

Report To:	Education & Communities Committee	Date:	8 March 2022
Report By:	Corporate Director Education, Communities & Organisational Development	Report No:	EDUCOM/17/22/LW
Contact Officer:	Linda Wilkie	Contact No:	01475 712812
Subject:	Early Learning and Childcare Budget for 2022/23		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide Committee with an update on Early Learning and Childcare (ELC) budget for 2022/23.

2.0 SUMMARY

- 2.1 The report details the budget settlement for ELC for 2022/23 and the impact of this on the service. The projection shows that the budget reduction can be primarily achieved through use of the historic underspend and 1140 funding. There have been some minor adjustments to the core budget.
- 2.2 Indications are that the ELC Specific Grant will cease, potentially as soon as 2023/24 and, whilst this gives the Council greater flexibility on how much to allocate to ELC, all inflationary pressures currently met from within the Specific Grant for employees and partners will require to be met from the corporate budget.

3.0 RECOMMENDATION

- 3.1 That the Committee:
- Note the reduction in the ELC budget for 2022/23.
 - Approve the proposals for the 2022/23 budget.
 - Note that this provides a solution for 2022/23 only and that unless ELC funding increases in future years, inflationary pressures will add to the overall budget gap.

Ruth Binks
Corporate Director
Education, Communities & Organisational Development

4.0 BACKGROUND

- 4.1 Inverclyde Council submitted its expansion plan to Scottish Government in March 2018. The plan provided details of current services and the developments required to deliver 1140 hours. Since this time the plan has been subject to change in line with local need and the timeline for infrastructure developments.
- 4.2 Inverclyde Council has received specific revenue grant funding from Scottish Government since 2018. This funding has increased incrementally since this date and is ring fenced to support the roll-out of the 1140 hours expansion. Over the past 2 years there has been a significant underspend in this budget.

5.0 REVENUE BUDGET

- 5.1 Scottish Government has advised that the Early Learning and Childcare (ELC) specific grant will reduce in the next financial year. Although a reduction in funding was anticipated it was thought that this would be on a phased basis.
- 5.2 In financial year 2021/22 the Specific Grant for ELC was £8.705m. For 2022/23 this reduces to £7.598million resulting in a funding reduction of £1.136million.
- 5.3 It should be noted that there has been a historic underspend in the ELC budget. This has been used to support COVID recovery and other initiatives as approved by Scottish Government.

6.0 IMPACT OF BUDGET REDUCTION

- 6.1 A projection of the budget for 2022/23 shows that the reduction can be primarily achieved through the recurrent underspend. In addition, it is proposed to make some minor adjustments to the core budget in order to balance the overall ELC budget for 2022/23.
- 6.2 The following items have been included in the projection:
 - additional cost of the pay award including the national insurance increase;
 - increased payments to Funded Providers. Scottish Government is undertaking a national cost collection exercise for ELC sustainable rates and is likely that the payments to Funded Providers will increase as a result of this exercise. An allowance for an increase has been built in but the actual cost is unknown at this time.
 - The cost of increased capacity in Hillend Children's Centre and changes to the staffing structure in Nursery Classes.
- 6.3 The budget has been balanced by the removal of the historic underspend, deletion of long-term vacant posts, projects naturally finishing and a reduction of resource budgets.
- 6.4 The 2022/23 budget savings proposals of a service delivery change at Kilmacolm Nursery Class and a reduction in the number of Family Support Workers are not required to balance the budget. These can continue to be considered as part of the budget savings exercise.
- 6.5 The detailed proposal is attached as appendix 1.

7.0 IMPLICATIONS

- 7.1 Annually Recurring Costs/ (Savings)

Indications are that the ELC Specific Grant will cease , potentially as soon as 2023/24 and, whilst this gives the Council greater flexibility on how much to allocate to ELC all inflationary pressures for employees and partners currently met by the Specific Grant will require to be met from the corporate budget.

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Early Years		22/23	£7,598,000		

Legal

7.2 None.

Human Resources

7.3 None.

Equalities

7.4 Equalities

(a) Has an Equality Impact Assessment been carried out?

YES

NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.

NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

YES

NO

7.5 **Repopulation**

N/A.

Description:	Projected Costs 21/22	Projected Costs 22/23	Comments/Assumptions
Salaries:			
SubTotal	5,074,998	5,711,365	Employee Costs
Other Expenditure - 60161:			
Bespoke Course			
Childminders	107,000	110,000	2021/22 run rate + 3% inflation
Cross Boundary Funding	35,000	35,000	Same as 2021/22
Funded Partner Provision - Nurseries	1,229,000	1,174,000	2021/22 run rate + 5% inflation (West College stopped)
Property Services, utilities, building maintenance & lifecycle			
Hillend Children's Centre & Nursery Development	89,890	-	One-Off expenditure 2021/22 - staff in BuB above
Barnardos	45,000	-	3 months will be funded from EMR then stopped
Resources	70,000	-	One-Off expenditure 2021/22 - stopped
Training and Development	30,000	30,000	2021/22 run rate
Facilities plus Cost of Lunches	521,000	558,000	Per BuB + Pay Increase + £150k Provisions
Modern Apprentices	-	-	No contribution from Early Years
Bus Drivers	-	-	
ASN Taxis	-	-	no expenditure 2021/22
Central Admin - HR	23,600	-	stopped
DMR (Management time to school)	67,140	67,140	DMR Resources budget top up
Clerical Hrs - Education HQ	39,450		Additional hours stopping
Transport			
Other Potential costs		(157,592)	Core Posts P01828 (vacant since 08/21) & 08052 (vacant since 03/20) & £30k Framework Budget
SubTotal	2,257,080	1,816,548	
Total	7,332,078	7,527,913	
Budget 2021/22	8,705,070	7,598,000	
Less	(1,372,992)		Budget vired to EMR
Balance of Budget for 2021/22	7,332,078		
Over/(Under)spend	-	(70,087)	