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| Report To: | Education & Communities Committee | Date: | 7 March 2023 |
| Report By: | Corporate Director Education, Communities & Organisational Development | Report No: | EDUCOM/15/23/MR |
| Contact Officer: | Michael Roach and Yvonne Gallacher | Contact No: | 01475 712850 |
| Subject: | 1140 Budget Update – Grant Reduction | | |

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 In 2022/23 the Scottish Government provided funding of £7,598,000 for 1140 hours. It had been anticipated that for 2023/24 this funding would be mainstreamed and distributed via the General Revenue Grant. However, in late 2022 the Government announced that this would remain as a specific grant and that the funding provided to Inverclyde Council for 2023/24 would be £320,000 less than the previous year. There is an expectation with specific grant funding that the spending be contained within the available resource. As such, the Service are required to review the budget to not only allow for the cut in funding but to contain the 2022/23 pay award as well as build in an allowance for 2023/24 pay awards and a known increase in partner provider rates.

1.3 The Service has undertaken work to contain the pay award and to deal with the reduction of the specific grant. This work forms part of the budget setting process by full Council on 2 March 2023. The work undertaken is outlined in section 4 and Appendix 1 of this report.

2.0 RECOMMENDATIONS

The Education & Communities Committee is asked to:

- Note the contents of this report
- Note the recommendations as outlined in Appendix 1 and section 4 of this report which are being taken forward as part of the budget process and will have been considered by full Council prior to the meeting of this Committee.
- Note that the Chief Executive has agreed, through delegated powers, to commence a trawl of 52-week EYECOs on the basis that the proposals in this report are supported.

Ruth Binks
Corporate Director
Education, Communities & Organisational Development

3.0 BACKGROUND AND CONTEXT

- 3.1 In 2022/23 the Scottish Government provided Inverclyde Council funding of £7,598,000 for 1140 hours which was a reduction of £1.136million from 2021/22. It had been anticipated that for 2023/24 this funding would be mainstreamed and distributed via the General Revenue Grant. However, in late 2022 the Government announced that this would remain as a specific grant and that the funding provided to Inverclyde Council for 2023/24 would be £320,000 less than the previous year.
- 3.2 There is an expectation with Specific Grant funding that the spending be contained within the available resource. As such, the Service are required to review the budget to not only allow for the cut in funding but to contain the 2022/23 pay award as well as build in an allowance for 2023/24 pay awards and a known increase in partner provider rates.
- 3.3 This is not the only reduction that Early Years will take forward for next year. Projects and additional spend linked to an Earmarked Reserve (EMR) agreed with the Scottish Government will cease for the 2023/24 financial year. These projects included support officers for play pedagogy, additional teachers and additional support assistants. A plan is in place to reduce or remove all of the additionality linked to this EMR.

4.0 PROPOSALS

- 4.1 In terms of containing known increases within the previous budget, the Service have carried out a review to identify savings. Full details are attached in Appendix 1. A number of vacant posts have been deleted, the budget for childminders has been reduced to match the amount actually spent in this area and there will be a review of transport currently provided.
- 4.2 Despite the work to contain the 2022/23 pay award, a £360K budget shortfall in 2023/24 is estimated. The service has identified the following areas for savings which would allow the Early Years' Service to balance the 1140 hours budget.
- 4.3 Remove the Family Support Workers savings proposal from the budget process and request that the saving is used to offset the reduction in funding. This will result in a saving of £156K by 2024/25. All of the Family Support Workers who are qualified as EYECOS can be redeployed by the service. Whilst Family Support Workers can be redeployed within the service this would most probably mean that the service would need to examine releasing temporary staff to create vacancies. It is for this reason that it is the intention of the Service, with the delegated authority of the Chief Executive to do so, to carry out a trawl of 52 week staff to create suitable vacancies for redeployment.
- 4.4 Given that there has been a reduction in the Early Years specific teaching post, the Principal Teacher Early Years post could be deleted, and the teachers managed by the central service. The post is currently vacant and not filling this post would result in a saving of £62K.
- 4.5 Currently the service spends in the region of £400K on provision for children under the age of 2. This is not funded by the Scottish Government and the budget is held with the Early Years' service. The service feel that this provision could be prioritised for cases resulting in a reduction in offer. The intention would be the removal of two EYECOs and the approximate reduction would be in the region of 20% of the service. As all of the referrals are made by either Health Visitors or Social Workers, there is the potential for HSCP to contribute to this budget if the service cannot meet demand. This will result in a saving of £70K. The intention would be to reduce the service by a term time and a 52-week EYECO. A vacancy exists for the 52 week and the term time could be considered as part of the trawl.

- 4.6 There are two services which, given the numbers that are known, could reduce staffing given that they regularly run under capacity. This would mean a reduction in 2 EYECOs, one from Wemyss Bay and one from Ailemill. Running services to maximum efficiency can give less options and flexibilities for families but the service feel that this is a realistic viable option to take forward. This would give a saving of £62K. This saving can be managed through vacancies.
- 4.7 The remaining balance of £10k will be achieved as part of a review of the internal transport requirements.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

| SUBJECT | YES | NO | N/A |
|----------------------------------------------|-----|----|-----|
| Financial | X | | |
| Legal/Risk | | X | |
| Human Resources | X | | |
| Strategic (LOIP/Corporate Plan) | | X | |
| Equalities & Fairer Scotland Duty | X | | |
| Children & Young People's Rights & Wellbeing | | X | |
| Environmental & Sustainability | | X | |
| Data Protection | | X | |

5.2 Finance

One off Costs

| Cost Centre | Budget Heading | Budget Years | Proposed Spend this Report | Virement From | Other Comments |
|--------------------|----------------|--------------|----------------------------|---------------|----------------------------------------------------|
| Earmarked Reserves | 1140 Hours | 2023/24 | £62k | | One off funding to meet part year saving shortfall |

Annually Recurring Costs/ (Savings)

| Cost Centre | Budget Heading | With Effect from | Annual Net Impact | Virement From (If Applicable) | Other Comments |
|-------------|----------------|------------------|-------------------|-------------------------------|----------------------------|
| Early Years | Various | 2023/24 | £360k | | £298k delivered in 2023/24 |

5.3 Legal/Risk

None.

5.4 Human Resources

The intention would be to carry out a trawl of the service to release EYECO vacancies and redeploy staff where necessary.

5.5 Strategic

None.

5.6 Equalities and Fairer Scotland Duty

(a) Equalities

This report has been considered under the Corporate Equalities Impact Assessment (EqIA) process with the following outcome:

| | |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| X | YES – Assessed as relevant and an EqIA has been completed, and will be made available following this link- https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments |
| | 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, assessed as not relevant and no EqIA is required. Provide any other relevant reasons why an EqIA is not necessary/screening statement. |

(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. |
| X | NO – Assessed as not relevant under the Fairer Scotland Duty for the following reasons: Provide reasons why the report has been assessed as not relevant. |

5.7 Children and Young People

Has a Children's Rights and Wellbeing Impact Assessment been carried out?

| | |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | YES – Assessed as relevant and a CRWIA is required. |
| X | NO – Assessed as not relevant as this report does not involve a new policy, function or strategy or recommends a substantive change to an existing policy, function or strategy which will have an impact on children's rights. |

5.8 Environmental/Sustainability

Has a Strategic Environmental Assessment been carried out?

| | |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | YES – assessed as relevant and a Strategic Environmental Assessment is required. |
| X | NO – This report does not propose or seek approval for a plan, policy, programme, strategy or document which is like to have significant environmental effects, if implemented. |

5.9 Data Protection

Has a Data Protection Impact Assessment been carried out?

| | |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| | YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals. |
| X | NO – Assessed as not relevant as this report does not involve data processing which may result in a high risk to the rights and freedoms of individuals. |

6.0 CONSULTATION

6.1 Heads of centre have been consulted on the budget setting process and dialogue has taken place with HSCP. Parts of this report were also considered as part of the budget consultation.

7.0 BACKGROUND PAPERS

7.1 N/A.

Proposed Action to address projected overspend in 1140 Budget**Appendix 1**

| | <u>Overall</u> | <u>2023/24</u> | <u>2024/25</u> | <u>Notes</u> |
|----------------------------------------------|----------------|----------------|----------------|--------------|
| Current shortfall | 280,000 | 280,000 | 280,000 | 1 |
| <u>Proposals:</u> | | | | |
| Deletion of Vacant Posts | (200,000) | (200,000) | (200,000) | 2 |
| Reduction in Childminders budget | (40,000) | (40,000) | (40,000) | 3 |
| Funding Shortfall pre funding cut | 40,000 | 40,000 | 40,000 | |
| Cut in Scottish Government funding | 320,000 | 320,000 | 320,000 | |
| Total shortfall 2023/24 | 360,000 | 360,000 | 360,000 | |
| <u>Proposals:</u> | | | | |
| Family Support Workers saving | (156,000) | (117,000) | (156,000) | 4 |
| Deletion of Principal Teacher post | (62,000) | (62,000) | (62,000) | |
| Under 2s reduction in provision | (70,000) | (47,000) | (70,000) | 4 |
| Wemyss Bay & Aileymill reduction in capacity | (62,000) | (62,000) | (62,000) | |
| Transport Saving | (10,000) | (10,000) | (10,000) | 5 |
| Remaining shortfall | 0 | 62,000 | 0 | |

Notes

1 Note the current shortfall is after allowing for known 22/23 pay award and an allowance for future pay awards (Teachers assumed 7% for 2022/23 and 3% for 2023/24 and Support Staff assumed 3% for 2023/24).

2 The proposed reduction in vacant posts is made up as follows:

| <u>Job Title</u> | <u>Grade</u> | <u>FTE</u> |
|---------------------------------------------|--------------|------------|
| Early Years Education and Childcare Officer | 5 | 3.87 |
| Early Years Support Assistant | 2 | 0.16 |
| Clerical Assistant | 2 | 0.30 |
| Deputy Head of Centre | 8 | 1.00 |
| | | <hr/> 5.33 |

3 Reflects actual spend.

4 Note the shortfall in 2023/24 due to phasing of FSW saving and Under 2s reduction will be funded from the remaining 1140 Earmarked Reserve balance.

5 Review to be carried out.