has led to the Financial Plan being based on a number of untested assumptions which limit the robustness of the submission.

The Scottish Government Delivery Team began scrutinising the financial plan on November 1st 2017 and provided some feedback on the optional fields and amendments have been made in light of this feedback. The Scottish Government will continue to engage with Local Authorities to scrutinise the assumptions used to reach decisions on the expansion of ELC. This will allow Scottish Government to make robust decisions on funding allocations. This is likely to result in both the Delivery Plan and Financial Template being subject to ongoing amendment. Indicative allocations of both capital and revenue funding are anticipated at the end of January 2018 and these allocations will lead to a further review of the Plans to ensure that a sustainable model is built.

3.4 Capital Funding

The Scottish Government has guided Local Authorities to fully utilise the infrastructure across the city to ensure that low unit costs are established. This need for controlled unit costs has partially contributed to our plan to offer provision from 8am to 6pm. The National Team has also advised Local Authorities to use what they have and consider making better use of infrastructure already well established in communities, with new builds only being considered when they offer best value to meet local need.

Data around supply and demand changes routinely. For the purposes of planning a cut-off date at the end of July 2017 was chosen to support the development of the Delivery Plan. A comprehensive Early Learning and Childcare Data Dashboard has been developed to ensure that we track supply and demand carefully. This dashboard will guide final decision making and ensure the best use of public funds.

Anticipated costs have been developed using the formula within the spreadsheet and baseline metrics provided by Scottish Government. Design Team costs to cover associated planning costs run at 15% and this anticipated additional cost has been flagged up to The Scottish Government.

3.5 Revenue Funding

The Scottish Government are keen to ascertain the cost of delivering the Blueprint for Early Learning and Childcare and have suggested the use of a number of assumptions. A provisional staffing formula has been developed to inform planning. The formula is currently untested and will be refined over the coming months as early tests of change guide our work.

The redesign of the Early Years' Service will bring about efficiencies and more locality based support is current being tested. This early test will help us develop more robust costings for central teams as we work towards 2020.

Our current provision of Me2 for eligible 2 year olds sits separately from provision for 3 and 4 year olds. This separation has a negative impact on uptake and doesn't allow for a continuum of ELC provision. It is likely that the Me2 provision will be mainstreamed within our offer of ELC and this should lead to increased uptake, the costs of which will be partially offset by operating a more efficient continuum of provision.

Many Local Authorities make use of ELC settings to offer wraparound care for older children with income offsetting costs. This has not been the delivery model in Aberdeen City and this section has been left empty while we scope the potential of this model for Aberdeen City.

3.6 Work to date on the expansion of Early Learning and Childcare

Work has progressed since the plan was presented to Committee in September 2017. Highlights include:

- Stakeholder groups being established including practitioners and professional associations with engagement events for practitioners planned for November 2017
- Schools developing proposed tests of change to test some of our assumptions and include local authority staff in shaping the expansion
- A Communications and Engagement Plan being implemented resulted in regular updates being available to both internal and external customers
- The establishment of an Early Learning and Childcare Academy with a launch anticipated before the end of 2017
- Working with colleagues in Human Resources to ensure clarity for the workforce
- Quality Leadership Training being procured to support the expansion

- Cross boundary agreements being put in place, as a result of working with other local authorities in the Northern Alliance and with another urban local authority
- The early review of policies to support processes and high quality provision
- On-going consultation in the three priority areas
- Surveys of infrastructure and potential sites both within and out with the Education and Children's Services account.

3.7 **Review of the Early Learning and Childcare Delivery Plan in January**

The Scottish Government anticipate that minimal levels of funding for the next 5 years will be shared with the local authority at the end of January. These minimal levels of capital and revenue funding will lead to a review of the ELC Delivery Plan and associated Financial Plan to ensure that the future model is affordable. The updated plans will be presented to Committee in early 2018.

3.8 **Interim Memorandum of Understanding (MOU)**

Local Authorities were historically discouraged from making any inter-authority arrangements regarding charging for Early Learning and Childcare placements as an element of movement was incorporated into the calculations for Grant Aided Expenditure. Local Authorities are now able to make local agreements to support split placements as allocations are made to the Local Authority the child resides in.

Aberdeenshire Council allow families to split their entitlement to Early Learning and Childcare provision between a provider in Aberdeenshire and a partner provider in Aberdeen City Council.

Where Aberdeenshire families choose to make use of a private or third sector partner provider, Aberdeen City Council pay the provider for the hours used in accordance with our Partnership Agreement and require a mechanism to recharge these costs to Aberdeenshire.

During 2016/17 15 Aberdeenshire children accessed their Early Learning and Childcare provision through a cross border, split placement arrangement. This has increased to 19 in the current session.

Aberdeen City Council currently pays each provider £4.10 per hour for the provision of Early Learning and Childcare for each child. The introduction of the Memorandum of Understanding will allow Aberdeen City Council to be reimbursed by Aberdeenshire Council for this expenditure which could amount to a £20,000 recharge for this session.

Aberdeen City Council's policy currently does not allow families to access Early Learning and Childcare in this way but plans to build on this initial agreement to develop a more comprehensive document to ensure that we have clear policies in place to support the expansion to 1140 hours.

4. **FINANCIAL IMPLICATIONS**

- 4.1 Additional funding to support the revenue and capital costs associated with the Delivery Plan will be allocated from the Scottish Government and from the

re-design of existing service budgets. This is in addition to the money already received for implementation in 17/18.

- 4.2 The actual level of funding from the Scottish Government is expected at the beginning of 2018. Clarity around levels of Scottish Government funding in January will result in the review of the Delivery Plan and associated Financial Plan.
- 4.3 This is a major change initiative and it will be important to closely monitor the financial implications of such changes as the Delivery Plan will be implemented to ensure that expenditure is in line with available funding.
- 4.4 The Finance Service is represented on the Project Board to ensure that any financial deviations are quickly identified and addressed.

5. LEGAL IMPLICATIONS

- 5.1 The Community Empowerment (Scotland) Act guides our consultation and engagement with communities to ensure that the expanded provision impacts positively on longer term outcomes.
- 5.2 All Local Authorities will have a duty to provide 1140 hours of Early Learning and Childcare for eligible two year olds and all three and four year olds by August, 2020. The ELC Delivery Plan will help us manage the transformational change necessary to deliver expanded services by 2020.

6. MANAGEMENT OF RISK

6.1 Financial

The Scottish Government has indicated that a total of £400 million capital funding will be available across Scotland, up to 2020. The Scottish Government has yet to confirm how much revenue funding will be available.

Scottish Government has provided Funding amounting to £1.035 million (capital) and £725,000 (revenue) to Aberdeen City Council in 2017/2018. Future levels of revenue and capital funding from The Scottish Government are anticipated in January 2018.

The expansion of funded Early Learning and Childcare will require very careful budget monitoring and financial planning to mitigate the risk of funding being insufficient to realise the expansion. The service is working with Finance staff to ensure careful monitoring of budgets.

The Project Manager will monitor progress on a daily basis and advise the Project Sponsor of any emerging risks to ensure that risks are mitigated at the earliest opportunity. The Early Learning and Childcare Project Board will oversee financial planning and spending to further mitigate the risks so that they remain low.

6.2 Employee

An inability to recruit sufficient numbers of practitioners to support the delivery of the expansion is a high risk. A detailed workforce development plan has been included within the Delivery Plan. This plan includes the establishment of an Early Learning and Childcare Academy to increase the number of practitioners and also increase the number of routes into the profession. The workforce plan will be reviewed and amended on a six monthly basis and this will ensure that the risk remains low.

6.3 Customer/citizen

Our youngest children and eligible 2s will benefit most from the expansion of Early Learning and Childcare through the provision of local high quality services. There are significant benefits for families who will be able to use the extended hours to enable them to take up or return to employment or to access training.

There is a need to undertake research to determine how best to design services that will have the greatest impact on children and families to ensure that we maximise the impact of the expansion of ELC. The Educational Psychology Service is supporting this work by identifying the features of expanded provision that are most likely to improve outcomes for vulnerable families. This will ensure that we capitalise on the opportunities offered through this expansion to directly improve outcomes for children and families. Inter-generational approaches will be supported wherever possible as this has been proved to have a significantly positive impact on all parties.

This approach will ensure that the risk remains low.

6.4 Environmental

Full environmental assessments will be undertaken prior to confirming any sites for expansion or extension and feasibility studies will be undertaken where appropriate. This level of scrutiny will ensure that environmental risks remain low.

6.5 Technological

There is a risk that the technology is not in place to support the transformation and particularly the 'funding follows the child' model being advocated. Work is on-going across the Scottish Government and the Northern Alliance to mitigate this risk to ensure it remains low.

6.6 Legal and Reputational

The reputational risks of not being in a position to roll out 1140 hours from August, 2020 are considerable. This is being mitigated through early planning, clear governance arrangements and close working between teams across Aberdeen City Council to ensure that the expansion of Early Learning and Childcare is effectively planned, coordinated and implemented.

7. IMPACT SECTION.

7.1 Economy

The expansion of Early Learning and Childcare will be an economic enabler for many parents and carers and will positively impact on those who wish to retrain, take up employment or return to work.

7.2 People

The Directorate is committed to improving the life outcomes for all people in Aberdeen, especially the most vulnerable. For this reason, the initial focus of the expansion will be on the three Community Planning Partnership Priority Areas to support families to enter the workforce.

7.3 Place

In the first instance the Delivery Plan will impact positively on families living in the three Priority Areas identified by the Community Planning Partnership.

7.4 Technology

A technological application will be required to support the 'funding follows the child' model and this is currently not available. This presents a high risk to delivering flexibility for parents and carers. This is being mitigated by working with The Scottish Government and Northern Alliance to develop an appropriate solution. This approach will ensure that the risk is managed.

8. BACKGROUND PAPERS

None

9. APPENDICES (if applicable)

Aberdeen City Early Learning and Childcare Delivery Plan Financial Planning template - Exempt Appendix

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