Moray Council

Internal Audit Section

DEPARTMENT: **Education, Communities and Organisational Development**

SUBJECT: **Early Learning and Childcare Service**

REPORT REF: **22'201**

Follow Up Audit Review

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	**Medium**	Less critically important controls absent, not being operated as designed or could be improved.		**Low**	Lower level controls absent, not being operated as designed or could be improved.
No.	**Audit Recommendation**	**Priority**	**Accepted (Yes/ No)**	**Date of Completion**	**Status / Explanation**	
Key Control: Appropriate controls operating to ensure effective budgetary arrangements.						
6.1	Anticipated demand should be the cost driver in deciding budgets for Partner Provider Payments and Council Owned Nurseries. Registration forms and other available databases should be used for this purpose.	High	Yes	31/01/2023	Implemented. NHS Community Health Index information on numbers of children in age bands from birth and catchment area is being used to forecast future early learning demand. Nursery registration forms are also being used as a further indicator of demand along with increased data capture of actual hours of nursery care being provided. Increased information availability is allowing financial	

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	Risk Ratings for Recommendations

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					forecasts to be produced on an ongoing basis and any potential issues highlighted at an early date.
6.2	The current catering arrangements need to be assessed to ensure the correct balance is achieved between costs and quality both within and outwith term time.	High	Yes	31/08/2022	Implemented. Catering costs and service delivery have been reviewed and operational changes made which have allowed a reduced cost per meal to be borne by Early Years whilst still covering catering service costs. No budgetary pressures are existing regarding the provision of nursery meals. Service needs will continue to be reviewed on an ongoing basis.
6.3	Benchmarking of costs in the delivery of an ELC Service with other Local Authorities should be undertaken to highlight any significant variances for further investigation.	Medium	Yes	31/12/2022	Implemented. Benchmarking has been undertaken in terms of costs incurred and service delivery models, in the course of the external consultant's review of Early Learning and Childcare reported to ECLS Committee on 19th April 2023. A significant amount of

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					benchmarking work has also been undertaken by the service in considering sustainable rate methodologies for payments to partner providers using information from both Northern Alliance local authorities and comparator authorities across Scotland. Exchange of information between Northern Alliance participants will continue as financial sustainability remains a key priority within service planning and delivery.	
6.4	The ongoing ASN service review should inform the appropriate support cost to be met by the ELC sector, in line with support for other educational sectors.	High	Yes	31/12/2022	Outstanding. The ASN review remains ongoing with an anticipated completion date of end of academic session 2025/26. Whilst Early Years ASN costs are an integral part of this review, budgetary responsibility now sits within the ASN service and this recommendation no longer forms part of this audit review.	

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6.5	A review of current staffing and recruitment arrangements of Council owned nurseries should be undertaken to ensure the appropriate balance between costs and quality of service is achieved.	High	Yes	31/08/2022	Part Implemented. The review of staffing arrangements for Council owned term-time nursery settings is complete and savings are being recognised from August 2023. A review of arrangements for year-round nursery settings is ongoing with an intended completion date of August 2024.	
6.6	Further financial management training should be provided to the Early Learning and Childcare Manager.	High	Yes	31/07/2022	Implemented. The Early Learning and Childcare Manager has received full budget manager training and is meeting monthly with Accountancy for budget monitoring purposes. All Nursery Managers have been fully trained in budget responsibilities and have tailored personal training packs. Accountancy have also provided all requested training to the Head of Education. Training needs will be kept under review in the event of service changes.	

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6.7	Financial management arrangements of the ELC Budget should be reviewed to ensure future variances can be easily highlighted.	High	Yes	30/09/2022	Implemented. Nursery Managers receive monthly budget monitoring reports for their individual nurseries. New balance reports have been created which summarise spend in each nursery for management review. The Continuous Improvement Officers scrutinise the reports and raise any over / under spend issues arising with the Early Years Service Manager. The Early Years Service Manager receives a suite of monthly reports from Accountancy relating to central costs and partnership nurseries. Monthly budget monitoring meetings are also held between the Early Years Service Manager and Accountancy to ensure any variances are identified and considered for forecasting to	

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					ensure more effective budget management arrangements.	