

<i>item:</i>	5
<i>report:</i>	CYP33/08

## **RATES FOR EARLY EDUCATION PARTNER CENTRES**

### **By Bill Alexander**

#### **Summary**

This report sets out the options for increases in commissioning rates for early education partner centres in 2008/09.

#### **Background**

In 2007/08, 1781 three and four year olds received their early education in 82 commissioned partner centres.

In September 2007, the Joint Committee considered and agreed a report that identified the challenges on partner centres, particularly in the voluntary sector, caused by management and staffing issues, rising costs and increased regulatory demands.

In June 2008, the Committee agreed a report which acknowledged the value of partner centres to the authority, but which also recognised the ongoing difficulties for the voluntary sector, and which accepted that enhanced support was required to address these difficulties – in particular to address staffing and management issues.

In the meantime, there continue to be pressures on the early education budget, and it is recommended that it is not possible in 2008/09 to achieve the step change in the level of partner centre rates that was made last year.

#### **Advisory Floor**

The Scottish Government has traditionally informed local authorities of an 'advisory floor', which is the minimum rate at which partner centres should be funded to be viable. This was associated with an identified annual increase in government funding, and the substantial increase in 2007/08 allowed the Joint Committee to increase rates by around 24%. This enabled centres to increase the pay of a playworker from £5.60 to £7 an hour, and for a senior playworker from £7.15 to £8 an hour. This was welcomed, and brought some much needed stability to the sector.

Following the concordat between local and central government, there is no longer an advisory floor, nor a published figure indicating the equivalent increase in grant aided expenditure.

### **Partner Centre rates**

The partner centre budget has been increased to take account of inflation, but there are additional financial challenges for the sector because of:

(i) The European working time directive, which involves additional holiday entitlement for part time staff.

From 2008/09, part-time pre-school staff are entitled to four additional days annual leave. The cost of this to the sector is equivalent to 2% on staffing costs, which is 1.5% on the partner centre rate.

(ii) Ongoing difficulties recruiting and retaining managers

As acknowledged in the June committee report, it is not viable for all 82 partner centres to have managers with the qualifications that are going to be required by the Scottish Social Services Council, and centres will therefore become increasingly dependent on management through a peripatetic manager employed by the Care & Learning Alliance (CALA).

Presently though, CALA are often unable to retain managers, as they cannot compete with local authority rates for nursery staff. There is a pressing need to:

- increase the payment for peripatetic managers from £ 10.18 per hour to £11.30 per hour.
- commission an additional part time peripatetic manager
- commission a new post of Practice Advisor to support the peripatetic managers

The obvious options for partner centre rates in 2008/09 are as below. These figures are based on last year's expenditure and assume similar levels of usage in the coming school session as last year – although enrolments could vary either up or down.

a) Meet only the inflationary pressure with a standard 2.5% increase (appendix 2).

The standard 2.5% inflationary increase would cost an extra £49,712 - making a total cost of £2,038,212, and this is available in the budget. However, the sector would continue to have significant difficulties, for the reasons stated above, so this is not recommended.

b) Meet the inflationary pressure, and the additional costs of fulfilling the European working time directive (appendix 3).

This would involve an additional 1.5% increase, costing an extra £32,507 or total of £2,070,719 and would prevent centres having to find this funding from within their existing under pressure budgets. However, it would not deal with the management challenge for voluntary sector partner centres, and is therefore not recommended.

c) Meet the inflationary pressure, and the additional costs of fulfilling the European working time directive, and fully fund the management pressures highlighted above.

While these costs can be offset to some degree against the rate for partner centres, it is envisaged that there would still be additional costs of £48,000 (which is not part of the partner centre budget shown elsewhere in these options).

This is the recommended option.

d) Further close the gap between the rates for partner centres and the funding of the local authority (appendix 4).

Last year, by means of the higher GAE allowance from government, it was possible to close the gap in the funding of local authority and partner centre provision, thus making the voluntary and private sectors more sustainable.

An increase in salary for voluntary sector staff of 5% (i.e. from £8.00 per hour to £8.40 per hour for the Senior Playworker and from £7.00 to £7.35 for the Playworker) would involve further additional costs of approximately £83,802, or a total of £2,154,521 in the partner centre budget. This is not recommended.

### **Financial implications**

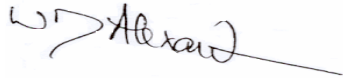
Option (c), which is recommended to the Committee, costs £80,507 more than the straightforward inflationary uplift proposed in option (a). It therefore places additional pressure on the early education budget, which will have to be managed within the total Joint Committee budget

It should be noted that this budget achieved an underspend last year, albeit this was related to the transitional element provided by the Council, and that further rationalisations have been achieved in the commissioning process for 2008/09.

However, the key issue, is that it is recommended that partner centres require this level of increase to be viable. If the voluntary sector does not receive this increase, it is possible that some centres will close, and the costs of alternative provision in the local authority will prove to be greater.

## **Recommendation**

The Joint Committee is asked to consider these issues, and to agree to meet the inflationary pressure on partner centres, and the additional costs of fulfilling the European working time directive, and fully fund the management pressures highlighted above – which is option (c) above.

A handwritten signature in black ink, appearing to read "Bill Alexander", with a long horizontal line extending to the right.

**Bill Alexander**  
**Head of Service**

## **Appendix 1**

### **200708 Partner Centre Rates**

Voluntary Centre Block Grant (up to 10 children)	£16,797.00
With Qualified Manager	£17,697.00
Voluntary Centre operating in school premises Block Grant (up to 10 children)	£13,639.00
With Qualified Manager	£14,539.00
Voluntary Centre Block Grant (11 to 16 children)	£17,457.00
With Qualified Manager	£18,351.00
Voluntary Centre operating in school premises Block Grant (11 to 16 children)	£14,299.00
With Qualified Manager	£15,193.00
Paid per capita Voluntary Centre Payment per child (17 children and over)	£ 1,350.00
Private Centre Payment per child	£ 1,500.00

## **Appendix 2 (option a)**

Voluntary Centre Block Grant (up to 10 children)	£17,217.00
With Qualified Manager	£18,140.00
Voluntary Centre operating in school premises Block Grant (up to 10 children)	£13,980.00
With Qualified Manager	£14,902.00
Voluntary Centre Block Grant (11 to 16 children)	£17,893.00
With Qualified Manager	£18,810.00
Voluntary Centre operating in school premises Block Grant (11 to 16 children)	£14,656.00
With Qualified Manager	£15,573.00
<u>Paid per capita</u>	
Voluntary Centre Payment per child (17 children and over)	£ 1,383.00
Private Centre Payment per child	£ 1,537.00

### **Appendix 3 (option b)**

Voluntary Centre Block Grant (up to 10 children)	£17,472.00
With Qualified Manager	£18,414.00
Voluntary Centre operating in school premises Block Grant (up to 10 children)	£14,235.00
With Qualified Manager	£15,175.00
Voluntary Centre Block Grant (11 to 16 children)	£18,148.00
With Qualified Manager	£19,083.60
Voluntary Centre operating in school premises Block Grant (11 to 16 children)	£14,911 00
With Qualified Manager	£15,847.00
Paid per capita Voluntary Centre Payment per child (17 children and over)	£ 1,400.00
Private Centre Payment per child	£ 1,568.00

#### **Appendix 4 (option d)**

Voluntary Centre Block Grant (up to 10 children) With Qualified Manager	£17,906.00 £18,865.00
Voluntary Centre operating in school premises Block Grant (up to 10 children) With Qualified Manager	£14,539.00 £15,498.00
Voluntary Centre Block Grant (11 to 16 children) With Qualified Manager	£18,609.00 £19,562.00
Voluntary Centre operating in school premises Block Grant (11 to 16 children) With Qualified Manager	£15,243.00 £16,196.00
Paid per capita Voluntary Centre Payment per child (17 children and over)	£ 1,439.00
Private Centre Payment per child	£ 1,599.00