

FOI 202600503200

Annex A

From: Jim Baird <jim.baird@gov.scot>

Sent: 25 March 2025 12:05

To: [redacted - S. 38(1)(b)] <[redacted - S. 38(1)(b)]@gov.scot>; [redacted - S. 38(1)(b)] <[redacted - S. 38(1)(b)]@gov.scot>; [redacted - S. 38(1)(b)] <[redacted - S. 38(1)(b)]@gov.scot>; DG Corporate <dgcoperative@gov.scot>; [redacted - S. 38(1)(b)] <[redacted - S. 38(1)(b)]@gov.scot>

Cc: [redacted - S. 38(1)(b)] <[redacted - S. 38(1)(b)]@gov.scot>; [redacted - S. 38(1)(b)] <[redacted - S. 38(1)(b)]@gov.scot>

Subject: RE: North Edinburgh Childcare subsidising childcare at VQ

Thanks [redacted - S. 38(1)(b)] ([redacted - S. 38(1)(b)] , [redacted - S. 38(1)(b)] for your information only, the formal reply will follow from [redacted - S. 38(1)(b)] who is letting the contract)

I am sure there has previously been correspondence from Mr Macpherson in relation to North Edinburgh Childcare.

The contract for nursery provision was previously managed by HR but is currently being re let by Facilities Services who have appointed a contract manager to do so. I understand that NEC have bid for the contract. The outcome of that process will be determined shortly.

These contracts are bid for on a commercial basis and SG does not subsidise the provision of childcare to its staff. Providers make an assessment if they will make financial benefit from the contract before bidding for it. NEC have again made the determination that they will. In relation to the currently running contract, the cost to SG staff has previously been slightly lower than other commercial premises to reflect that the provider has not had to pay for heating, lighting, room hire etc as these were made available free of charge to the provider.

I understand in this round of contract tendering, though I have not yet seen the specifics, that the successful bidder will still be provided with free heat, light, facilities and the rooms but are able to charge their clients what they determine on their own account. This will be clarified before the response to Mr MacPherson.

[redacted - S. 38(1)(b)] , Can you draft a reply to Mr MacPherson from the Perm Sec and clear through [redacted - S. 38(1)(b)] , [redacted - S. 38(1)(b)] and myself please

Thanks
Jim

Jim Baird MICPEM

Deputy Director, Head of Workplace
Directorate for Procurement and Property | DG Corporate | Scottish Government
Mobile: [redacted - S. 38(1)(b)]
Email: jim.baird@gov.scot

From: [redacted - S. 38(1)(b)]
Sent: 25 March 2025 11:46
To: Jim Baird
Subject: FW: North Edinburgh Childcare subsidising childcare at VQ
Importance: High

Hi Jim,

Can you take this forward? Or let me know who you want me to speak to.

Thanks,

[redacted - S. 38(1)(b)]

From: [redacted - S. 38(1)(b)] <[redacted]@gov.scot> **On Behalf Of**
DG Corporate
Sent: 25 March 2025 11:11
To: Nick Ford <Nick.Ford@gov.scot>; [redacted - S. 38(1)(b)] <[redacted]@gov.scot>
Cc: DG Corporate <dgcorporate@gov.scot>
Subject: North Edinburgh Childcare subsidising childcare at VQ
Importance: High

[redacted - S. 38(1)(b)]

Can you please arrange for advice and a draft response to be sent to JP's office.

Thanks

[redacted - S. 38(1)(b)]

From: [redacted - S. 38(1)(b)] <[redacted]@gov.scot> **On Behalf Of**
Permanent Secretary
Sent: 25 March 2025 10:53
To: DG Corporate <dgcorporate@gov.scot>
Cc: Permanent Secretary <PermanentSecretary@gov.scot>
Subject: FW: North Edinburgh Childcare subsidising childcare at VQ
Importance: High

Good morning team,

Please see the below correspondence from Ben Macpherson MSP regarding childcare at VQ.

Grateful for advice and a draft response.

Kind regards,

[redacted - S. 38(1)(b)]

[redacted - S. 38(1)(b)]

Senior Private Secretary | Permanent Secretary | Scottish Government | Email: permanentsecretary@gov.scot



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From: Macpherson B (Ben), MSP <Ben.Macpherson.msp@parliament.scot>

Sent: 24 March 2025 13:47

To: Permanent Secretary <PermanentSecretary@gov.scot>

Cc: [redacted - S. 38(1)(b)] <[redacted]@Parliament.scot>; [redacted - S. 38(1)(b)] <[redacted]@northedinburghchildcare.co.uk>; [redacted - S. 38(1)(b)] <[redacted]@northedinburghchildcare.co.uk>

Subject: North Edinburgh Childcare subsidising childcare at VQ

Importance: High

Dear Permanent Secretary,

I'm writing on behalf of North Edinburgh Childcare (NEC) in my constituency.

North Edinburgh Childcare first opened its doors to children in the spring of 1997. Its charitable purpose is to support parents to lift themselves out of poverty by offering high quality childcare at an affordable rate, which means being in work pays and makes the family better off lessening dependency on state benefits. NEC generate income by charging fees for the childcare they offer. They offer childcare Monday to Friday 8am to 6pm for children 4 months to 12 years and run their nursery from their childcare centre based in Pilton, an area in Edinburgh considered to be one of the highest areas of deprivation and poverty according to the Scottish Index of Deprivation and Poverty.

NEC also operate a number of other nurseries in the north Edinburgh area. They have operated the workplace nursery at Victoria Quay (VQ) on behalf of the Scottish Government (SG) since April 2010. Since that time they have been successful at retaining the contract through the retender process. Their service at Victoria Quay comes under their trading company North Edinburgh Childcare Enterprise Limited and is treated as a social enterprise. **The sole purpose of the trading company is to make a profit with any profit made being gifted to the charity to benefit the low income families in Pilton.**

Unfortunately nobody could have predicted the consequences of Covid and the unintentional impact on NEC's ability to generate a profit whilst being restricted to the terms of the contract, i.e. the use of the facilities at VQ decreased with more civil servants working from home and NEC could not increase childcare fee rates (which directly impacted on their income generation). Simultaneously NEC had to award their staff at VQ backdated cost of living increases and meet the additional burden of the everyday general of cost of living increases in recent years. NEC believes that it is admirable as an employer SG supports its staff post-Covid with the ability to work in a hybrid model. However, the unintentional consequences of this model have directly impacted the children being in attendance at the VQ nursery and therefore this has had a direct impact on NEC's income generation.

NEC have been raising this issue with their contact manager since September 2023. They were advised by their new contracts manager more recently that there will be no compensation for NEC even though they, as a charity based in Pilton, have (for all intense purposes) been subsidising childcare costs for civil servants working at VQ for SG.

It is my understanding that NEC have also sent a significant amount of financial information to their contract manager showing how much they have been subsidising VQ by. The old contracts manager that NEC had did say they had put a paper together that went to a senior office, however NEC were not privy to this because we were told it had private and confidential information within the report.

I would be grateful if you could consider compensation for NEC as it seems naturally unjust to me that a charity with a purpose to help the less fortunate out of poverty has, through the unforeseen circumstances of Covid, been subsidising childcare for SG civil servants.

Many thanks for giving this matter your attention and in advance for your response.





Best regards,

Ben

Ben Macpherson MSP
Edinburgh Northern and Leith Constituency | Scottish National Party (SNP)

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Constituency Office: 34 Constitution Street, Leith, Edinburgh, EH6 6RS

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Sign Language (BSL) users can get in touch using contactSCOTLAND-BSL
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Act 2016

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