

Item: 17

Special General Meeting of the Council: 30 June 2020.

Early Learning and Childcare.

Report by Executive Director of Education, Leisure and Housing.

1. Purpose of Report

To consider the provision of childcare, and early learning and childcare, in Orkney.

2. Recommendations

The Council is invited to note:

2.1.

That, from the end of June 2020, there will be a reduced number of childcare and early learning and childcare places available in Orkney.

2.2.

That the reduction of childcare and early learning and childcare places disproportionately impacts on and disadvantages working parents and those wishing to return to work.

2.3.

That the Council's statutory duty extends to the provision of early learning and childcare for entitled children only, which includes some 2-year olds as well as 3, 4 and 5-year olds, all of whom must meet the eligibility criteria.

2.4.

That the statutory provision of early learning and childcare represents only a portion of a working week for those seeking, or who are in, full time employment, generally considered to be 35 hours a week.

2.5.

That, during the Covid-19 Restart and Renew programme, the Council will continue to have responsibility in providing childcare to enable essential key workers to carry out their roles and duties.

2.6.

That as the workforce becomes active and the Orkney economy restarts, some families will continue to rely on the provision of a year-round childcare service for 0-5-year olds, as well as for primary aged children before and after school and during school holiday periods.

2.7.

That, while the need for childcare across the Orkney community may create a new opportunity for a start-up business or social enterprise, it is possible that in the current Covid-19 related circumstances, any prospective provider will delay entry to the market until the building trades become fully operational, and/or the implications for the operation of services is well understood.

2.8.

That being in lockdown has had a very significant impact on preparation for delivering additional hours in the largest nurseries in Orkney and, as this is not unique to Orkney, the Scottish Government has temporarily suspended the statutory requirement to implement 1,140 hours early learning and childcare from August 2020.

2.9.

That, as a result, the Council's statutory offer will be limited, which may exacerbate the impact on working parents, and those wishing to return to work.

2.10.

That, should the Council decide to intervene and, within its discretionary powers, make provision for working parents and those wishing to return to work, there is a financial risk involved, given that operating a service at optimal capacity may be impossible for some time, due to the Covid-19 uncertainties.

2.11.

The six options for the provision of early learning and children, appraised in Appendix 1 of this report.

It is recommended:

2.12.

That the Council determines whether to:

2.12.1.

Adopt Option 1, a position of minimal Council intervention, which allows community and market forces to find a solution, supported by the Council and other partners with a role and interest in economic development. Or.

2.12.2.

Adopt Option 6, which involves providing on a short-term basis a service for 0-5 year olds; undertaking a new build at Orkney College; tendering for a business partner to operate a service for 0-5 year olds; and formally requesting financial support from the partners within the Orkney Community Planning Partnership.

3. Background

3.1.

The provision of childcare, and early learning and childcare in Orkney was considered by the Policy and Resources Committee on 26 November 2019. At this time members resolved that the matter be referred to a short-life Member/Officer Working Group (MOWG). The MOWG has met on four occasions. The matter was also discussed at a special meeting of the Orkney Partnership Board in January 2020 and at a Members' seminar on 22 June 2020. As a direct outcome of the work of the MOWG, this report focuses on the key issues of economic viability and the Council's statutory responsibilities in relation to childcare in the community, as instructed by the MOWG.

3.2.

Historically, working families have indicated that there is a shortage of full-time childcare in Orkney. The Council's statutory duty extends to the provision of early learning and childcare for entitled children only. This includes some 2-year olds as well as 3, 4 and 5-year olds, all of whom must meet the eligibility criteria. This means that parents and carers requiring care for very young children (0-3), additional hours or out of school care, rely on other providers, including childminders.

3.3.

The number of active, registered child-minders has declined in recent years and it is uncertain how many childminders may re-open after the current period of lockdown. It is possible to be confident that Orkney will emerge from lockdown with significantly less provision, what is less clear however, is how great the demand for childcare will be.

3.4.

There is likely to be a particular pressure in Kirkwall as there will be a simultaneous reduction in the type and availability of childcare spaces in the town, in particular provision for 0 to 3-year olds and out of school care for primary aged children. This will impact directly on those living in the town as well as those who wish to use childcare in Kirkwall, as this is where they work.

3.5.

The reduced number of places will impact on parents looking for a pre-school early learning experience for their child if they attend term time only, as well as working parents requiring childcare across the working week (all year round).

3.6.

Due to the suspension of building works nationally, and the impact of lockdown on preparations for tenders and other aspects of expansion work, the Scottish Government has suspended the requirement to implement 1,140 hours of early learning and childcare in August 2020. There is an expectation that as soon as possible councils will proceed with the planned expansion, however, there is an

acknowledgement that this may be very challenging and take longer than anticipated, as lock down is eased.

3.7.

During the Covid 19 Restart and Renew programme the Council will continue to have the responsibility to provide childcare to enable essential key workers to carry out their roles and duties. There is also an expectation that any additional childcare capacity should (in the short term) be prioritised to support keyworkers and, as a consequence, economic recovery.

3.8.

In Orkney, there is an expectation that the expansion of provision will, in time, accommodate the full statutory entitlement (for some 2-year olds as well as 3, 4 and 5-year olds) for all families.

3.9.

In year round or extended day settings in the outlying areas there will be opportunities to make any surplus capacity available so that parents can buy additional hours and therefore access more than the statutory 1,140 hours.

3.10.

For families living within Kirkwall, however, it is anticipated that there will be little or no surplus capacity. This means that families will not be able to buy additional hours. It also means that parents living outwith Kirkwall would not be able to ask for their statutory entitlement to be met by requesting for a place in the town, to fit in with their employment arrangements.

3.11.

There would also be little capacity for working parents to buy non-statutory hours above the 1,140. Furthermore, it would not include non-statutory provision for working parents looking for 0-3 provision or after school care. While the need for childcare may create a new opportunity for a start-up business or social enterprise, it is possible that in the current (Covid 19 related) circumstances, any prospective provider will delay entry to the market until the building trades become fully operational and/or the implications for the operation of services is well understood.

3.12.

Key business sectors within Orkney have been significantly harmed by lockdown. Through discussion in the Business and Economic Response and Recovery Group, it has been indicated that Orkney businesses will, in part, be dependent on childcare in order to access the workforce and promote a resilient and sustainable circular economy.

3.13.

There is a risk that limited statutory provision, combined with the shortfall of non-statutory childcare, will make a return to work challenging, and could therefore not only slow down economic recovery but also exacerbate any financial difficulties that families may face as a result of the Covid-19 pandemic.

3.14.

The MOWG did not achieve a consensus on the best way forward. The options open to the Council are set out in Appendix 1 to this report and summarised in the following section. These options are based on modelling assumptions as set out in Appendix 2: Modelling Assumptions and Appendix 3: Expenditure/Income Modelling.

4. Options Appraisal

4.1.

The following options, as detailed in Appendix 1, have been appraised.

- Option 1: Do nothing. A position of minimal Council intervention, which allows community and market forces to find a solution, supported by the Council and other partners with a role and interest in economic development.
- Option 2: Temporarily provide a 0-5 and out of school care service.
- Option 3: Temporarily provide a 0-3 service.
- Option 4: Permanently provide 0-5 and, if needed, out of school care service.
- Option 5: Build (or refurbish) suitable accommodation for a new provision and tender for a commercial operator(s) to run the service. Permanently provide 0-5 and out of school care service.
- Option 6: A hybrid option, including elements of both options 2 and 5 in order to meet short term and long-term needs. This would entail building suitable accommodation for a new provision adjacent to Orkney College with a tender exercise for a commercial operator to run the service. This would also entail the temporary provision of a 0-5 and, if needed, out of school care service. Capital contributions towards the new build construction costs would be sought from the Community Planning Partnership partners.

4.2.

The Council is asked to determine which of the options should be adopted, noting that the recommendation at section 2.12 above, has reduced this to Option 1 or Option 6.

5. Human Resource Implications

5.1.

The Education, Leisure and Housing Service will from an early stage, be required to work closely with Human Resources to ensure that all people aspects of any service provision changes/developments are managed effectively in line with statutory requirements and Council HR Policy and Procedure.

5.2.

Any new or expanded aspect of Council service provision in relation to Early Learning and Childcare will require to have a detailed staffing establishment in respect of the number, type and grade of posts required, approved in line with Council governance through either the Education, Leisure and Housing Committee or Change in Establishment signed off by the Chief Executive for temporary posts of up to 2 years in duration.

5.3.

Any newly established posts will require to be advertised and appointed to in line with the Recruitment and Selection Policy.

5.4.

Establishment of any temporary area of service provision which has staffing implication in terms of additional staffing would need to take appropriate account of any possible required process and costs associated with redeployment and/or redundancy of staff.

5.5.

Options 2 and 3 outlined in the options appraisal involve the Council stepping in to provide a service on a temporary basis. It should be noted that, if a new service provider consequently sought to take over the temporary service the Council was running, there is a strong possibility TUPE would apply, which may be a disincentive to a new provider in terms of the viability of their business model.

6. Equalities Impact

An Equality Impact Assessment has been undertaken and is attached as Appendix 4 to this report.

7. Links to Council Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority theme of Thriving Communities.

8. Links to Local Outcomes Improvement Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priority of Strong Communities.

9. Financial Implications

9.1.

The report presents a number of options but has narrowed this down in the recommendations to the two options of Option 1 – letting market forces prevail with minimal or no Council intervention and Option 6 – the option of temporary provision by the Council of nursery services, a capital investment in new build facilities, then seeking a private sector operator for the new build facility.

9.2.

Option 1 – the market forces option would not commit the Council to any capital expenditure but may involve some assistance towards set up and establishment costs for any private sector operators. These costs will be minimal if no new operators materialise. There will be unquantifiable indirect costs if the lack of childcare impacts on the Council workforce to the extent that staff have to change working patterns or cease their employment.

9.3.

Option 6 – the temporary intervention and new build option would incur revenue expenditure for a temporary period while a new build is undertaken and capital expenditure of approximately £1,525,000.

9.4.

The 51 place 0-5 provision, modelled in Appendix 3, has estimated annual costs of £711,816 and income of between £754,481 and £914,793 at 100% capacity and income of between £528,136 and £640,335 at 70% capacity. The differences in income level are attributable to alternative pricing models. At best, a surplus of £203,000 could be realised, or with a low pricing structure and 70% capacity an annual cost of £184,000 would arise.

9.5.

It is implicit that Option 6 will require establishment of a temporary revenue budget to cover the period of Council operation of a new service and a Capital Project Appraisal to approve the detail of the new build early years accommodation.

9.6.

A capital investment of £1,525,000, with a 30-year borrowing period would equate to an annual revenue loan charge of an average of £71,000 per annum. Any contributions from Community Planning Partners would offset the cost to the Council and reduce the annual loan charge cost if the net build cost is financed through borrowing.

9.7.

A tendered service model would seek to secure a credible operator, capable of providing a service to at least the minimum standard required for the Council to commission places and provide training opportunities and who would pay a rent for occupancy of the nursery.

10. Legal Aspects

10.1.

In terms of Section 20 of the Local Government in Scotland Act 2003, the Council has power to do anything which it considers is likely to promote or improve the well-being of its area and persons within it, or either of these.

10.2.

In terms of the Provision of Early Learning and Childcare (Specified Children) (Scotland) Order 2014 as amended, the Council has a statutory duty to secure the provision of the mandatory amount of early learning and childcare for eligible pre-school children.

10.3.

Eligible pre-school children include children who are under school age, have not commenced attendance at a primary school and are either three years old or older, or are two years old and their parents are in receipt of certain qualifying benefits.

10.4

In terms of Section 50(1)(a) of the Children and Young People (Scotland) Act 2014, the Council must, at least once every 2 years, consult such persons as appear to it to be representative of parents and carers of children under school age in its area about how it should make early learning and childcare available.

11. Contact Officers

James Wylie, Executive Director (Education, Leisure and Housing), extension 2401, Email James.Wylie@orkney.gov.uk

Peter Diamond, Head of Education (Leisure, Culture and Inclusion), extension 2436, Email Peter.Diamond@orkney.gov.uk

12. Appendices

Appendix 1: Options Appraised.

Appendix 2: Modelling Assumptions.

Appendix 3: Expenditure/Income Modelling.

Appendix 4: Equality Impact Assessment.

Appendix 1: Options Appraised

Option 1	Pros	Cons
<p>Do nothing.</p> <p>A position of minimal Council intervention, which allows community and market forces to find a solution, supported by the Council and other partners with a role and interest in economic development.</p>	<ul style="list-style-type: none"> • No financial risk to the Council. • No increased workload in respect of setting up a new provision. 	<ul style="list-style-type: none"> • Reduced number of childcare and early learning and childcare places available in Orkney. • Parents may not have childcare for children aged 0-3 and out of school care for primary aged children this could impact on their ability to work and exacerbate any financial difficulties that they may face as a result of the Covid-19 pandemic. • Parents would not have sufficient childcare for children aged 3-5 due to the delay in building works and possibly recruitment at Papdale, Glaitness and St Andrews. • Businesses, public and voluntary sectors are likely to be impacted by workers being unable to return to work, or by workers asking to reduce or change working hours. Some of these workers would be keyworkers who currently use the Critical Childcare Hubs. This risk could be exacerbated for families where grandparents or extended family members are not able to look after children due to the risks of Covid-19 and shielding requirements. • If any new business set up a large nursery (with more than approximately 20 1140 hours funded places), then this would pose a significant financial risk for the Council, who would have to fund all places that are taken up, even if its own nurseries have capacity. • Reputational damage to the Council.

Option 2	Pros	Cons
<p>Temporarily provide a 0-5 and out of school care service.</p>	<ul style="list-style-type: none"> • Giving additional time may enable other businesses to set up alternative provision. • The provision is available so that parents are able to go to work. 	<ul style="list-style-type: none"> • The provision would be very difficult to staff as this is a challenging period for recruitment in early learning and childcare. • Any new staff recruited would probably need to be appointed on Council pay and conditions, to ensure that experienced and qualified practitioners could be recruited in a competitive market. • The Council would have responsibility for additional staff (recruited for the temporary period of operation). Dependent on the period of temporary provision, when the service closes there would be a cost associated with reducing the workforce should no redeployment opportunities be available. • It is highly unlikely that the service would break even in 2020-21 even if proposed charges were at estimated full cost recovery levels as there are uncertainties about the operational requirements in the post lockdown period. • Additional officer time would be needed to register the provision, meet regulatory requirements and manage the setting to ensure quality for the temporary period of operation. • There are financial costs estimated at £100k in setting up and equipping any provision. • The Council may find it difficult to withdraw from this temporary service without serious reputational damage even if there was a new entrant to the market.

Option 3	Pros	Cons
<p>Temporarily provide a 0-3 service.</p>	<ul style="list-style-type: none"> • A service is provided for the non-statutory provision that is not covered by Council nurseries. • Parents of children aged 0-3 have childcare so they can work. 	<ul style="list-style-type: none"> • The provision would be very difficult to staff as this is challenging period for recruitment in early learning and childcare. • The Council would have responsibility for additional staff (recruited for the temporary period of operation). When the service closes and staff have in excess of two years continuous service there would be a redundancy cost associated should no redeployment opportunities be available. • The service will not break even at any point and will require significant subsidy if it is to be affordable for parents. • Parents of children aged 3 to 5 and of primary aged children would not have any non-statutory childcare and may not be able to return to work. • Additional officer time would be needed to register the provision, meet regulatory requirements and manage the setting to ensure quality for the temporary period of operation. • There are financial costs estimated at £100k in setting up and equipping any provision. • The Council may find it difficult to withdraw from this temporary service without serious reputational damage even if there was a new entrant to the market.

Option 4	Pros	Cons
<p>Permanently provide 0-5 and if required out of school care service.</p>	<ul style="list-style-type: none"> • Childcare is provided for parents once they return to work. • Permanent arrangements mean that it is more likely that staff will be retained, and that high-quality staff can be recruited. • Quality is more likely to be assured, as most current local authority ELC services maintain good or better gradings. • Co-location of a new provision could enhance existing services, for example, Orkney College. 	<ul style="list-style-type: none"> • Setting up a Council service might be perceived as obstructive by anyone that is currently considering setting up a childcare business. • The provision might be difficult to staff as this is challenging period for recruitment in early learning and childcare. • Premises would need to be found for the 0-5 provision. Estimated build costs would be £1.525 million, based on a schedule of accommodation with a floor area of 454m² and an external site of approximately 850m² to include outside play areas and drop off/parking space; this would be a new demand on the capital budget. • The service would not be expected to break even in 2020-21 or indeed going forward in the medium term as there are uncertainties about the operational requirements in the post lockdown period. • Officer time would be needed to ensure the provision, meets the regulatory requirements and consistently meets the quality standard. • There are financial costs estimated at £100k in setting up and equipping any provision.

Option 5	Pros	Cons
<p>Build (or refurbish) suitable accommodation for a new provision and tender for a commercial operator to run the service.</p> <p>Permanently provide 0-5 and if required out of school care service.</p>	<ul style="list-style-type: none"> • Childcare is provided for parents who need it. • Financial risk (revenue) is transferred to a third party (no adverse revenue implications for the Council). • Medium to long term risk of an uncontrolled 'funding follows the child' burden is minimised • Council is seen to act for the 'common good' with no adverse impact on revenue expenditure. • Co-location of a new 0-5 provision could enhance existing services, for example, Orkney College. 	<ul style="list-style-type: none"> • Setting up a service of this nature might be perceived as obstructive by anyone that is currently considering setting up a childcare business. • The new facility would not be operational in the short/medium term, leaving need unmet. • Commercial operators might be put off at the present time due to uncertainty in the market. • The provision could be very difficult to staff as this is a challenging period for recruitment in early learning and childcare. • Estimated build costs for the 0-5 provision would be £1.525 million, based on a schedule of accommodation with a floor area of 454m² and an external site of approximately 850m² to include outside play areas and drop off/parking space; this would be a new demand on the capital budget. • Officer time would be needed to ensure the provision, meets the regulatory requirements and consistently meets the quality standard.

Option 6	Pros	Cons
<p>A hybrid option, including elements of both options 2 and 5 in order to meet short term and long-term needs.</p> <p>This would entail building suitable accommodation for a new provision adjacent to Orkney College with a tender exercise for a commercial operator to run the service.</p> <p>This would also entail the temporary provision of a 0-5 and if required out of school care service.</p> <p>Capital contributions towards the new build construction costs would be sought from the Community Planning Partnership partners.</p>	<ul style="list-style-type: none"> • Childcare is provided for parents who need it, parents are able to go to work. • Financial risk (revenue) is transferred to a third party in the medium term (no adverse revenue implications for the Council). • Medium to long term risk of an uncontrolled 'funding follows the child' burden is minimised. • Council is seen to act for the 'common good' with no adverse impact on long term revenue expenditure. • Co-location of a new provision could enhance existing services, for example, co-location at Orkney College would be highly complementary for students enrolled in caring courses. • The direct investment return is likely to be low, however the wider return to the Orkney economy will be significant. • Employment opportunities would be available in a much-needed service area. • The Council investment in a high-quality built environment would 	<ul style="list-style-type: none"> • Setting up a service of this nature might be perceived as obstructive by anyone that is currently considering setting up a childcare business. • The new facility would not be operational in the short/medium term, leaving need unmet. • Commercial operators might be put off at the present time due to uncertainty in the market. • The provision could be very difficult to staff as this is a challenging period for recruitment in early learning and childcare. • Estimated build costs for a 0-5 provision would be £1.525 million, based on a schedule of accommodation with a floor area of 454m² and an external site of approximately 850m² to include outside play areas and drop off/parking space. • Officer time would be needed to ensure the provision, meets the regulatory requirements and consistently meets the quality standard. • Any new staff recruited would probably need to be appointed on council pay and conditions, to ensure that experienced and qualified practitioners could be recruited in a competitive market. • The Council would have responsibility for additional staff (recruited for the temporary period of operation). When the service closes there may be a cost associated with reducing the workforce should no redeployment opportunities be available.

Option 6	Pros	Cons
	<p>remove a significant barrier to new businesses entering the Early Learning and Childcare market and contribute to a higher grading assessment for the eventual operator of the new facility.</p>	<ul style="list-style-type: none"> • It is highly unlikely that the service would break even in 2020-21 even if proposed charges were at estimated full cost recovery levels as there are uncertainties about the operational requirements in the post lockdown period. • Additional officer time would be needed to register the provision, meet regulatory requirements and manage the setting to ensure quality for the temporary period of operation. • There are financial costs estimated at £100,000 in setting up and equipping a temporary provision.

Modelling Assumptions

In order to carry out a comparative analysis of estimate the income and expenditure associated with the provision of childcare and early learning and childcare, a number of modelling assumptions have been made. These are set out below.

1. Ratios

Adult child ratios are set out by the National Care Standards. These are:

- 1 adult for every group of three 0-2 year olds.
- 1 adult for every group of five 2-3 year olds.
- 1 adult for every group of eight 3-5 year olds.
- 1 adult for every group of ten school aged children.

2. Practitioner qualifications and grades

All practitioners and managers working in Day Care of Children settings require to be registered to the Scottish Social Services Council. The SSSC sets out the qualification requirement for practitioners and managers. This is:

- Early years practitioner: SVQ3 in Children and Young People or HNC in Childhood Practice or equivalent.
- Manager: A practitioner qualification as above, plus a BA in Childhood Practice.

Staff can be appointed if they do not hold these qualifications but must gain them within a specified period.

If a practitioner is employed by Orkney Islands Council, then they are paid on the following grades:

- Practitioner in Training (non-ratio committed): G3.
- Early years practitioner: G5/6 (depending on qualification).
- Early years lead practitioner: G7.
- Senior practitioner: G7/8 (depending on qualification).
- Manager: G9/10 (depending on qualification).

3. Nursery times and number of practitioners required

If a day nursery opened from 8am to 5-30, then the children would be able to attend for a maximum of 9.5 hours per day or 47.5 hours per week.

Practitioners would need to cover 10 hours per day or 50 hours per week to allow time to open the nursery before the children arrived and close up after they left.

Full time practitioners are paid for a 35 hour working week, or 7 hours working day.

In order to cover breaks, holidays and the length of the day, at least 1.6 ratio-committed adults will need to be employed for each group of children referred to in section 1.

4. Other staff required

All Day Care of Children settings require a registered manager. The manager is not ratio committed. In addition, a senior member of staff, who can be ratio committed, may be required to deputise for the manager when they are not on the premises. This may be during holiday periods, or when the manager is not on shift.

In Day Care of Children settings, one member of staff at each stage (0-3 or 3-5) is often paid as a room leader, lead practitioner or senior, and they take responsibility for the planning and organisation of care and learning.

The following part time workers would also be needed:

- Cleaner.
- Cook.
- Admin assistant.

5. Staffing costs

The costs for the key members of staff are:

- Manager £50,500.
- Practitioner £31,800.
- 0.5 Cook £12,100.
- 0.5 Cleaner £12,100.
- 0.4 Admin £9,680.

The figures represent an employee on the mid-point of the scale, including on-costs and Distance Islands Allowance.

6. Number of hours available for purchase per place

47.5 hours per week are available for each full time childcare place.

If the nursery is open for 50 weeks per year, then this will mean that each place will be the equivalent of 2,375 hours.

7. Efficiency

It is very unlikely that all hours available will be equally occupied. At the end of the day and at certain times of year, there may be less uptake, and even in the most efficient setting, ensuring that every hour is filled is practically impossible.

Having quieter times will enable practitioners to have non-contact time to catch up on planning, recording, cleaning and tidying, training and improvement planning. Rotas may also be able to be planned to maximise adult:child ratios, for example, having less staff on duty later in the day or during holiday periods.

It is possible that additional costs may be incurred, for example, meeting the needs of children with complex additional support needs. This could require an additional member of staff above ratio.

8. Running costs

The running costs for a setting have been modelled using a figure of 20% of the staffing costs.

There is an assumption that this is a standalone provision, and therefore will be rate free.

9. Charging per place

The charge per hour for parents can be varied to balance costs against affordability. As an example, a charge of £6 per hour for a 47.5 hour place would cost a parent £285 per week or £14,250 per year. A charge of £10 per hour would cost a parent £475 per week and £23,750 per year.

This would enable a parent to work a 35 hour week, (40 hours on the work premises including unpaid breaks) and give time to drop off, get to work, leave work and pick up.

The charges for 3-5 year olds have been modelled on £5.30 per hour which is the hourly rate originally suggested by the Scottish Government for day nurseries for the 1140 hours finance template.

10. Modelling

For modelling purposes, costing has been worked out on all hours being filled and all staff being present. Therefore, no allowance has been made for attrition or lower future population birth rates. Costs could be reduced by having less staff at the end of the day, but in this case, there would be fewer hours available to sell. A 100%, 80%, 70% and 60% uptake have been illustrated.

Expenditure/Income Modelling

Option 6 sets out a hybrid model of intervention. It outlines a short term intervention by the Council, to ameliorate the immediate difficulties that may be experienced by working parents and those wishing to enter the jobs market, as well as a longer term commitment to secure early learning and childcare provision as part of Orkney's economic infrastructure. Any short-term intervention would prove to be very challenging, with little or no opportunity for cost recovery.

Appendix 2 provides significant information relating to how options could be modelled to ensure due diligence with respect to the financial implications. The modelling outlined below is based on the assumptions in Appendix 2 and is for a Council run provision in the medium to long term. In the model the funding and provision of the statutory function of the Council is carefully separated from the non-statutory and discretionary role the Council may choose to take.

Consequently, in this model, alongside the Council's budget allocation for statutory childcare, an income generating, fee-based budget is shown. By looking at different levels of efficiency, as well as varying charges for the non-statutory provision, the potential for a 'break even' point can be seen to emerge.

In addition to the assumptions laid out in appendix 1, the following has been considered:

- According to Childcare UK, the average cost of childcare (daycare) in Scotland is around £5.00 per hour. There is significant variation in this and in Aberdeen the average cost per hour is £6.92 and in Edinburgh the average cost per hour is £6.29.
- According to Nomis in 2019 the average hourly rate of pay for a female worker (pre-tax) was £14.18. By comparison, the average hourly rate of pay for a female worker (pre-tax) in Orkney was £12.54.

If childcare provision is to support the economy, by helping those who wish to, or need to, go to work or return to work, there is a strong argument that there should be a strong link between the 'break even' point and affordability.

The following tables demonstrate the Council's statutory commitment to providing 1140 hours of early learning and childcare for eligible children (shaded grey) alongside a fee based additional and flexible service for children 0-5, in the context of a 51 place 0-5 nursery.

The illustrative fees applied below are £6.50 per hour for 3-5 provision and a range of charges (£6.50 - £9) for 0-3 provision. The 'break even' point in the £8.00/£6.50 model is 84% efficiency and the 'break even' point in the £6.50/£6.50 model is 94% efficiency.

Further variations are possible, for example the 'break even' point in the £7.00/£7.00 model is 88% efficiency.

If applying this model, it is assumed that the price point (cost per hour) would need to equate to at least £7.00 (for children aged 0-3) and £6.50 (for children aged 3-5) after applying any concessions (eg 2 children, termly discounts).

At 91% efficiency, the model has the potential to break even.

Estimated costs of 51 place 0-5 provision							
Age group	Number of children	Adult child ratio	Staff needed	Number of staff	Cost per worker mid scale	Total cost	
			Manager	1.0	£50,500	£50,500	
0 to 2	12	1 to 3	Practitioner	6.4	£31,800	£203,520	
2 to 3	15	1 to 5	Practitioner	4.8	£31,800	£152,640	
3 to 5	24	1 to 8	Practitioner	4.8	£31,800	£152,640	
			Cook	0.5	£24,200	£12,100	
			Cleaner	0.5	£24,200	£12,100	
			Admin	0.4	£24,200	£9,680	
					Sub total	£593,180	
					Running costs	£118,636	
					Total	£711,816	
Estimated income from a 51 place 0-5 provision							
Age group	No. of hours per place	Number of places	Cost per hour per age group	Yearly income 100% uptake	Yearly income 90% uptake	Yearly income 80% uptake	Yearly income 70% uptake
Age 0-3	2375	27	£9.00	£577,125	£519,413	£461,700	£403,988
Age 3-5	1235	24	£6.50	£192,660	£173,394	£154,128	£134,862
Age 3-5	1140	24	£5.30	£145,008	£130,507	£116,006	£101,506
Total				£914,793	£823,314	£731,834	£640,355
Age 0-3	2375	27	£8.00	£513,000	£461,700	£410,400	£359,100
Age 3-5	1235	24	£6.50	£192,660	£173,394	£154,128	£134,862
Age 3-5	1140	24	£5.30	£145,008	£130,507	£116,006	£101,506
Total				£850,668	£765,601	£680,534	£595,468
Age 0-3	2375	27	£7.00	£448,875	£403,988	£359,100	£314,213
Age 3-5	1235	24	£6.50	£192,660	£173,394	£154,128	£134,862
Age 3-5	1140	24	£5.30	£145,008	£130,507	£116,006	£101,506
Total				£786,543	£707,889	£629,234	£550,580
Age 0-3	2375	27	£6.50	£416,813	£375,131	£333,450	£291,769
Age 3-5	1235	24	£6.50	£192,660	£173,394	£154,128	£134,862
Age 3-5	1140	24	£5.30	£145,008	£130,507	£116,006	£101,506
Total				£754,481	£679,032	£603,584	£528,136



Equality Impact Assessment

The purpose of an Equality Impact Assessment (EqIA) is to improve the work of Orkney Islands Council by making sure it promotes equality and does not discriminate. This assessment records the likely impact of any changes to a function, policy or plan by anticipating the consequences, and making sure that any negative impacts are eliminated or minimised and positive impacts are maximised.

1. Identification of Function, Policy or Plan	
Name of function / policy / plan to be assessed.	Early Learning and Childcare
Service / service area responsible.	Education, Leisure and Housing.
Name of person carrying out the assessment and contact details.	Peter Diamond. peter.diamond@orkney.gov.uk.
Date of assessment.	11/11/19
Is the function / policy / plan new or existing? (Please indicate also if the service is to be deleted, reduced or changed significantly).	New – options for the provision of childcare

2. Initial Screening	
What are the intended outcomes of the function / policy / plan?	To establish the Council's role and commitment in relation to provision of a childcare service that supports economic development and enable parents to work.
Is the function / policy / plan strategically important?	In part – Meets the requirements of the Early Learning and Childcare (ELC) Delivery Plan for provision of funded spaces for ELC 3 – 5-year olds.

<p>State who is or may be affected by this function / policy / plan, and how.</p>	<p>Children, parents and carers. Local employers.</p>
<p>How have stakeholders been involved in the development of this function / policy / plan?</p>	<p>Parents of young children have been consulted in 2015 and 2017 in relation to the provision of ELC in Orkney and their views informed the Delivery Plan.</p> <p>A number of parents have expressed their views on the difficulties that will be caused by the changing level of provision (reduction) in 'non-statutory' childcare services in Orkney</p>
<p>Is there any existing data and / or research relating to equalities issues in this policy area? Please summarise. E.g. consultations, national surveys, performance data, complaints, service user feedback, academic / consultants' reports, benchmarking (see equalities resources on OIC information portal).</p>	<p>Early Learning and Childcare in Orkney has at its core meeting the current requirements of the Children and Young People (Scotland) Act (2014) as well as planning for a further expansion by 2020.</p> <p>In preparing for the legislative process the Scottish Government undertook a significant impact assessment. This can be found at: http://www.gov.scot/Resource/0041/00418730.pdf</p> <p>The following notes reflect the evidence considered in a local context.</p> <p>The specific element of interest/relevance is the policy aim of securing socio-economic well-being.</p>
<p>Is there any existing evidence relating to socio-economic disadvantage and inequalities of outcome in this policy area? Please summarise. E.g. For people living in poverty or for people of low income. See The Fairer Scotland Duty Interim Guidance for Public Bodies for further information.</p>	<p>The Scottish Governments early learning and childcare strategy has at its heart the socio-economic wellbeing of Scotland. In particular creating the ability to work (through the provision of childcare) is seen as an important strand in helping families achieve an income that is above the poverty line. That said, the incidence of 'in work poverty' is prevalent and impact on families in Orkney. Evidence relation the socio-economic condition of families in Orkney was gathered as part of the research into Child Poverty in Orkney.</p>
<p>Could the function / policy have a differential impact on any of the following equality areas?</p>	<p>(Please provide any evidence – positive impacts / benefits, negative impacts and reasons).</p>

1. Race: this includes ethnic or national groups, colour and nationality.	There is no anticipated direct impact.
2. Sex: a man or a woman.	It is anticipated that in circumstances where one parent has to reduce hours or give up work to undertake caring responsibilities, this would have a greater impact on women. Options in this paper therefore have the potential to make a significant differential and positive benefit to this group
3. Sexual Orientation: whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.	There is no anticipated direct impact.
4. Gender Reassignment: the process of transitioning from one gender to another.	There is no anticipated direct impact.
5. Pregnancy and maternity.	For individuals, carers and families who are planning for maternity/paternity leave and the ongoing care of their children, the reduction in childcare services in Orkney be significant. Options in this paper therefore have the potential to make a significant differential and positive benefit to this group.
6. Age: people of different ages.	The reduction of childcare services in may have an adverse impact on children growing up in Orkney, particularly should this result in loss of employment which places more families in poverty. Options in this paper therefore have the potential to make a significant differential and positive benefit to this group
7. Religion or beliefs or none (atheists).	There is no anticipated direct impact.
8. Caring responsibilities.	The reduction of the childcare services in Orkney may be significant for some with caring responsibilities. Options in this paper therefore have the potential to make a significant differential and positive benefit to this group
9. Care experienced.	For some care experienced young people there is a requirement for childcare outside the offer currently available through the school-based settings. Ensuring the continuity of service, along with improving the quality of the service has the potential to offer a beneficial impact for this group.

10. Marriage and Civil Partnerships.	There is no anticipated direct impact.
11. Disability: people with disabilities (whether registered or not).	(Includes physical impairment, sensory impairment, cognitive impairment, mental health) There is no anticipated direct impact.
12. Socio-economic disadvantage.	The reduction of the childcare service offered in Orkney would be significant for those with caring responsibilities for young children and experiencing socio-economic disadvantage. Options in this paper therefore have the potential to make a significant differential and positive benefit to this group
13. Isles-proofing.	The proposal relates specifically to Kirkwall, however given the nature of the proposal there is no anticipated impact on the isles.

3. Impact Assessment

Does the analysis above identify any differential impacts which need to be addressed?	Yes
How could you minimise or remove any potential negative impacts?	Options in this paper have the potential to make a significant differential and positive benefit and assist in the mitigation of any adverse impact
Do you have enough information to make a judgement? If no, what information do you require?	Yes

4. Conclusions and Planned Action

Is further work required?	Not at this time
What action is to be taken?	Depending on the position taken by the Council, more work in relation to newly disadvantaged groups may need to be undertaken
Who will undertake it?	To be decided
When will it be done?	To be confirmed
How will it be monitored? (e.g. through service plans).	Child Poverty Action Plan

Signature:



Name: Peter Diamond

Date: 10-6-20

(BLOCK CAPITALS).

Please sign and date this form, keep one copy and send a copy to HR and Performance. A Word version should also be emailed to HR and Performance at hrsupport@orkney.gov.uk