

Integrated Impact Assessment – Summary Report

Each of the numbered sections below must be completed
Please state if the IIA is interim or final: **Final**

1. Title of proposal

Affordable Childcare for Working Parents service

2. What will change as a result of this proposal?

This IIA is an update on the previous IIA from [June 2023](#). It assesses the new service and analyses any impacts from the first year of service. Changes may involve adaptations to the new service if impacts are identified.

In August 2024, the new Affordable Childcare for Working Parents service began. This strategy now includes three elements:

- Contracts awarded to four childcare providers (North Edinburgh Childcare, Smilechildcare, Childcare Connections and Waterfront Nursery)
- Tapering grants provided to the three remaining original childcare providers (North Edinburgh Childcare, Smilechildcare and Childcare Connections) that will taper over a period of three years.
- A new service whereby the childcare subsidy and eligibility assessment is carried out by the Council's Parental Employability Support team to ensure it integrates with the wider employability offer and income maximisation opportunities. This team will work closely with the childcare providers to ensure eligible parents receive the subsidised childcare rates and pay the providers the remaining fees.

As outlined to Committee in [February 2024](#) and following an open procurement process, the contracts for the Affordable Childcare for Working Parents service were awarded to four providers. The service went live on 1 August 2024 for a period of three years, with the option to extend for a further 36 months. The successful providers are:

- North West and North East: North Edinburgh Childcare with an annual sum of £65,400.
- South West: Smile Childcare with an annual sum of £55,230.
- South East: Childcare Connections with an annual sum of £20,000.
- North West: Waterfront Nursery with an annual sum of £14,600.

The providers had been receiving funding through the Affordable Childcare for Working Parents strategy for over ten years and it was recognised that this funding was being used to partly subsidise childcare costs and also sustain the providers' business models in areas that, historically, did not attract commercial childcare providers. Therefore, it was accepted that this funding had become integral to the viability of their current business models and to

remove this in full and immediately may result in the closure of one or more of the four providers (North Edinburgh Childcare, Smilechildcare, Childcare Connections and Kidzcare) and significantly reduce the availability of childcare in these areas.

In recognition of this, Business Growth and Inclusion, in consultation with the Council's Legal Team, issued grants to the three remaining incumbent providers. The requirement of this grant is to work towards agreed tapering reduction over a period of three years. Following the three years (end July 2027), this grant will cease. Each provider is solely responsible for their business model and the developments required to adapt as part of this process.

3. Briefly describe public involvement in this proposal to date and planned

Public involvement in the review and design of this new service is covered in the previous IIA from [June 2023](#).

Ongoing engagement with the contracted and grant-funded childcare providers continues to keep an open dialogue about impacts of the service from a provider and parent perspective. Additionally, the Parental Employability Support service now allows for the direct dialogue with the parents that access childcare within the providers' settings to ensure ongoing analysis of the effectiveness of the service..

4. Is the proposal considered strategic under the Fairer Scotland Duty?

Yes

5. Date of IIA

25 August 2025

6. Who was present at the IIA? Identify facilitator, lead officer, report writer and any employee representative present and main stakeholder (e.g. Council, NHS)

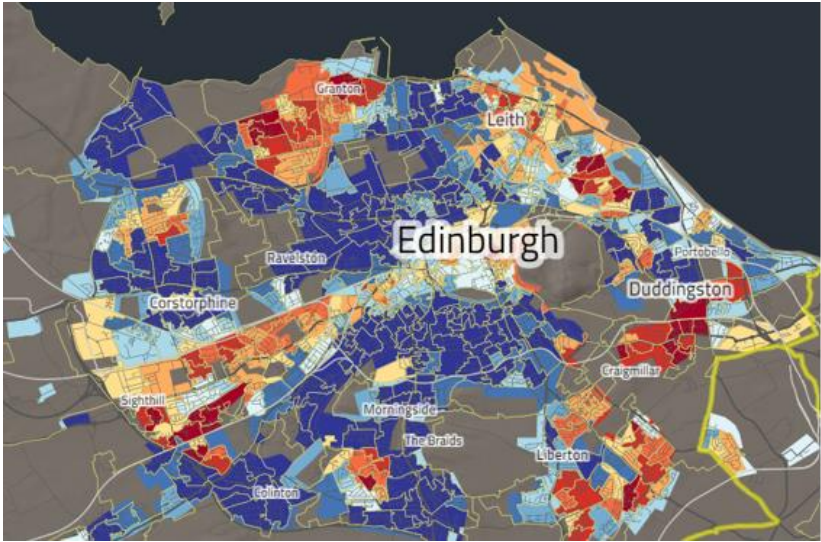
Name	Job Title	Date of IIA training
Katie Weavers	Business Growth and Talent Development Lead, CEC	November 2019
Philip Ritchie	Business Growth and Inclusion Contracts and Programme Manager, CEC	November 2017
Kerry Millar	Strategic Planning & Commissioning Officer, CEC	December 2021
Craig Dutton	Head of Contracts and Grants, Capital City Partnership	November 2017
Lucia Dominguez-Martin	Business Growth and Inclusion Contracts and Programme Officer	July 2025

7. Evidence available at the time of the IIA

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected and to the environmental impacts of your new service model of delivery and unintended consequences
Data on populations in need	<p>Affordable Childcare IIA from June 2023</p> <p>Poverty in Scotland 2024 – Joseph Rowntree Foundation</p> <p>Childcare Survey 2025 - Coram</p>	<p>See previous IIA for more background data.</p> <p>There are clear barriers for many parents to work, particularly full-time work. For parents, the cost of childcare and lack of flexible working can make juggling family and work life difficult. Childcare costs are also not included within the calculation of the relative poverty line so families may have higher incomes from work but some, often a high proportion, can be consumed by childcare costs.</p> <p>Families with children are allowed to earn some income from work before their benefit payments get reduced. This is called the work allowance. Since 2016/17, adults without children have had their payments reduced unless someone in the family has a disability that limits their ability to work. The amount you lose depends on the taper rate. In 2022–23 for every pound you earn, you lose 55p of your UC.</p> <p>The combination of the taper rate combined with the cost of childcare means that for many parents work does not pay. This is particularly stark for single-parent households in which one parent must juggle supporting and caring for their family with the household finances</p> <p>Parents saw increases of nearly 7% in the cost of part-time nursery places for under-twos and two-year-olds, compared to 2024.</p> <p>The average full-time place in a nursery for a three- and four-year-old costs £105.88 per week, if they are receiving 30 hours of funded childcare and paying for 20 hours, a 3.7% increase on last year.</p> <p>Availability of the universal 1,140 hour entitlement for three- and four-year-olds, and the targeted 1,140 hour entitlement for two-year-olds, are both relatively high with 78% of LAs reporting enough places for at least three quarters of children.</p> <p>Part-time nursery costs in Scotland increased by 6.9% for children aged under two, and by 6.5% for two-year-olds.</p> <p>All three- and four-year-olds in Scotland can access 1,140 hours of funded childcare per year. This equates to 30 hours a week during term time, or about 22 hours if spread across the year. For a full-time place in a nursery (50 hours a week) in</p>

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected and to the environmental impacts of your new service model of delivery and unintended consequences
		<p>Scotland, families are paying on average £105.88 per week if they are receiving 30 hours of funded childcare and paying for 20 hours, a 3.7% increase.</p> <p>Actions suggested by the report:</p> <ul style="list-style-type: none"> • Ensure that new school-based nurseries are opened in areas of most need, addressing gaps in sufficiency including provision for children who are currently less well-served, such as children with SEND. • Update the funding model to ensure rates cover the true cost of provision, including employer National Insurance contributions (NICs) and recruitment costs based on accurate assessments of turnover. • Allocate separate and dedicated funding to LAs to support their role, delinked from the rate paid to providers. • Create a workforce strategy that addresses the issues of staff recruitment, retention and skills. <p>Scotland experienced an increase in costs for all age groups. For under threes, costs have risen more steeply than between 2023-2024, whereas rising costs for three and four-year-olds slowed.</p> <p>This year, the average price of an after-school club for a week is £66.48 across Great Britain, compared to £81.26 for a childminder after school to 6pm per week. In Scotland, this is £72.97 per week for after-school club and £79.99 for a childminder.</p> <p>Sufficiency in Scotland is high for children entitled to the 1,140-hour funded entitlement; 78% of local authorities who responded say they have enough provision for at least 75% of children aged three to four (all of whom are entitled to 1,140 funded hours), and 78% of local authorities also report high levels of provision for two-year-olds who are entitled to the 1,140- hour funded entitlement on a targeted basis (see table 17).</p> <p>Only 7% of local authorities who responded say they have enough childcare for at least 75% of children aged 12 to 14 both before and after school, and for children whose parents work atypical hours. However, local authorities also reported very high levels of uncertainty for these categories.</p>

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected and to the environmental impacts of your new service model of delivery and unintended consequences
Data on service uptake/access	Yes	<p>Helix management information system is used as a client management system to monitor employability activity for all contracts and grants funded through Business Growth and Inclusion (BGI), as well as programmes delivered directly by BGI. This measures client data, including gender, age, barriers faced, dependents, progressions and outcomes etc.</p> <p>As well as this, BGI have collated basic data on the numbers of parents who have been contacted and those registered as part of the Affordable Childcare for Working Parents service. For those that are receiving the subsidy, cost data is collated to track the programme spend.</p> <p>In total:</p> <ul style="list-style-type: none"> • 107 parents were transferred over from the providers who were previously accessing the childcare subsidy. • The Parental Employability Support service contacted all 107 parents from the existing providers and 8 parents who were identified by the new contracted provider, Waterfront Nursery. • 88 parents responded • The service was then promoted to all other parents within the childcare provision. • 85 parents were assessed for eligibility • 43 parents were deemed eligible and have now received the subsidy within the first year. (<p>The eligibility criteria remained the same throughout this process to ensure continuity for parents. Some of this reduction in eligible parents is a natural progression of income within households, where their income has increased beyond 75% of the Scottish median income (the eligibility threshold). The Parental Employability Support service work with the childcare providers to ensure any new parents know that they can be assessed for the subsidy.</p>
Data on socio-economic disadvantage e.g. low income, low wealth, material deprivation, area deprivation.		<p>The eligibility for the subsidy is currently based on 75% of the Scottish Median Income (before housing costs). This was updated in April 2025 when the new annual figures were published in the Poverty and Income Inequality in Scotland 2021-24 (Accredited Official Statistics Publication for Scotland).</p> <p>April 2025 Scottish Median Income (annual income before housing costs)</p> <ul style="list-style-type: none"> • single person with children: £40,300 • couple with children £51,400 <p>75% of Scottish Median Income (annual income before housing costs)</p>

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	Yes	<ul style="list-style-type: none"> • single person with children: £30,225 • couple with children £38,550 <p>Analysis is underway about increasing the eligibility to enable more parents to access the subsidy.</p> <p>The Scottish Index of Multiple Deprivation is utilised, along with national and local statistical information to map against ward intelligence to adjust and inform strategic provision of services.</p>  <p>The areas of highest deprivation (10%) are:</p> <ul style="list-style-type: none"> • Muirhouse • Granton, Royston Mains and Wardieburn • Restalrig and Lochend • Niddrie, Bingham, Magdalene and The Christians • Craigmillar • Moredun and Craigour • Hyvots and Gilmerton • Oxbgangs • Clovenstone, Murrayburn and Wester Hailes • The Calders
Data on equality outcomes	Yes	<p>In relation to the parents that have accessed the service in the first year of operation, the data on those being supported is:</p> <p>Gender: Female 93% Male: 7%</p>

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected and to the environmental impacts of your new service model of delivery and unintended consequences
		<p>Scottish Government 6 Priority Family Groups:</p> <p>Lone parent families: 86%</p> <p>Minority ethnic families: 12%</p> <p>Families with a disabled adult or child: 16%</p> <p>Larger families (3+ children): 9%</p> <p>Families with a mother aged under 25: 7%</p> <p>Families with a child under one: 5%</p> <p>Ethnic Origin</p> <p>White – Scottish: 47%</p> <p>White – Other: 14%</p> <p>White – Polish: 14%</p> <p>White - Other British: 7%</p> <p>African, African Scottish, African British: 5%</p> <p>African – Other: 2%</p> <p>Asian - Bangladeshi, Bangladeshi Scottish, Bangladeshi British: 2%</p> <p>Black, Black Scottish, Black British: 2%</p> <p>Caribbean or Black – Other: 2%</p> <p>Other ethnic group: 2%</p> <p>Prefer not to say: 2%</p>
Research/literature evidence	Yes	<p>A paper containing economic and employability data was also drafted and used to inform the review. This pulled together national and local data from reports including, but not limited to:</p> <ul style="list-style-type: none"> • Scottish Government reports, • City of Edinburgh Council reports, • Edinburgh Poverty Commission, • Caselink reports, • Data sources (Nomis and Stat-Xplore), • Capital City Partnership, • One Parent Families Scotland and wider.
Public/patient/client experience information	Accessible Childcare in Scotland Issues Paper and Call to Action August 2023 – Clare Hammond (campaigning for parents in Edinburgh)	<p>An issues paper with accompanying call to action in relation to the Early Learning and Childcare policy in Scotland was developed following a community meeting run by parents in Edinburgh in July 2023.</p> <p>“Being able to find childcare has never been more challenging and is often ignored in the discussions which tend to focus on affordability.”</p> <p>“While there are workforce challenges across the industry, third and independent nurseries face these more than local authority nurseries due to the way that early learning and childcare policy is written and being implemented.”</p> <p>“Third and independent sector nurseries are at a critical tipping point in terms of viability.”</p>

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected and to the environmental impacts of your new service model of delivery and unintended consequences
	Edinburgh Early Years parent consultation 2023 - the City of Edinburgh Council	<p>“Most local authority nurseries don’t meet the needs of families and therefore are not viable alternatives to third and independent sector nurseries and childminders.”</p> <p>A key challenge that is often forgotten and is exacerbated by the way that the Early Learning and Childcare policy is written and implemented across Scotland, is the availability of childcare.</p> <p>Education authorities have a duty to consult with parents and carers on the delivery of early learning and childcare at least once every two years. The most recent survey of parents and carers which ran from 23 October to 24 November 2023 covered the following themes.</p> <ul style="list-style-type: none"> • Delivery of 1140 hours • The application process for a funded place • Parent/carer satisfaction with the quality of provision • The criteria for allocating funded places • Support for children with additional support needs • Parental engagement and involvement. • Deferring entry to primary 1. <p>546 parents/ carers responded to the survey. 56% access their funded early learning and childcare at local authority nursery and forest kindergarten settings and 44% in private partner provider provision.</p>
Evidence of inclusive engagement of people who use the service and involvement findings	Yes	<p>To ensure every parent understood what was happening that was previously accessing the subsidy being provided directly by the childcare provider, The Parental Employability Support (PES) service used multiple means of communication.</p> <p>Every parent that was transferred over had their subsidy continued for an additional two months to give parents time to communicate with the PES and be re-assessed for eligibility. This included letters, emails, phone calls and text messages. They were informed that it was voluntary but, if they wish to be assessed for eligibility for the subsidy going forward, they needed to engage.</p> <p>In addition to this, posters, leaflets and letters were created and distributed within each setting for parents who had not previously engaged or new parents to the setting to contact PES to be assessed. As well as Affordable Childcare information, the wider Parental Employability Support information was provided to ensure parents knew that wider support was available.</p>

Evidence	Available – detail source	Comments: what does the evidence tell you with regard to different groups who may be affected and to the environmental impacts of your new service model of delivery and unintended consequences
		The PES team continue to offer to come to every setting to speak face-to-face with parents.
Evidence of unmet need	No. Ekosgen	<p>The Edinburgh Partnership have recently formed a Childcare Working group to analyse the childcare landscape in Edinburgh. This will include an investigation into the issues parents and providers face and help to build a clearer picture of the landscape. This will help inform future delivery of the Affordable Childcare for Working Parents strategy.</p> <p>Ekosgen were commissioned in Sept 2022 to carry out a review of the existing service and the needs for a future service.</p> <p>In total, 410 subsidised and non-subsidised parents/carers in Edinburgh responded to an online survey exploring their current use of childcare, outcomes of affordable childcare, and the future support needs:</p> <ul style="list-style-type: none"> • There were 57 (14%) subsidised respondents and 352 (86%) non-subsidised respondents. • Two-thirds (65%) of overall survey respondents reported ongoing or future childcare needs, particularly non-subsidised respondents. • Non-subsidised parents/carers felt their childcare needs could be improved through lower prices, more flexible booking options, and by having childcare hours available outside of normal working.
Good practice guidelines	Yes	<p>Under the contract, Childcare Providers are required to meet the Care Inspectorate National Care Standards for early education and childcare up to the age of 16 and meet a minimum grading of four. If childcare providers were commissioned again under a new contract, it is anticipated that these standards would remain.</p> <p>Providers would be required to deliver Early Learning and Childcare based on Pre-birth to Three, Curriculum for Excellence and Getting it Right for Every Child.</p> <p>Staff should hold or be working towards the relevant early learning and childcare qualifications and be registered for the PVG membership scheme.</p> <p>Annual contract management checks ensure that this is maintained.</p>

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	A Just Capital – Edinburgh Poverty Commission	As part of the Edinburgh Poverty Commission's A Just Capital report, there are a number of calls to action. Included in this is: The City of Edinburgh Council should ensure early years learning and childcare support is integrated with family support which is provided with flexibility of hours to enable parents and carers to work or learn and care for their families
Carbon emissions generated/reduced data		N/A
Environmental data	Yes	<p>Contracts with childcare providers are required to provide data regarding any environmental policies they may have.</p> <p>The purpose of subsidising childcare in local areas through these contracts has been to support those on low incomes in areas of deprivation. This hopefully has had a resulting reduced carbon footprint where those families do not have a requirement to travel as far for their childcare.</p>
Risk from cumulative impacts		If the Affordable Childcare for Working Parents service did not exist, there would be a risk of further deprivation for local families and a potential rise in child poverty numbers. More parents would struggle to move into and to sustain employment due to the cost of childcare. In addition to this, parents would not also be getting the direct link into the Parental Employability Support service to ensure they receive the wider support, including income maximisation and employability support.
Other (please specify)		
Additional evidence required		

8. In summary, what impacts were identified by the new service model and any unintended consequences and which groups will they affect?

Equality, Health and Wellbeing and Human Rights	Affected populations
<p>Positive</p> <p>The aim of the subsidised childcare support is to support those in most financial need.</p>	<p>Parents, low-income families, children</p>

Equality, Health and Wellbeing and Human Rights	Affected populations
<p>The route out of poverty for many people is through stable employment. For those with children, providing affordable, high-quality childcare is essential.</p> <p>In terms of poverty, this service is based on income, so it provides those on low income with the means to access childcare and support themselves into or to sustain employment. It also ensures parents can access an income maximisation service to ensure they are accessing wider financial support.</p> <p>Through conversations with wider strategic partners, there is an awareness that uptake of the childcare element of Universal Credit and Tax-Free Childcare, as well as child benefit and Social Security Scotland benefits are lower than they should be. With the new service, Parental Employability Support officers can ensure that parents within these childcare settings are accessing this if they are eligible. They can support parents to apply and to alleviate any fears they may have. This maximises family incomes and supports parents out of poverty.</p> <p>While this service is not going to have capacity to fix the larger, structural, city-wide issues in relation to childcare, it can help with the learning and understanding as to the true nature of the problems. This will form part of the wider work going on within the Edinburgh Partnership Childcare Working Group to analyse this area.</p> <p>As three of the providers were part of the previous service, there is a continuity of service for parents and has enabled those parents who were still eligible to continue to receive a subsidy. It also supported the childcare providers by continuing to receive funding to deliver this.</p> <p>The contracted services are located in areas of deprivation. In terms of providing employment to the staff of the services and in terms of local childcare for those living in the areas, this has been very important.</p> <p>Some of the providers offer multi-site Out of School Care, where they pick up from other schools. This ensures there is wider reach and availability of wraparound care.</p> <p>The new service offers a standardised childcare subsidy with each of the contracted providers. This ensures equality across the city.</p>	<p>Parents, low-income families, children</p> <p>Parents, low-income families, children</p> <p>Parents, low-income families, children</p> <p>Parents, low-income families, children</p> <p>Parents, low-income families, children</p> <p>Parents, low-income families, children</p> <p>Parents</p> <p>Parents, low-income families, children</p>

Equality, Health and Wellbeing and Human Rights	Affected populations
<p>There is increased transparency with the new service. There are clearly defined contracts and grants and an inhouse team who can fully support parents in a holistic way. The financial elements can be clearly identified and promoted.</p> <p>The tapered grant provides the original providers with some financial security to address their business models and look at alternative sources of funding. To not have secured this during the transition to the new contracts would have put severe financial strain and potential closure on the providers.</p>	
<p>Negative</p> <p>One of the original providers decided not to proceed with tendering for the new service because they had already assessed that their business was no longer financially viable with the rising costs of running a business and the strains of the building capacity. The Council supported parents to find alternative childcare within the Council's ELC settings which were in the process of expanding their hours and offering wraparound hours for purchase.</p> <p>In May 2025, Smilechildcare closed their Out of School Care in seven schools within South West Edinburgh. They already had concerns about the financial and logistical viability of continuing to deliver the service but then received a Care Inspectorate report that listed improvements required within the school they delivered the service from and for which they had little control to resolve. No other Out of School Care provider took up the opportunity to take over operating the club. The Council worked with Smilechildcare to offer support to all affected parents and staff.</p> <p>The level of service is not equitable across the four localities:</p> <ul style="list-style-type: none"> • South East only offers OoSC • Sout West only offers ELC • North East only offers OoSC • North West offers ELC and OoSC <p>However, these were the only bids received as part of the procurement process.</p> <p>The level of funding available and the nature of the service also means that it is not a universal offer for all parents in low incomes. This would require a larger budget to offer a</p>	<p>Parents, low-income families, children, childcare staff</p> <p>Parents, low-income families, children, childcare staff</p> <p>Parents, low-income families, children</p> <p>Parents, low-income families, children</p>

Equality, Health and Wellbeing and Human Rights	Affected populations
<p>subsidy and for all childcare providers across the city to be willing to be a part of the service. To have a universal subsidised childcare offer for parents on low incomes across the city, the service would need to be fully funded or delivered at a national level.</p>	
<p>As these services are based in areas of deprivation, there is a likelihood that parents within these areas are more predominantly working in jobs with less flexibility and wider range of working hours. These childcare providers cannot offer flexible hours out with the normal childcare hours which may exclude some parents. This is not, however, specific to these providers as there is a lack of flexible childcare provision across the city.</p>	<p>Parents, low-income families, children and childcare staff</p>
<p>The uncertainty of future plans and implementation dates for the Scottish Government's School-Age Childcare plans and the expansion of the 1140 hours makes it hard to fully plan affordable childcare services. It also causes confusion and uncertainty for childcare providers and parents. In addition to this, it creates instability and uncertainty for childcare staff within the city.</p>	<p>Parents, children</p>
<p>The childcare funding landscape has hugely changed over the past decade with the introduction of 1140hrs and Universal Credit. There is also significant instability within the childcare sector and lack of clarity about national progress with early years and school age childcare. That meant that the evidence around the full impact of the Affordable Childcare service was hard to establish in isolation. The new service is allowing for ongoing evidence-gathering which will enable more informed decisions about the level of subsidy and eligibility to make the biggest impact for parents going forward.</p>	<p>Parents</p>
<p>The number of parents receiving the subsidy has dropped with the implementation of the new service. There is no clarity on the reasons for this in totality but a number of parents who had been transferred over from the old subsidy had increased their family income and therefore no longer met the eligibility criteria. Some parents chose not to engage with the Parental Employability Service and so we could not assess the reasons for this. (figures available in section 7).</p>	<p>Parents, low-income families, children</p>
<p>There is also a shortage of childminders in some areas of the city. This is being addressed in part by the Childminder Recruitment project that is being led by the Scottish Childminding Association and funded by the Scottish</p>	<p>Parents, low-income families, children</p>

Equality, Health and Wellbeing and Human Rights	Affected populations
<p>Government and the City of Edinburgh Council. However, it is unlikely to bring childminder levels up to what they previously were.</p> <p>Feedback from wider childcare providers in the city, including those funded through this service is that there is currently a staffing crisis in early years, OSC and holiday childcare in Edinburgh. Providers are struggling to attract people into their jobs, and some are struggling to operate at desired levels because of staff shortages. There is also concern about the financial viability of many childcare providers, not just the ones within the Affordable Childcare service.</p> <p>Private ELC providers are particularly struggling to recruit and retain staff because they aren't able to offer the same terms and conditions as local authority settings.</p> <p>At the end of the previous contracts, the existing childcare providers calculated that more than 50% of the funding allocation was provided as a business subsidy, rather than towards the cost of subsidised childcare places. This funding was then not available to support parents with subsidised places.</p> <p>Two of the three original providers have expressed concern that even reducing the grant will have consequences to their delivery. They have expressed that, partly because of rising costs of delivering a childcare business, issues with staffing and funding around 1140hrs, reducing the grant meant they were having to make hard decisions about their business models. This included redundancies and increasing fees.</p> <p>With the introduction of the UK Subsidy Control Act, the nature of the previous Affordable Childcare contracts was no longer an appropriate use of funding. The grant agreement for the tapered grants was firm that the grant needed to taper on an annual basis and would then stop at the end of the three years. This allows the providers to make changes and adapt and then ultimately provides an equal and fair childcare landscape for all providers. The alternative to offering these tapered grants was to potentially have three large childcare providers closing with major impacts to parents, children, staff and local communities.</p>	<p>Parents, low-income families, children, childcare staffing</p> <p>Parents, low-income families, children, childcare staffing</p> <p>Parents, low-income families, children</p> <p>Parents, low-income families, children, childcare staffing</p> <p>Parents, low-income families, children, childcare staffing</p>

Equality, Health and Wellbeing and Human Rights	Affected populations
Many childcare providers in the city (and nation-wide) have expressed serious concerns about the financial stability of operating within the childcare sector. This is a wider, structural problem that requires national attention to look at how the sector is supported to ensure there is childcare available going forward	Parents, low-income families, children, childcare staffing
Private childcare providers across the city are raising their fees at a faster rate than in previous years. Many private nurseries are charging over £80 per day, with some over £90.	Parents, low-income families, children

Environment and Sustainability including climate change emissions and impacts	Affected populations
Positive Reduced need to travel due to local services which means parents/children can walk to services. Although means some families who aren't in the local area may need to travel further.	Parents, low-income families, children
Negative Hybrid working – parents may not want childcare services based at place of work as they could be traveling more when not in office to get access to childcare service.	Parents, low-income families, children

Economic	Affected populations
Positive The new service offers a wider whole-life approach through the support offered by the parental Employability Support team. They can look at any other barriers, employability and income maximisation. The Council offered information on business development support and all of the providers were asked to participate in a series of training through the Parent-Led Childcare Collaborative funded through the Whole Family Wellbeing Fund. This training provided support around accounting, fundraising, marketing and operating a sustainable childcare business. The providers did not attend this.	Parents, low-income families, children

Economic	Affected populations
<p>Negative</p> <p>With the cost of living crisis, people are struggling to even pay the subsidised rate of childcare.</p> <p>Cost and availability of childcare is a huge barrier for many parents across the city. The budget allocation does not allow this to be city-wide.</p> <p>One provider, Kidzcare, chose to cease their provision in the locality as they recognised it wasn't viable. They made this decision as the new arrangement was to commence but was not influenced by it. All parents were supported to find alternative provision. A change in setting for children but a managed transition was offered to minimise disruption. All staff were offered employment within other Kidzcare settings and employability support through the Council's employability provision.</p> <p>Two of the grant-funded providers have stated that they would no longer be a viable business if the grant was to stop. There is uncertainty about the level of alternative childcare available in these areas but, the Early Years and Childcare team within the Council have stated that there are approximately 6 nurseries within the vicinity of the Affordable Childcare provider in South West and 8 within the vicinity of the Affordable Childcare provider in North West who all have availability. There are no alternative Out of School Care providers currently.</p> <p>If any of the contracted providers did have to close, this would have hugely negative consequences for the staff and all parents/children using the services, especially at a time when the availability of childcare is a growing problem in the city.</p> <p>By providing a subsidy to one provider in each of the four areas of deprivation, this may have discouraged competition in the areas and made it harder for other providers to offer comparable childcare rates. This may have created a monopoly and potentially been detrimental to the supply of childcare in these areas. We do know, however, that no provider took up the opportunity to take over the Out of School Care provision when Smilechildcare closed their service within seven schools.</p> <p>The aim of the tapering grant is to allow the providers time to analyse and adapt their business models so that they can</p>	<p>Parents, low-income families</p> <p>Parents, low-income families</p> <p>Parents, low-income families, childcare staff</p> <p>Parents, low-income families, childcare staff</p> <p>Parents, low-income families, childcare staff</p>

Economic	Affected populations
compete in the childcare market and to remove any disruption that this may have caused.	

9. Is any part of this policy/ service to be carried out wholly or partly by contractors and if so how will equality, human rights including children's rights, environmental and sustainability issues be addressed?

Yes, four contracted childcare providers are part of this service. As part of the Council's procurement process, due regard was required to be given to all equalities and rights, environmental and sustainability impacts when undertaking work for the Council.

Bidders were asked to confirm policies are in place around the issues outlined above.

10. Consider how you will communicate information about this policy/ service change to children and young people and those affected by sensory impairment, speech impairment, low level literacy or numeracy, learning difficulties or English as a second language? Please provide a summary of the communications plan.

The childcare providers were required to support with the communication to all parents in receipt of the subsidy when the service moved to being delivered in-house by the Parental Employability Support team. The Council provided letters and posters and these were disseminated through the childcare providers' regular means of communication to ensure parents would receive this.

The service is also promoted to new parents through the Parental Employability Support service. This includes posters, social media and presentation to relevant audiences, as well as the offer of face-to-face drop-in sessions within the providers' setting.

11. Is the plan, programme, strategy or policy likely to result in significant environmental effects, either positive or negative? If yes, it is likely that a Strategic Environmental Assessment (SEA) will be required and the impacts identified in the IIA should be included in this. See section 2.10 in the Guidance for further information.

No

12. Additional Information and Evidence Required

If further evidence is required, please note how it will be gathered. If appropriate, mark this report as interim and submit updated final report once further evidence has been gathered.

No further evidence is required for the delivery of this service but ongoing evidence is collected on the nature of the childcare challenges within Edinburgh to inform future provision.

13. Specific to this IIA only, what recommended actions have been, or will be, undertaken and by when? (these should be drawn from 7 – 11 above) Please complete:

Specific actions (as a result of the IIA which may include financial implications, mitigating actions and risks of cumulative impacts)	Who will take them forward (name and job title)	Deadline for progressing	Review date
The Dundee Flexible Childcare pilot allows parents to book the childcare they require on a daily basis. Childcare is available 7am-7pm over 7 days of the week and parents can book their 2 days. Edinburgh has previously piloted longer opening hours but there was very little uptake out with the normal core hours. However, a more flexible model like Dundee can support parents working shifts, variable shift patterns etc. This is currently being investigated to see if it is a feasible option in Edinburgh.	Katie Weavers, CEC	31 March 2026	
Further and ongoing investigation into the true issues relation to childcare in Edinburgh is required. This includes understanding the issues for parents and the childcare sector. This will be progressed by the Edinburgh Partnership Childcare Working Group which is about to begin.	Katie Weavers, CEC	31 March 2026	

14. Are there any negative impacts in section 8 for which there are no identified mitigating actions?

The issues around recruitment and retention of staffing in the childcare sector is not something that can be resolved through this strategy, but Business Growth and Inclusion continue to work with colleagues in Children, Education and Justice Services to look at ways that they can support this area.

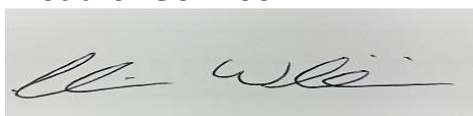
The wider issues within the childcare sector, including affordability, availability and the cost of delivering a childcare business cannot be mitigated against as part of this service. However, the Edinburgh Partnership Childcare Working Group will look at analysing this and will ensure that this is also provided to the Scottish Government to help with national analysis.

15. How will you monitor how this proposal affects different groups, including people with protected characteristics?

The new service collects client information, including equalities data, and enters and updates this in the management information system, Helix. This allows for analysis of the service and how this is supporting parents with different protected characteristics.

16. Sign off by Head of Service

Name



Date 02/09 2025

17. Publication

Completed and signed IIAs should be sent to:

integratedimpactassessments@edinburgh.gov.uk to be published on the Council website www.edinburgh.gov.uk/impactassessments

Edinburgh Integration Joint Board/Health and Social Care

sarah.bryson@edinburgh.gov.uk to be published at www.edinburghhsc.scot/the-ijb/integrated-impact-assessments/