



Glasgow City Council  
City Administration Committee

**Item 2**

29<sup>th</sup> September 2022

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

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## PARTNER COMMISSIONING ARRANGEMENTS

### Purpose of Report:

To update Committee on the proposed rate for funded providers within Early Learning and Childcare from August 2022.

### Recommendations:

City Administration Committee is asked to approve the following:

- i. An increase to the commissioning rate to £5.79 per child per hour from August 2022 for 3 year olds.
- ii. An increase to the commissioning rate to £6.86 per child per hour from August 2022 for eligible 2 year olds.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes  No  consulted: Yes  No

### PLEASE NOTE THE FOLLOWING:

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## 1 INTRODUCTION

- 1.1 The National Standard sets out the principles and practice for 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 In February 2019 council agreed the rate of £5.40 per hour for three year olds, and £6.40 for eligible two year olds payable from August 2019 – a year in advance of the original implementation date for the nursery expansion to 1140 hours. The early payment of the rate in 2019 was intended to support funded providers with forward planning. The rate was agreed for a 3 year period, 2019 -2022.
- 1.3 Both the National Standard and the Council's own arrangements encompass all types of funded provision, ranging from private and voluntary sector providers and independent schools, to childminding services.
- 1.4 As part of a robust planning process, the Council has been seeking to determine a sustainable commissioning rate which, whilst providing best value for the Council, also supports funded providers to work towards delivering a provider neutral approach from the perspective of families across the city. Significant work has been undertaken and continues to be undertaken at both a national and local level and this has understandably received considerable attention from providers across the sector.
- 1.5 The Council recognises the importance in setting a sustainable rate for providers, being in the interest of both the Council itself, providers across the city and families requiring continued access to ELC services:

### 1.5.1 Supporting SMEs and the Voluntary Sector

There are 130 funded providers operating 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 almost 4,119 children across Glasgow, with many delivering significantly more through additional hours purchased by the family.

### 1.5.2 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.

### 1.5.3 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.

## **2 COMMISSIONING RATE**

- 2.1 The Council has been working closely with the Scottish Government 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 undertook a nationwide analysis through an independent cost collection exercise, carried out by IPSOS MORI. This data was used to determine what uplift should be applied to the sustainable rate for August 2022. Glasgow has used data gathered on the Regional Improvement Collaborative, the West Partnership, as the basis for the review and calculation.
- 2.2 Education Services is proposing a commissioning rate of £5.79 per hour for each funded child aged 3-5 years and £6.86 for each funded child aged 2-3 years. It is proposed that this rate will be payable from August of financial year 2022/23 for a period of one year. It is not proposed to put in place a multi year agreement at present given the economic uncertainties faced nationally and locally. The rate will be subject to future years' review. It is believed that this rate allows providers to pay the Scottish Living Wage, and also deal with the impact of seasonal changes in the number of children. It has been difficult to address all inflationary pressures which both Local Authorities and funded providers will experience.
- 2.3 This figure represents an uplift of £0.39 per hour per funded child on the current £5.40 hourly rate which has been in place since August 2019.
- 2.4 The uplift cost of the increase in the commissioning rate for 2022/23 will be met from the Early Learning and Childcare Revenue Budget.
- 2.5 In addition to the rate per hour all funded children are also entitled to a free meal each day as part of their statutory entitlement. Presently this rate is £3 per child per half day session (to a maximum of 5 meals per week) for the provision of a meal, contributing both to the affordability of services for families and ensuring that more vulnerable children receive the benefit of high quality food on a daily basis. This basically means a child attending 3 full days to use their entitlement would still get the same benefit as a child attending 5 half days. They get 2 meals on 2 x 2 hours days plus 1 meal on the 3rd day with the parent meeting the cost of the 2nd meal. It was an issue of equity raised by the providers who pointed out that many of their children (or in some cases all children) attended on the basis of a 10 hour day rather than the half day model which is more prevalent in local authority services.

2.6 An amount of £0.582 is also available 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.

2.7 The financial impact of the cost uplift for 2022/23 is in the region of £1.392m.

### 3 Policy and Resource Implications

#### Resource Implications:

*Financial:* Financial implications of the increase in increase in the partner commissioning rate are included within the additional ring fenced Scottish Government funding for expansion.

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

*Personnel:* N/A

*Procurement:* N/A

#### Equality and Socio-Economic Impacts:

*Does the proposal support the Council's Equality Outcomes 2021-25? 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 minimum 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:**

## **4 Recommendations**

4.1 City Administration Committee is asked to approve the following:

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