

NI and wage costs threaten private nurseries in West Lothian

Private nurseries in West Lothian will face ‘a meaningful impact’ after it emerged, they will get no help to meet increasing staff costs in their annual funding settlement from the council.

A spokesperson for the private nurseries said that despite “open and frank” talks the education department had not recognised the financial pressure caused by rises in the minimum wage thresholds and NI contributions.

And he warned councillors that the increased costs could have a “meaningful impact” on nursery provision, threatening the future of many operators.

David Carr from the West Lothian National Day Nurseries Network told councillors: “Unlike large organisations, many providers are small and single site. We have to respond to the changes this year. Decisions can have an immediate impact on us.”

Education officers recommended a minimal increase in funding for the private nurseries.

In a report to the Education Executive Greg Welsh the head of Early Years Childcare said: “The Scottish Government, following agreement with COSLA leaders, has now confirmed

additional recurring funding of £366,000 to be provided to the council from financial year 2025/26 to support a minimum 3.75% increase to partner providers/childminders rates for funded early learning and childcare.”

Mr Carr said partner providers acknowledged the difficult funding decisions the council had to make.

The private nurseries decided to focus on the increasing costs from the NI contributions announced in the Autumn when they pressed their case for a funding increase in discussions with council officers.

From April the employers rate for National Insurance rose from 13% to 15%. Minimum wage levels across the board also rose.

Mr Carr told councillors: “Expectations were appropriately limited. The reason we focused on National Insurance and did not discuss any other costs is because we knew we could only ask for so much, leaving aside other details.”

He added: “This is the most important single issue facing partner providers This report was quite straight forward.”

Mr Carr said that despite a “frank and open engagement” “The evidence we presented is not mentioned in proposals to increase uplift 3.75% This reflects only the increased real living wage and not the total cost of employment which includes National Insurance. This will have meaningful consequences for partner providers.”

He said private nurseries employ more staff on a part-time basis, and this increases costs.

Councillor Sally Pattle, Lib Dem, asked: “Will you be able to cope with the change?”

Mr Carr said he believed there could be a reduction in the type of provision offered by private nurseries adding: “It will have a meaningful impact.”

Mr Carr advocated that rates should be paid nationally by the Scottish Government rather than being administered by the local authority.

Chair of the Education Executive, Councillor Andrew McGuire told councillors he believed that would be a fairer solution. Being the funder created a difficult situation for councils being both a partner to private nurseries and as well as providers of nurseries.

Councillor Pattle sought reassurances from education officers that partner providers would continue to be supported by the council.

Mr Welsh said that they would and added that both private nursery providers and education officers were in discussion with the Scottish Government about funding.

Councillor Pauline Stafford, the SNP deputy leader welcomed "the Scottish Government's review of how we set these rates."

By Stuart Sommerville, Local Democracy Reporter