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**REPORT TO: EDUCATION, CHILDREN'S AND LEISURE SERVICES  
COMMITTEE ON 28 NOVEMBER 2023**

**SUBJECT: EARLY LEARNING AND CHILDCARE (ELC) – TOP UP HOURS  
UPDATE**

**BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND  
ORGANISATIONAL DEVELOPMENT)**

**1. REASON FOR REPORT**

- 1.1 To update Committee about income generation through the top up hours and on the proposed changes for hourly, light teas and snack charges during top up hours.
- 1.2 This report is submitted to Committee in terms of Section III (D) (1) of the Council's Scheme of Administration relating to all the functions of the Council as an Education Authority.

**2. RECOMMENDATION**

**2.1 It is recommended that Committee:**

- (i) scrutinise and note the uptake of top up hours across the year round services;**
- (ii) agree the proposed changes for hourly charges for top up hours. These charges would be £6.00 for 1 additional hour or £11.50 for 2 additional hours; and**
- (iii) agree the additional charges for light teas and snacks during top up hours. These charges would be up to 50p for snack and £1.95 for a light tea.**

**3. BACKGROUND**

- 3.1 In Moray there are currently twenty four local authority settings that are essential in delivering 1140 hours of funded childcare to 3-5 year olds. Six of these local authority services offer a year round model operating 46 weeks a year. This is to meet the statutory requirement as mandated by the Scottish Government.

- 3.2 The six services are Seafield Nursery and Linkwood Nursery in Elgin, Pilmuir Nursery in Forres, Lhanbryde Nursery in Lhanbryde, Lady Cathcart Nursery in Buckie and Cullen Nursery in Cullen.
- 3.3 The 8am – 6pm model in these six year round services allows families the flexibility to have their children in for longer periods than the term time model, which offers 1140 hours within school hours of 9am-3pm.
- 3.4 It was recognised that although families are using some of the hours between 8am – 6pm for their 1140 hours funding, quieter periods are being experienced.
- 3.5 At the meeting of Education, Children’s and Leisure Services Committee on 9 March 2022 (para 14 of the minute refers) a pilot programme was proposed to generate income following requests from families, initially at Linkwood Nursery, by offering top up hours for 3-5 year olds already in attendance.
- 3.6 It was further agreed at the meeting of Education, Children’s and Leisure Services Committee on 9 March 2022 (para 14 of the minute refers) that Linkwood Nursery could proceed with this trial.
- 3.7 Given the positive uptake of the trial at Linkwood Nursery, it was agreed on 8 June 2022 at Education, Children’s and Leisure Services (para 9 of minute refers) that the remaining five year round services could also offer the option to existing children and families to top up ELC hours.
- 3.8 From the start of the new academic term, in August 2022, Cullen Nursery, Seafield Nursery and Lhanbryde Nursery began supporting existing families with additional hours for 3-5 year olds with Pilmuir Nursery offering this service from November 2022.
- 3.9 Lady Cathcart in Buckie is the only year round service which is not currently offering top up hours; however, families are aware this option will be available in the near future.
- 3.10 Key messages from the current offer;
  - The majority of families request a consistent pattern of hours, this is the core group of income generation.
  - Some use the service on an ad hoc basis.
  - The variability of need across the five services actively providing top up means that income generated on a monthly basis can fluctuate.
  - Where there are no holiday periods, income generated is higher.
- 3.11 At present children accessing 1140 hours are entitled to either a fully funded lunch or light tea at no additional cost to the families. As part of the Scottish Milk and Healthy Snack Scheme, children also receive a funded healthy snack (a serving of fresh fruit or vegetables) and a portion of milk (1/3 of a pint) on a daily basis.

- 3.12 Local authority year round services allow parents to choose the option of paying 30-50p per funded 1140 hours session for a more substantial snack as the healthy snack funding is not sufficient to sustain a child accessing the extended hours.
- 3.13 To apply and maintain this charge across the top up hours would mean the year round services could continue to offer the same quality of snack particularly since the healthy snack and milk fund does not apply to top up hours.
- 3.14 For children and families accessing top up hours after 4pm a light tea would be a further chargeable option. Catering currently charge £1.95 to the ELC service to provide light teas for funded children. This cost along with any associated additional snack fees would be invoiced to families when paying for top up hours.
- 3.15 Following recent consultation with partner provider ELC services, it was noted that the local authority year round services were charging an hourly rate for top up hours that was less than the average rate charged by those partner services which offer non-funded hour options for families. Currently local authority year round services charge £5.00 for 1 additional hour and £9.50 for 2 hours.
- 3.16 To help ensure the top up hourly rate charged to parents by the local authority is a fair rate comparable with partner provider settings that offer non-funded childcare services, a survey of partner provider nurseries and childminders was undertaken.
- 3.17 This survey was open from 23 August – 8 September 2023 and a total of 36 responses were received. There were 3 responses from local authority settings, 16 partner childminders and 17 partner nurseries. Of those responses from partner providers, 14 partner childminders and 10 partner nurseries provided details on current hourly charges for non-funded childcare offered to 3-5 year olds.

<b>ELC Service</b>	<b>Current Average Hourly Charges</b>
Local Authority Nurseries 3-5 year olds	£5.00 for 1 additional hour / £9.50 for 2 hours
Partner Provider Nurseries 3-5 year olds	£6.02 excluding outlier low & high figures / £6.11 including outlier figures
Partner Provider Childminders 3-5 year olds	£5.23

3.18 Important factors to note from the survey include:

- 4 partner nurseries reported hourly charges were currently under review for potential increases
- the 2 outlier nursery figures were reported with the lowest charge per hour at £3.45 and the highest at £9.50
- the lowest figure was reported by a nursery setting where families receive supplemental funding for non-funded childcare hours

3.19 It is proposed that in order to bring the local authority hourly charges in line with partner providers offering non-funded childcare services, the local authority charges should be increased to £6.00 for 1 hour and £11.50 for 2 hours with effect from the new financial year beginning April 2024.

3.20 This rate should then be reviewed regularly against partner providers in Moray to ensure it continues to be fair in comparison to those partners offering non-funded childcare services.

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

The report links to the priority of working towards a financially stable Council that provides valued services to our Communities and providing a sustainable education service aiming for excellence as referred to in the Moray Council Corporate Plan.

The report links to 'Building a better future for our children and young people in Moray' from the LOIP.

**(b) Policy and Legal**

The Care Inspectorate inspects all registered services regulated under the Public Services Reform (Scotland) Act 2010, which includes nursery classes and playgroups.

The authority has a duty to provide a quality early learning and childcare place for every 3, 4 and 5 year old whose parents wish it and for eligible 2 year olds.

**(c) Financial implications**

The financial implications for top up hours would be for income generation rather than expenditure. As noted below, the total income generated at the six year round services from April 2023 to September 2023 amounted to £18,438.

<b>Year Round Service</b>	<b>April 2023- September 2023 Income</b>
Cullen Nursery	£2,707.50
Lady Cathcart Nursery	£0
Lhanbryde Nursery	£4,401.50
Linkwood Nursery	£5,916.00
Pilmuir Nursery	£465.50
Seafield Nursery	£4,947.50

If the recommended changes to increase to £6.00 for 1 hour and £11.50 for 2 hours is approved, it is anticipated that this would generate an increase of up to 20% additional income depending on the level of uptake for the top up hours service.

**(d) Risk Implications**

The risk implications could be that offering top up hours would impact on the ELC services ability to meet the legislative requirement for funded places. To mitigate this risk, Nursery Managers will ensure spaces for funded children are protected.

**(e) Staffing Implications**

There will be no staffing implications as a result of the recommended changes. Nursery Managers will continue to only offer top up hours within current staffing structures and session times.

**(f) Property**

There are no property implications arising directly from this report.

**(g) Equalities/Socio Economic Impact**

An Integrated Impact Assessment (IIA) has been completed and is attached as **Appendix 1**. Section 3 of the IIA is still to be finalised.

The IIA identifies that there may be a socio economic impact on some families as a result of increasing charges; however, as the increase is relatively small it is not expected that the proposal will prevent families from accessing the top up hours service. In order to ensure the local authority services offering top up hours are charging a fair market rate and to reduce operating costs and bring the ELC budget in line, it is important that these changes should go ahead.

As indicated in the IIA, there will be consultation with service users more generally to help explain the changes proposed, discuss mitigating actions and give an opportunity to tease out any further issues which have not been identified.

**(h) Climate Change and Biodiversity Impacts**

There are no climate change or biodiversity implications arising directly from this report.

**(i) Consultations**

Depute Chief Executive (Education, Communities and Organisational Development), Head of Education (Chief Education Officer), Chief Financial Officer, Catering Manager, Early Years Project Officer, Equal Opportunities Officer, Nicky Gosling, Accountant and Caroline O'Connor, Committee Services Officer have been consulted.

**5. CONCLUSION**

- 5.1 Committee is asked to note and scrutinise the uptake of top up hours across the year round services.**
- 5.2 Committee is asked to agree an increased hourly charge for top up hours. These charges would be £6.00 for 1 additional hour or £11.50 for 2 additional hours and notes that mitigations for socio-economic impact will be considered further during general consultation with users.**
- 5.3 Committee is asked to agree the additional charges if families wish to access snacks and light teas during top up hours. These charges would be up to 50p for snack and £1.95 for a light tea.**

Author of Report: Hazel Sly, Early Years Service Manager  
Background Papers: SPMAN-1315769894-217 / SPMAN-1315769894-286 /  
SPMAN-1315769894-308  
Ref: SPMAN-1315769894-445 / SPMAN-1315769894-446