

Education, Children and Young People Committee

15th Meeting, 2022 (Session 6), Wednesday 25 May 2022

Implementation of 1140 hours Early Learning Childcare Policy

Introduction

Funded early learning and childcare (ELC) is available to all three and four-year-olds and eligible two-year-olds.

The Children and Young People (Scotland) Act 2014 (Modification) Order 2021 places a statutory duty on education authorities to make 1,140 hours of funded ELC available to eligible children. The Order came into effect on 1 August 2021.

The expansion of funded ELC, originally intended for August 2020, was paused in April 2020 to give local authorities the flexibility to focus on responding to the COVID-19 pandemic, and to recognise the impact of lockdown on construction and recruitment work supporting the expansion.

Committee Meeting

The Committee is holding a one-off evidence session on the implementation of this policy at its meeting today.

The Committee will take evidence from—

- Matthew Sweeney, Policy Manager, COSLA
- Jane Brumpton, Chief Executive of Early Years Scotland
- Adam Hall, Programme Manager – Recovery & Delivery Programme, Improvement Service
- Jonathan Broadbery, Head of Policy and Communications, National Day Nurseries Association
- Graeme McAlister, Chief Executive, Scottish Childminders Association

Supporting information

A SPICe briefing on the issues being considered at this session is provided at [Annexe A](#).

The Committee has received an update from the Scottish Government this is provided in [Annexe B](#).

[COSLA](#), [Early Years Scotland](#), [Improvement Service](#), [National Day Nurseries Association Scotland \(NDNA\)](#) and the Scottish Childminding Association have provided written submissions. These are provided in [Annexe C](#) to this paper.

Written submissions have been received from Scottish Private Nurseries Association and Connect. The Committee has also received an anonymous submission from a parent. These are provided at **Annexe D**.

**Education, Children and Young People Committee Clerks
25 May 2022**



Education, Children and Young People Committee

Early Learning and Childcare

25 May 2022

Introduction

The Committee is undertaking a one-off session on the expansion of funded Early Learning and Childcare.

The Committee is taking evidence from—

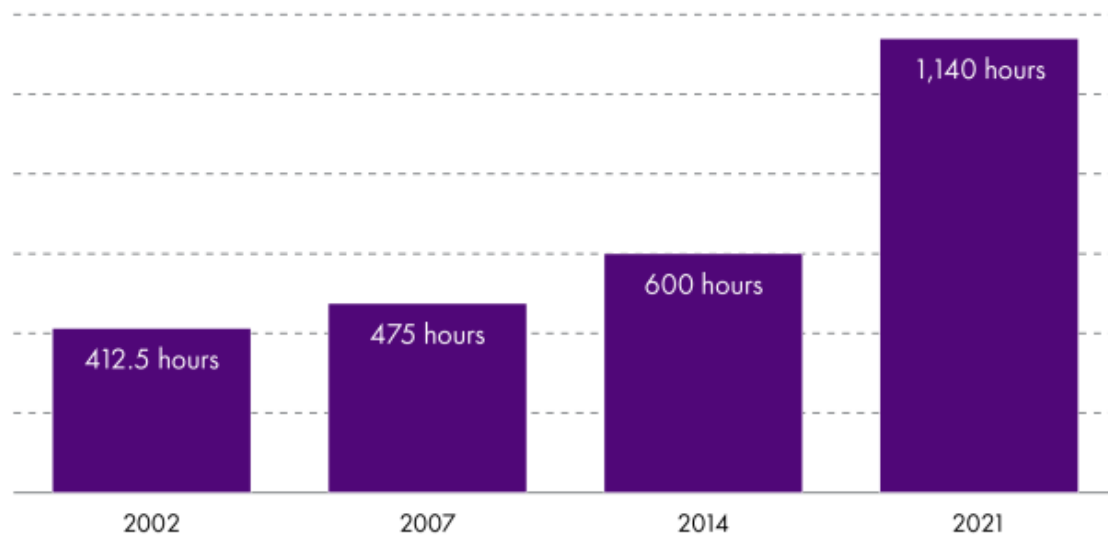
- Matthew Sweeney, Policy Manager, COSLA
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Expansion

August 2021 marked the introduction of the statutory duty on local authorities to secure 1,140 annualised hours of ELC for all 3 and 4 year-olds and eligible 2 year olds. The introduction of the statutory duty was delayed by 12 months due to the pandemic. The expansion was phased in over several years and different local authorities were in different stages of their expansion at the point the pandemic intervened in 2020. In August 2021, each local authority has confirmed that they were able to offer a place to all eligible children who applied for funded ELC up to 1140 hours.

In the past 20 years, the amount of funded ELC has increased in a number of steps. The chart below tracks those increases.

Change in the number of funded hours of early learning and childcare



Source: Improvement Service (2021), *Early Learning and Childcare Expansion Delivery Progress Report March 2021*

The Scottish Government states that the main aims of the expansion are to:

- improve children's outcomes and help close the poverty-related attainment gap
- increase family resilience through improved health and wellbeing of children and parents
- support parents into work, study or training.

The delivery of the expansion is underpinned by the "Funding Follows the Child" approach and the "National Standard". The Funding Follows the Child approach will be "provider neutral". Families will be able to choose their preferred ELC setting, subject to availability and that setting meeting the National Standard and agreeing the rate with the local authority. The National Standard is intended to ensure that the ELC provided in any setting is of a high quality, with suitably trained staff and that staff are paid at least a real living wage. [Operating guidance for the Funding Follows the Child approach states:](#)

"The Funding Follows the Child approach places choice in parents' and carers' hands allowing them to access their child's funded entitlement from any setting – in the public, private or third sector, including from a childminder – who meets the National Standard, has a place available and is willing to enter into a contract with their local authority."

The criteria under the National Standard are set out in the Annexe to this paper. There is currently [interim guidance for Funding Follows the Child and the National Standard](#) in place to reflect the impact of the pandemic on inspection and the sustainability of the sector. The Scottish Government's submission stated that "work will take place towards full implementation of Funding Follows the Child and the National Standard in August 2023, with a further review point in late 2022."

Parents and carers are not required to take up either all or part of the funded ELC available. The Improvement Services' latest [Early Learning and Childcare Expansion Delivery Progress Report](#), published in February 2022, set out the amount of places of funded ELC in January 2022. This found that—

"The number of children reported to be receiving funded ELC in January 2022 was 111,574. Of these, 97% (108,678 children) were reported to be accessing more than 600 funded hours, and 88% (97,887 children) were reported to be accessing 1140 funded hours."

This represented a small drop in the total number of places compared to data collected in February 2021.

The expansion is in relation to the number of hours, not the percentage of children who will access funded ELC before starting school. In 2012, the percentage of those eligible for "ante-pre-school or pre-school" (ie three- and four- year olds) taking up a place was 96.3%. In 2021 96.9 % of three- and four-year olds took up a funded ELC place.

The proportion of the population of 2-year olds taking up funded ELC places was reported in the annual census to be around 13% in 2021, this is an increase on 2018 (10%). 2019 (11%), and 2020 (9%). It is somewhat difficult to interpret these data as the population of eligible children is not known. COSLA's submission stated—

"Whilst we have welcomed the increase in number of eligible 2-year-olds accessing funded ELC, local authorities and their partners are continuing efforts to improve uptake. There are a number of barriers to increased uptake some of which - such as stigma - may be linked to the targeted nature of the offer. Councils have taken creative approaches to identify families who may be eligible for the offer, including community outreach and working with public and third sector partners. ... we have welcomed the recent consultation from the UK Government on amending the current data sharing regulations so that Scottish local authorities are able to benefit from information on families who might be eligible for the offer, ensuring they have the same information that is currently available to local authorities in England and Wales."

Ongoing funding

The expansion of funded ELC from 600 to 1140 hours will have continuing costs of over £500m per year (the total spend on ELC is around £1bn). In 2018, COSLA and the Scottish Government agreed a multi-year capital and revenue funding settlement to the end of 2021-22. At this time, the statutory expansion was planned for August 2020. Scottish Government ringfenced revenue funding for the expanded hours of

funded ELC fell in cash terms by £15m between 2021-22 and 2022-23. COSLA's submission stated—

“The Scottish Budget 2022/23 represented a 4% reduction in the Specific Revenue Grant funding available to Local Authorities to fund the expansion to 1140 hours of Early Learning and Childcare, in summary this included:

- The reduction in the ELC specific grant of £15m for 22/23
- The top slicing of a further £9m from ELC specific grant to support pilot work for deferred entry into Primary 1”

The Scottish Government's submission stated that the reduced funding reflected changing demographics with “75% or 8,500 fewer 3 and 4 year olds eligible for the universal offer than was projected in 2018”. The Scottish Government continued—

“In 2022-23 the Scottish Government is also beginning to phase in the new needs-based distribution methodology agreed by Scottish Ministers and CoSLA Leaders for the 1140 expansion funding. This is designed to ensure the allocation of resources to local authorities more accurately reflects changes and local variation in the ELC population, and measures of deprivation and rurality.”

COSLA's submission argues that the Government's approach did not take sufficient account of fixed costs of delivery. The NDNA's submission stated—

“There is deep concern over rising costs such as inflation, energy costs, increases to the real living wage and national insurance. In our survey, we asked what the expected increase in staffing budgets would be this year once the statutory minimum wage increase, the real living wage and other staffing considerations put into place. The average reported increase was 10.4%. Our survey also showed that 55% of providers cited the funding rates they receive as a challenge to meeting the real living wage requirement of the National Standard.”

Eligibility

There is a duty on local authorities to secure funded ELC for eligible children in their area.

All children are eligible for funded ELC after third birthday. Exactly how soon after the child's third birthday depends on when their birthday falls. The table below sets this out.

Birthday	When the child can start funded early learning and childcare
Between 1 March and 31 August	August (autumn term)
Between 1 September and 31 December	January (spring term)
Between 1 January and last day February	March or April (summer term)

<https://www.mygov.scot/childcare-costs-help/when-funded-early-learning-and-childcare-can-start>

Local authorities may offer funded ELC before these start dates.

The [eligibility for funded ELC for 2 year-olds](#) is on two grounds: passported benefits and when the child is care-experienced. Once a 2-year old is eligible for ELC, they remain so, even if the parents/carers cease to claim benefits.

Normally, the eligibility will cease when the child begins school. There are complications around children whose parents/carers choose to defer entry into primary school. Currently, a local authority has a duty to provide funded ELC for a child in the deferred year if their birthday is in January or February. For children who turn five after the school commencement date in August to the end of December, parents can still defer their entry to P1 for a year, but local authorities may decide whether to provide funded ELC in that period.

The law here is due to change from August 2023 so that any child whose parents defer entry will be eligible for ELC in their deferred year. The Scottish Government is working with pilot local authorities to phase in this new approach. The implementation plan can be found here: <https://www.gov.scot/publications/funded-early-learning-and-childcare-places-joint-implementation-plan/>

Nurseries and Childminding Services

Local authorities are responsible for securing the funded ELC for families. Local authorities have a dual role of being an ELC provider and a commissioner of ELC services from private voluntary and independent (“PVI”) nurseries and childminders.

The Improvement Services’ February report stated “31% of provision was being accessed in private settings, compared to 68% in local authority settings, with the remainder being accessed with childminders.”

The PVI sector and childminders are therefore crucial in delivering the funded ELC.

Sustainable rates

The Scottish Government published [guidance for local authorities to set sustainable rates in August 2019](#). The guidance does not set out a particular rate local authorities ought to pay. Rather it sets out approaches local authorities may wish to take in determining the local rate. This guidance stated—

“Ensuring a sustainable rate in the current economic climate is challenging. For private and third sector providers, this means an adequate return on investment and being able to recruit and retain staff. For local authorities, it means that the service reflects high quality ELC provision and affordability.

“Local authorities may wish to consider the following points to ensure an effective process is developed and undertaken:

- Engage with providers to create and maintain dialogue, including any concerns or queries about the process;
- Be transparent and share information on numbers and costs without compromising commercial sensitivity;
- Maintain an audit trail for all stakeholders to document how decisions about sustainable rates have been made (including where cost inclusions and omissions have been made);
- Where possible, reflect actual, up to date costs;
- Use a common way of calculating costs; and,
- Review the process with other groups, or local authorities, to understand best practice in services that have similar considerations.” (Paras 104 & 105)

A [PQ answered in December 2021](#) highlighted work in 2021 that the Scottish Government had undertaken to support local authorities to pay sustainable rates to partner providers of funded ELC—

“The payment of sustainable rates to providers in the private, third and childminding sector to deliver funded early learning and childcare (ELC) is a key aspect of Funding Follows the Child. To support this the landmark multi-year funding agreement reached by Scottish Government and COSLA in April 2018 to fully fund the expansion to 1140 hours includes funding to enable local authorities to pay sustainable rates to providers delivering funded ELC.

“In August 2021 alongside the [Financial Sustainability Health Check](#) the Scottish Government published updated information ([Overview of local authority funding and support for early learning and childcare providers](#)) on the sustainable rates that services currently receive from their local authorities. In light of this report and the findings from the Health Check we are working with COSLA and local authorities to progress the actions set out in the Health Check to strengthen the processes by which local authorities set local sustainable rates.”

The Health Check focused on the PVI childcare sector (including out of school care) and was in the context of the impact of the pandemic as well as the funded ELC expansion. In terms of sustainability, the Health Check found that during the period from the start of the pandemic to May 2021 there was a loss of confidence in the sector, although less so for those services providing funded ELC. It said—

“In March 2020 the majority of providers were generally positive in their assessment of the financial sustainability of their services. However, considerable declines were reported across all types of providers in their assessments of sustainability between March 2020 and the time of completing this survey (the majority of respondents completed the survey in May 2021).

“The largest decline in self-reported sustainability has been for school age childcare (SAC) only services. SAC only services and childminding services that are not delivering funded ELC were most likely to have considerable concerns over their current sustainability. Funded ELC services in the private and third sectors were most likely to give a higher assessment of their own sustainability.” (p4)

Along with the Health Check, the Scottish Government published information from local authorities on the sustainable rates they have set PVI and childminding sectors to deliver funded ELC. The Government also published details of LAs’ approach to setting these rates, how free meals were being funded, and how LAs had supported partner-providers during the pandemic. The rates paid to partner provider was a concern for the Session 5 Committee. [A similar report was produced in July 2019 and provided to that Committee](#); this showed that many local authorities increased hourly rates of the then statutory 600 hours of provision between 2017-18 and 2019-20. The Scottish Government’s submission stated,

“The average rate paid by local authorities to providers in the private and third sector to deliver an hour of funded ELC to 3-5 year olds has increased from £3.68 per hour in 2017-18 to £5.44 per hour in 2021-22, an increase of 48 per cent. This compares to an average rate of £4.50 an hour in Wales and £4.88 an hour in England in 2021-22.”

The SPNA’s submission said that the per hour funding for children in Local Authorities’ settings exceeds that of the hourly rate paid to partner providers. The NDNA’s submission included an “Underfunding Report”. This stated—

“Our snap-poll, taking views from 76 nurseries, shows that underfunding is an ongoing issue for many in the sector as they continue to face uncertainty around reduced income and ever-increasing operating costs. This is pushing more ELC providers into the unsustainable position of operating at a loss.”

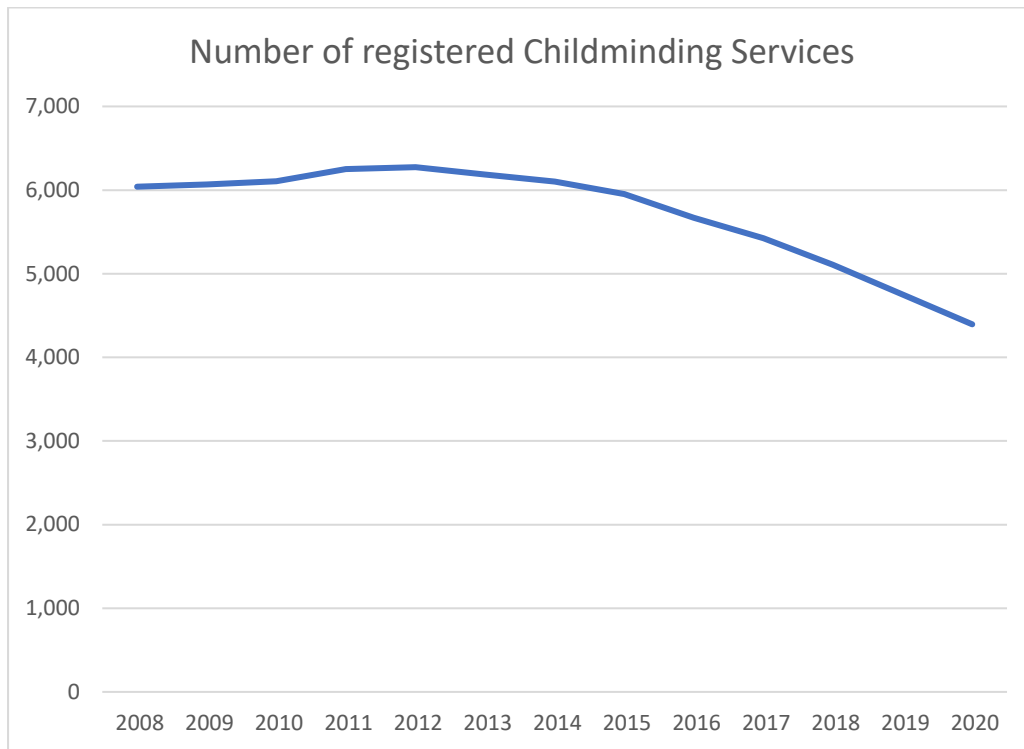
The Improvement Service’s submission stated that it had commissioned IPSOS Mori to undertake a “consistent national cost collection exercise” this year. This is intended to support local authorities to set local sustainable rates.

As part of the [Overview of local authority funding and support for early learning and childcare providers](#), the Scottish Government has published details of the rates of funding provided to support delivery of the free meal commitment. The rates and approaches vary across local authorities.

ELC market in Scotland

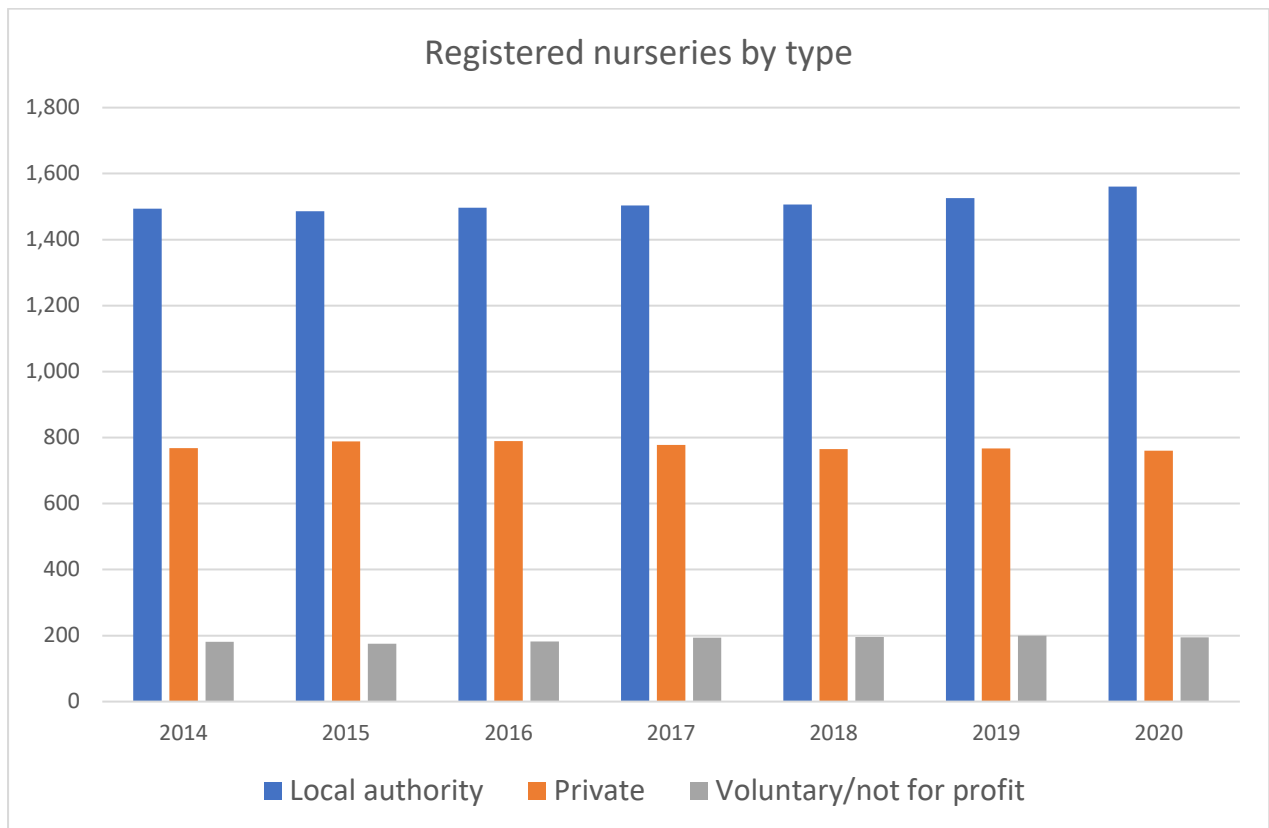
Providers of daycare of children and childminding services must be registered with the Care Inspectorate. The Care Inspectorate regularly publishes statistics on the number of registrations; this includes nurseries, childminding services and other types of childcare services. The most recent was published in March 2022 and refers to registered daycare of children and childminding services in Scotland as at 31 December 2020.

The chart below shows the trend of reducing numbers of childminders since 2012.



Care Inspectorate Daycare of children and childminding services Statistics, table 10a

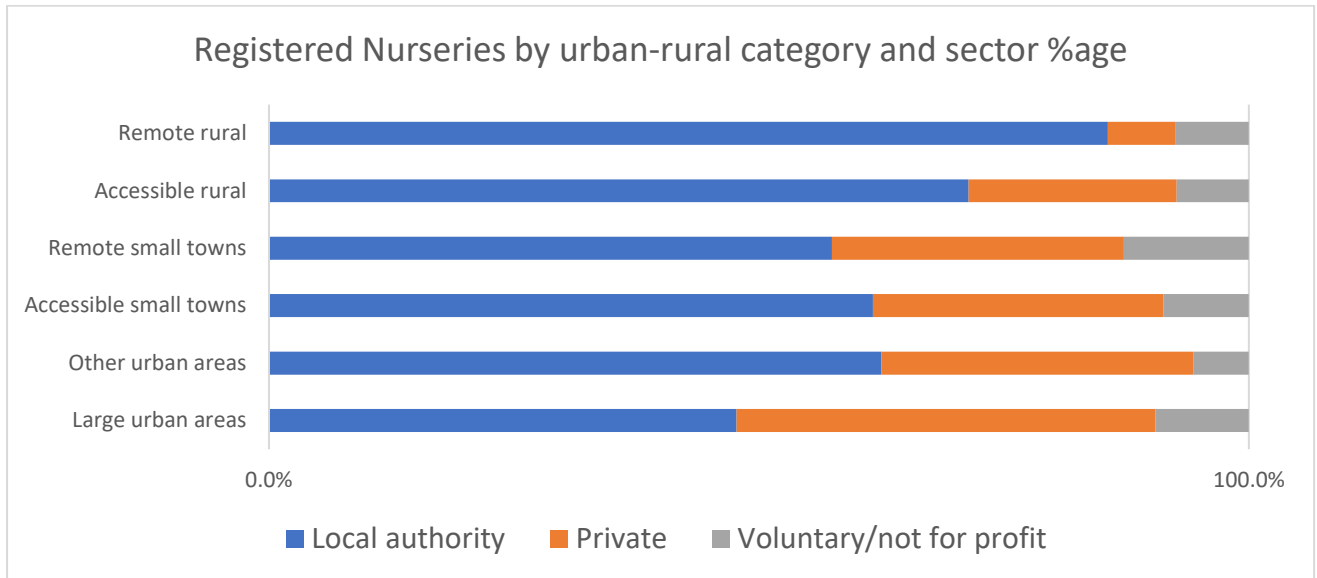
The number of nurseries increased between 2019 and 2020, from 2,493 to 2,516. This increase driven by 35 new local authority nurseries, while there were seven fewer Private and five fewer Voluntary/not for profit nurseries. Between 2014 and 2020, the number of nurseries increased from 2,443 to 2,516. The growth here is largely due to new LA services. The trends in the number of registered nurseries by the categories of LA, Private, and Voluntary/not for profit is set out in the following chart.



Care Inspectorate Daycare of children and childminding services Statistics, table 12b

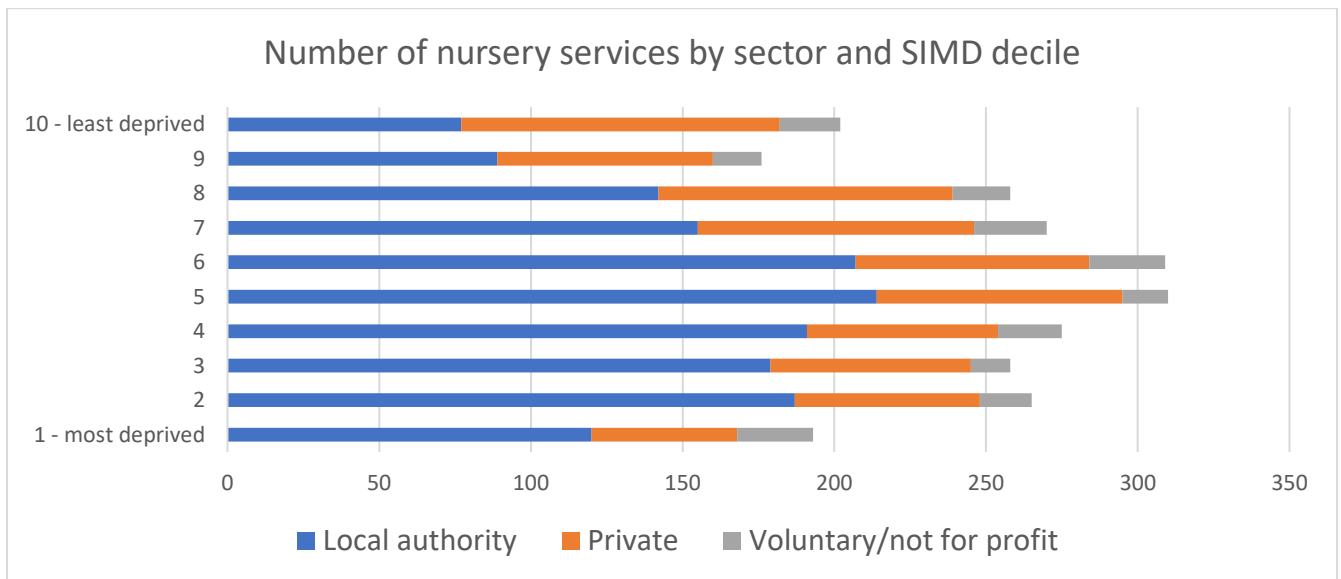
At the same time as the number of nurseries growing, the average number of registered places in nurseries has also grown, from 44.7 to 51.5 between 2014 and 2020. The average registered places in childminding services remained around 6.2 for the period. (Table 22)

The distribution of LA, Private and Voluntary/not for profit nurseries appears to be affected by an area’s rurality and levels of deprivation. The next chart shows that local authorities’ nurseries make up more of the market in rural areas and less in large urban areas.



Care Inspectorate Daycare of children and childminding services Statistics, table 15b

The next chart shows the number of registered nurseries by SIMD decile (ie decile 1 is the 10% most deprived areas). This chart shows the number of services registered in SIMD decile. Again the colours in the bars shows the different types.



Care Inspectorate Daycare of children and childminding services Statistics, table 15b

Broadly speaking there are more PVI nurseries found in areas of lower deprivation. There are fewer LA nurseries to be found in SIMD 9 and 10 areas. The total number of nurseries in SIMD1 areas is the second lowest (after the 9th decile).

The charts above are looking at all registered nurseries; 97.5% of nurseries offer funded ELC. Whereas (as of 31 December 2020) 29.9% of all childminders operating been approved to provide funded ELC; and 64.6% of these (ie 19.4% of the total) were delivering this provision at 31 December 2020. ([CI report, p20](#))

The CI explored reasons why childminding services had not registered to provide funded ELC. It identified the following reasons—

- Most had chosen not to apply to become a funded provider (69.5%)
- A further quarter (24.7%) said that they had not applied but would consider doing so in the future.
- An additional 4.9% said that they were in the process of applying to become a funded provider.
- A small number (0.8%) had applied but had not been successful in becoming a funded provider.

The SCMA's submission reported that its members could find the process of becoming a partner provider onerous and disproportionate.

The Scottish Government published [Our commitment to childminding: report](#) in January 2021. This stated—

“We want to see collaborative efforts across all partners to support parental choice by highlighting the benefits of childminding settings, ensuring that parents and carers have the information they need to make an informed decision about the right setting for their child from birth (where appropriate) to school age.”

This [echoes the Operating Guidance for the National Standard](#) which states—

“It is important that families understand what [the Funding Follows the child approach] will mean for them locally, and what their options are for their children.

“Local authorities should make use of national resources to help parents and carers to understand the new approach. They should also have clear local information about what the local delivery plan will mean for parents and carers. This will include information about how funded hours can be allocated (e.g. with different types of providers, with different patterns of attendance, or in blended models). This will also require local authorities, as part of the partnership working approach that is a key aspect of Funding Follows the Child, to engage regularly with funded providers and to ensure that they have access to communication resources.”

However, the myriad roles of local authorities to lead and plan the expansion locally, commission, promote and provide ELC was described by the SCMA in its submission as a “conflict of interests”. It said

“Many local authorities had been prioritising their own nursery provision and not promoting childminding as an option for receiving their funded ELC entitlement to parents”.

Continuing expansion and increased choice

While it is reported that local authorities are meeting the statutory duty to offer all eligible children a funded ELC place, the expansion of the sector is continuing.

The IS' February report noted that a total of 913 capital investment projects were planned for the expansion and these would create capacity for c22,000 places. The IS's reported that 775 of these (85% of projects) were complete and this represented "77% of the total planned additional space". Of the other capital projects, 58 were in the construction phase and 80 "in development".

The IS' report stated—

"Not all capital projects were required to deliver 1140 hours from August. 587 of the 913 capital projects were identified by local authorities as being required for August; the remaining projects being linked to increased flexibility, forecast growth and longer-term learning estate development projects."

A lack of flexibility of options was highlighted in Connect's 2021 survey of 112 parents in late 2021. Connect stated—

"In some areas, the range and type of provision is not very varied or flexible in terms of meeting parents' and children's needs. From comments made by respondents, parental choice seems to be limited or non-existent. Connect would like to see more in-depth research to investigate to what extent the Scottish Government ambition of parental choice in early learning and childcare has been realised. Some models offered result in many funded hours being unused because they make no practical sense for families."

Connect also reported that some families were finding difficulties in accessing part-time funded places. It said, "there is a conflict between inbuilt centre costs and allowing families flexibility" to take fewer hours.

As well as continuing work to support greater flexibility, the Scottish Government is also planning to further expand funded ELC. The Programme for Government 2021-22 said:

"We have now set out our ambition to provide funded early learning to all one- and two-year-olds, starting in the course of this Parliament with children from low-income households. This year we will begin engagement with families, the early learning sector and academic experts to design how the new offer will work in practice." (p40)

The Health Check said—

"In developing plans for implementing new policy commitments over the course of this Parliament, particularly through a system of wraparound school age childcare and the introduction of an early learning offer for 1 year olds from low income households, we will design and fund services to ensure that they are provider neutral and there is a level playing field, learning the lessons

from the 1140 expansion programme and the implementation of Funding Follows the Child.” (p7)

The pandemic

The pandemic impacted on the delivery of the increase to 1,140 hours. It also impacted on the ability of PVI nurseries and childminding services to operate and charge fees for children outwith funded ELC.

To support the sector, services delivering funded ELC continued to receive funded ELC payments for the duration of the closure periods – from March 2020 to August 2020 and during the temporary restrictions in early 2021.

A range of specific funds were made available by the Scottish Government and local authorities. Details of these can be found here:

<https://www.gov.scot/publications/financial-sustainability-health-check-childcare-sector-scotland/pages/5/>

Early Years Scotland’s submission stated—

“The biggest challenge facing the ELC sector is, without doubt, sustainability. This is particularly the case for our colleagues in the private, voluntary, and Independent (PVI) part of the sector, who are still, without question, feeling the impact of the pandemic. They endured a significant period of time where parents either paid no fees, or a significantly reduced rate of fees. Although staff costs make up a large proportion of organisational running costs, they do not cover the likes of heating, electricity, business rates etc so, when the businesses had no income, especially over an extended period, it became more difficult to pay these. Similarly, many providers took on additional staff in preparation for the expansion to 1140 hours, which placed a further strain on resources.”

Workforce

The expansion of funded ELC required an expansion of the ELC workforce. This formed part of the expansion planning at a local and national level.

In 2017, SDS published a [Skills Investment Plan for ELC](#). This set out key challenges and priorities—

- Making the ELC sector a more attractive prospect for potential employees
- Recruitment and retention a high quality, diversified and committed workforce
- Diversify the workforce and address gender imbalance within the sector
- Expansion of childminders as partner providers
- Supporting the education and training of those entering the sector and the existing workforce

- Supporting the “essential skills and specialist provision” required, such as literacy, numeracy and communication, including for Gaelic medium provision
- Leadership skills
- Evidence based skills planning

The [Scottish Government and COSLA commissioned and published research on the sector in 2019](#). This found—

“The current [daycare of children] workforce profile is predominantly young, white and female, and are mainly working full-time. This lack of workforce diversity has a number of negative impacts, but in workforce planning terms, it limits the pool of potential recruits to support replacement and expansion demand.

“... most people join and stay in the [daycare of children] workforce in order to make a difference to children’s lives, and because they have a passion for the job. Meanwhile childminders, who are overwhelmingly self-employed, are driven in part by the flexibility of the job.

“The main reason why people leave the [daycare of children] and childminding Services relates to income, although third and independent sector employees are the most likely groups to leave for this reason. This creates problems for these employers, who struggle to compete with the pay and working conditions offered by the public sector. Also, given the higher proportion of female [daycare of children] workers and childminders, it is unsurprising that the second most significant reason for leaving the workforce is linked to caring responsibilities.

“... Over the next year, more than half of [daycare of children] employers anticipate facing recruitment problems, with challenges facing both urban and rural employers – the former facing competition from other sectors, the latter struggling with a lack of applicants. The workforce is expected to continue to expand and this is likely to put pressure on employers, particularly in the independent and third sectors, and on those based in urban areas. However, in more rural areas, [daycare of children] workers are more likely to be influenced by the availability of jobs, reflecting the fact that in rural parts of Scotland, employment opportunities may be more limited than in more urban areas.

“In examining the movement of the workforce both internally and externally, the data shows that there is a greater tendency for [daycare of children] workers to move into other [daycare of children] roles, rather than move into an adult social care service role. Most of the staff moving internally are leaving either independent or third sector employers, suggesting that rather than taking up different types of roles, they are likely to be looking for better pay and conditions, or job security.”

The movement from the PVI sector to local authority settings was covered in submissions to the Committee. The NDNA said that there is “currently a crisis in the

ELC workforce” caused by the expansion in LA employment and the pandemic. Early Years Scotland stated—

“There are also significant issues with regards to the difference in wages and terms and conditions between LA ELC settings and PVI settings. There is an ongoing increase of staff leaving the PVI sector into LA, because the pay is better, and it’s deemed to be a more secure working environment in terms of T’s and C’s and trade union representation. There is no doubt that this is also having an impact on the quality of the care and learning provided by the sector, as experienced, hard-working staff feel they have no choice but to leave a setting which they are happy in, but which does not provide the financial security they need.”

The Scottish Government has been running a [national recruitment campaign](#) to attract people to a career in ELC. It is also working with the Scottish Funding Council and Skills Development Scotland to create additional capacity in the college and work-based learning sectors to train the additional staff required for 2020.

The Government is also seeking to increase the diversity of the childcare workforce. E.g. in 2018 the Government launched a £50,000 [Men in Early Years Challenge Fund](#) and it has funded a project to recruit more people from ethnic minority communities into ELC careers. The Government’s submission stated—

“The Scottish Government has worked with skills bodies and training providers throughout the expansion to increase the number of candidates entering all parts of the sector. Between 2017 and 2020, this was reflected in an increase of 25.6% in enrolments on childcare training courses.”

The submission from the SPNA suggested that the increase in students undertaking ELC qualifications has “produced only a small return”. It argued for “fast-track ELC bridging courses” to be introduced on the model of 1-year PGDE courses for student teachers.

The Improvement Service reported on progress of the expansion of the local authority ELC workforce. Its February report stated—

“Local authorities reported that as of January 2022 the ELC workforce in local authorities comprised of 18,064 FTE across Scotland. ... When compared to the total local authority ELC workforce in academic year 2016/17, there has been an increase of 8,488 FTE. This is an increase of 89% from 9,576 FTE in academic year 2016/17.”

Sub-criteria 1.2 of the National Standard requires—

“All support workers, practitioners and lead practitioners/managers working in the setting and included in the adult: child ratios must have either obtained the benchmark qualification for their role or, if they are still within their first 5 years of registering with the SSSC, have started to work towards this.”

There is a similar sub-criteria covering childminders. The National Standard also requires providers to pay the real Living Wage to all childcare workers delivering the funded entitlement and commit to operating Fair Work Practices

Quality Assurance

The Scottish Government's submission sets out how it expects the National Standard be central to ensuring that funded ELC is of a high quality and underpins the policy design. It said—

“This ‘provider neutral’ approach is underpinned by a National Standard that all services – regardless of whether they are in the public, private or third sector, or childminders – have to meet in order to be able to deliver funded ELC.

“For families this means that they will be able to access high quality funded ELC with the provider of their choice if that provider meets the criteria set out in the National Standard; wishes to deliver the funded entitlement; has a space available; and is contracted by their local authority to deliver the funded hours.

“The National Standard criteria focus on what children and their families should expect from their ELC experience, regardless of where they access their funded entitlement.”

Operating guidance on the National Standard sets out the local authority's role in ensuring that the National Standard is met. It states—

“With the exception of scrutiny quality evaluations from the Care Inspectorate and Education Scotland, local authorities will also be responsible for assessing and monitoring compliance with the National Standard in all funded providers, including those provided by local authorities, as part of their contract management arrangements and in their role as guarantors of quality.

“Whilst it will be for local authorities to decide how to fulfil this responsibility, it is important that the process is transparent and that local authorities – as part of the commitment to simplify the process for, and reduce the burden on, providers to deliver the funded entitlement – share practice in order to encourage consistency of approach.

“Local authorities should also work with funded providers to support meaningful and genuine partnership working. This requires clear and consistent of support that funded providers can expect from local authorities.”

As is noted in the quote above, ELC settings are subject to inspection by the Care Inspectorate and potentially Education Scotland.

The Care Inspectorate's report on its [Early learning and childcare statistics 2020](#) stated that the quality of early learning and childcare services continued to be very high overall in 2020.

The percentage of childminders evaluated as good, very good or excellent in all quality themes in 2020 was 92.6%, which is similar to previous years. The corresponding percentage for daycare of children services was 88.7%, again similar to previous years. The report also stated—

“Local authority-run services continue to perform well compared to services operated by other sectors in all types of daycare of children service.”

The [CI's current quality framework](#) states that during an inspection, it is likely that the following indicators will be considered—

- Nurturing care and support
- Play and learning
- Quality assurance and improvement are led well, and
- Staff skills, knowledge and values.

The [Muir review addressed the dual inspection regime of ELC providers](#). His report stated—

“Current practice whereby ELC establishments are inspected by the Education Inspectorate and the Care Inspectorate came in for regular criticism during my engagements. It was felt that this sector was disproportionately subject to external accountability and much more so than other parts of the education system.

“... Many remained puzzled and frustrated as to why this has been allowed to happen at the policy level and questioned the extent to which there had been sufficient communication across relevant directorates and divisions in Scottish Government on the matter.” (p65)

He recommended that a new inspection body should “as a matter of urgency ... re-engage with the Care Inspectorate to agree a shared inspection framework designed to reduce the burden on ELC practitioners and centres.”(Rec 15) [The Scottish Government's response](#) stated—

“We welcome Professor Muir’s recommendation in relation to the creation of a shared framework for the inspection of early learning and childcare (ELC), which would represent a positive step forward. We are, however, conscious of the challenges the ELC sector has raised regarding the dual inspection regime. We will therefore consider this recommendation further in context of the National Care Service reforms, and as we take forward work on the new inspection body. We will come forward with specific proposals to consult with the ELC sector before the summer. This consultation will take place alongside the important work of establishing the independent education Inspectorate, and will not delay that process.”

Arguably, Professor Muir understated the oversight of ELC sector. As noted above, local authorities are responsible for assessing and monitoring compliance with the National Standard of settings providing funded ELC (including their own).

Evaluation and Outcomes

The Scottish Government states that the main aims of the expansion are to:

- improve children's outcomes and help close the poverty-related attainment gap
- increase family resilience through improved health and wellbeing of children and parents
- support parents into work, study or training.

Given the high level of public investment in the expansion of ELC hours and the proposals for further expansion, tracking outcomes and the value for money of the programme is likely to be a priority for the Scottish Government in the coming years. The Scottish Government has commissioned a study, the Scottish Study of Early Learning and Childcare (SSELC), to provide information on funded ELC and the associated outcomes. The SSELC will measure the impact of the policy on long-term outcomes for children and parents by comparing two groups of children: baseline samples of children receiving 600 hours of funded ELC and children receiving 1,140 hours of funded ELC in 2022-23. A [report of the SSELC published in December 2020](#) was intended to set out a baseline for assessing the impact of expanded ELC provision.

Ned Sharratt, Senior Researcher (Education, Culture), SPICe Research

19 May 2022

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

The Scottish Parliament, Edinburgh, EH99 1SP www.parliament.scot

Annexe

The National Standard

The criteria for the National Standard are set out below. It should be noted that there is currently [interim guidance for Funding Follows the Child and the National Standard](#) to reflect the impact of the pandemic on inspection and the sustainability of the sector.

Criteria 1 - Staffing, leadership and management

Criteria for All Settings (excluding Childminders):

- Sub-criteria 1.1 - Care Inspectorate quality evaluations are good or better on themes that relate to quality of staffing, management and leadership.
- Sub-criteria 1.2 - All support workers, practitioners and lead practitioners/managers working in the setting and included in the adult: child ratios must have either obtained the benchmark qualification for their role or, if they are still within their first 5 years of registering with the SSSC, have started to work towards this.
- Sub-criteria 1.3 - Sustainable staffing structures are in place which meet the recommended adult: child ratios.
- Sub-criteria 1.4 - All SSSC registered staff in the setting are achieving a minimum of 12 hours per year of Continuous Professional Learning.
- Sub-criteria 1.5 - Staff new to delivering the funded entitlement within the last year are familiar with the content of the most up-to-date version of the national induction resource.

Criteria for Childminding Businesses:

- Sub-criteria 1.1- Care Inspectorate quality evaluations are good or better on themes that relate to quality of staffing, management and leadership.
- Sub-criteria 1.2 - From the implementation of the full roll-out of 1140 hours, childminders delivering the funded entitlement must have either obtained the benchmark qualification for ELC practitioners or, if they are still within their first 5 years of delivering the funded hours, be working towards achieving this qualification.
- Sub-criteria 1.3 - The staffing structure in the setting is adequate to meet the recommended adult: child ratios.
- Sub-criteria 1.4 - All childminders delivering the funded entitlement are achieving a minimum of 12 hours per year of Continuous Professional Learning.

- Sub-criteria 1.5 - All childminders newly registered to deliver ELC within the last year have undertaken appropriate induction.

Criteria 2 - Development of children's cognitive skills, health and wellbeing

- Sub-criteria 2.1 - Care Inspectorate quality evaluations are good or better on the theme relating to quality of care and support.
- Sub-criteria 2.2 - The setting must have a framework to support children's learning that is informed by national guidance and is appropriate to support individual children's development and learning focussed on active learning through play.

Criteria 3 - Physical Environment

- Sub-criteria 3.1 - Care Inspectorate quality evaluations are good or better on the theme relating to quality of environment.
- Sub-criteria 3.2 - Children have daily access to outdoor play and they regularly experience outdoor play in a natural environment as part of their funded ELC offer.

Criteria 4 – Self-Evaluation and Improvement

- Sub-criteria 4.1 - The setting uses relevant national self-evaluation frameworks to self-evaluate and systematically identify strengths and areas for improvement.
- Sub-criteria 4.2 - The setting has a clear plan, developed in line with self-evaluation evidence, evidence from Education Scotland and Care Inspectorate scrutiny activities, research and national practice guidance, to continuously improve the quality of provision and outcomes for children and families.

Criteria 5 - Parent and carer engagement and involvement in the life of the setting

- Sub-criteria 5.1 - There is open and regular communication with parents and carers about the work of the setting and families are meaningfully involved in influencing change.
- Sub-criteria 5.2 - Parents and carers are supported to engage in their child's learning and development.

Criteria 6 - Inclusion

- Sub-criteria 6.1 - The setting must comply with the duties under the Equality Act 2010.
- Sub-criteria 6.2 - The setting will be willing to provide appropriate support, including making any reasonable changes to the care and learning

environment, to ensure that children's additional support needs do not provide a barrier to them accessing a full range of experiences and meets their individual needs.

Criteria 7 - Business Sustainability

- Settings wishing to deliver the funded entitlement must be able to demonstrate that they are financially viable providers.

Criteria 8 - Fair Work Practices, including Payment of the Living Wage

- Settings, including childminders where workers are regularly employed to provide direct care to children, who agree to deliver the funded entitlement will, in accordance with the supporting guidance on Transition Options, pay the real Living Wage to all childcare workers delivering the funded entitlement and commit to adopting and demonstrating Fair Work practices in their setting. In committing to Fair Work practices, settings must take into account:
 - a fair and equal pay policy across their setting, (including a commitment to supporting the real Living Wage);
 - ELC managers/lead practitioners/employers (in the case of childminders who employ staff) have clear managerial responsibilities to nurture talent and help individuals fulfil their potential;
 - promoting equality of opportunity and developing a workforce which reflects the population of Scotland in terms of characteristics such as age, gender, religion or belief, race, sexual orientation and disability;
 - security of employment and hours of work, avoiding exploitative employment practices such as unfair zero hours contracts, or pregnancy and maternity discrimination;
 - consideration of patterns of working (including, for example, part-time working and/or term-time working) and support for family friendly working and wider work life balance; and
 - support progressive workforce engagement, including trade union membership or alternative arrangements, to give staff an effective voice, for example, through regular staff meetings, where possible.

Criteria 9 - Payment Processes

- Settings delivering the funded entitlement must ensure that access to the funded hours are free at the point of access to the child and that parents and carers are not subject to any fees in relation to the funded hours. The setting must ensure that:
 - parents and carers are not asked to make any upfront payment, including a deposit or any other payment, in respect of the funded hours, therefore ensuring that the child's funded entitlement is free at the point of access;

- no top-up fees are charged to parents and carers relating to the funded hours;
- parents and carers are not required to purchase additional hours beyond the funded hours in order to access their child's funded entitlement at the setting;
- additional charges to parents and carers relating to the funded hours should be optional, and limited to, for example, snacks, costs of outings or extracurricular activities such as music classes; and
- where parents and carers choose to purchase further hours in addition to the funded hours, the associated fees and hours must be transparent and clearly set out in any parental communication and invoices.

Criteria 10 - Food

- Settings must have a clear and comprehensive policy for the provision of healthy meals and snacks for children. This should be consistent with [Setting the Table](#) and the [Eatwell Guide](#) and should ensure that individual cultural and dietary needs are met. There should be consultation with parents and carers about how other dietary preferences might be accommodated.

Scottish Government Submission

19 May 2022

Ahead of the Committee's meeting on 25 May 2022, we wish to provide the Committee with information about the programme to expand funded Early Learning and Childcare (ELC) to 1140 hours from August 2021 and the continuing work being undertaken to support the delivery of the increased funded entitlement as we approach the end of the first full year of implementation this autumn.

All three- and four-year olds in Scotland, and those two-year olds who need it most, have been eligible for 1140 hours of funded ELC since August 2021. Data collected by the Improvement Service shows that 111,574 children were accessing funded ELC as of the end of January 2022. Of these children, 97% were accessing more than 600 hours, and 88% were accessing their full entitlement of 1140 hours of funded ELC.

Scotland is the only part of the UK to offer the equivalent of 1140 hours to all eligible children regardless of their parents' working status, putting families and children first. We estimate that this can save parents up to £4,900 per year for each eligible child.

The expansion of funded ELC has been a significant achievement, particularly in the face of a global pandemic. It could not have happened without the hard work and dedication of our partners in local government and in the private, third and childminding sectors. The Scottish Government is very grateful to these partners for the role they have played in delivering this transformational increase in funded ELC and for the support staff have provided to Scotland's children and families during this difficult time.

We are committed to working with our partners to ensure that the programme fully delivers the intended outcomes for children and families, as well as value for money. The remainder of this submission sets out information about our approach and what further work we are undertaking to both support the sector to deliver the expanded entitlement, and to embed the benefits of the expansion to 1140 hours.

Funding and strategic planning

Central to delivering on the aims and outcomes of the 1140 programme has been ensuring that there is a financial settlement in place which provides local authorities – who have the statutory duty to ensure that the funded entitlement is available for all eligible children in their area – with the necessary resources to deliver the expansion.

A multi-year funding agreement was reached in April 2018 between the Scottish Government and CoSLA which has seen annual revenue investment in ELC

increase by £567 million against 2016-17 levels. Total Scottish Government funding for ELC has risen to over £1 billion annually in 2022-23.

The jointly chaired Scottish Government and CoSLA ELC Finance Working Group has played a crucial role in ensuring that the 1140 programme is delivering value for money, considering distribution models and carrying out work to inform the Spending Review process that will inform funding agreements beyond the interim year that was agreed for 2022-23.

The number of eligible children is one of the primary determinants of the level of ELC funding. Calculations based on recent population estimates show that there are now fewer children eligible for funded ELC now than was originally anticipated when the multi-year funding agreement was reached in 2018. For example, the data shows there are 7.5% or 8,500 fewer 3- and 4-year olds eligible for the universal offer than was projected in 2018.

The 2022-23 settlement took account of the changing eligible population, as well as including uplifts to meet inflationary pressures and the direct costs of responding to COVID-19. It provides sufficient funding to local authorities to continue to deliver high quality 1140 provision in line with the interim National Standard guidance and capacity to implement the priorities for the programme in that year.

In 2022-23 the Scottish Government is also beginning to phase in the new needs-based distribution methodology agreed by Scottish Ministers and CoSLA Leaders for the 1140 expansion funding. This is designed to ensure the allocation of resources to local authorities more accurately reflects changes and local variation in the ELC population, and measures of deprivation and rurality.

To support the roll-out of 1140 the Scottish Government provided £476m of capital funding to local authorities to refurbish, re-purpose and extend existing nursery settings, as well as providing 160 new build facilities across Scotland. As of February 2022, 85% of the 913 projects in the capital programme were complete. The capital programme will create around 22,000 additional physical spaces in total.

Underlining the Scottish Government's commitment to tackling child poverty, the cost of living crisis and to supporting recovery from COVID-19, we will be publishing a Strategic Childcare Plan to set out our ambitions for the totality of childcare provision until the end of this Parliament later this year. This will focus on our strategic approach to improving children's outcomes, increasing families' opportunities to access work, training or study, and to supporting family wellbeing through the provision of high-quality funded childcare.

Governance, delivery and engagement

Partnership working has underpinned the approach to governance and delivery of the 1140 programme and been a key part of the success of the programme to date.

The Early Learning and Childcare Joint Delivery Board (JDB) was set up in September 2018 and is jointly chaired by the Scottish Government and CoSLA to provide oversight of the ELC expansion programme, to manage and monitor progress against key milestones, and to ensure that national and local government deliver the ELC expansion on time and within budget. Minutes from the Board are published and can be found here: [Early Learning and Childcare Joint Delivery Board - gov.scot \(www.gov.scot\)](http://www.gov.scot)

The JDB, supported by the Finance Working Group, will continue to play an important role as we transition into a new stage in the delivery of the 1140 expansion programme, into a steadier state of embedding and improving services. Delivery of the programme is also supported through the work of the Improvement Service, the Scottish Futures Trust and the professional Early Learning and Childcare advisers who provide sector-specific expertise and support to delivery partners. Regular engagement with the childcare sector is a vital part of the Scottish Government's approach to policy development and monitoring delivery of the 1140 expansion. We consulted extensively throughout the development of the Funding Follows the Child framework (set out below) and we continue to engage with provider representatives and individual providers through a range of routes. We have an established Childcare Sector Working Group which brings together representatives from the private, voluntary and childminding sectors, along with local government and the Care Inspectorate, which considers a range of issues affecting the sector. The Group last met on 5 May. Scottish Government officials also meet with a range of individual providers and nursery chains on a regular basis. Meaningful and genuine partnership working between local authorities and providers is a key principle of Funding Follows the Child, and vital to ensure that parents are able to access a variety of funded ELC offers in the local area. Each local authority is responsible for ensuring they have in place effective means of regular engagement with their funded providers.

The role of providers in the private, third and childminding sectors

The Scottish Government puts provider neutrality and parental choice at the heart of the 1140 programme. [Funding Follows the Child](#) is the long-term policy framework that supports the delivery of funded ELC and has been agreed by both the Scottish Government and CoSLA. This 'provider neutral' approach is underpinned by a National Standard that all services – regardless of whether they are in the public, private or third sector, or childminders – have to meet in order to be able to deliver funded ELC.

For families this means that they will be able to access high quality funded ELC with the provider of their choice if that provider meets the criteria set out in the National Standard; wishes to deliver the funded entitlement; has a space available; and is contracted by their local authority to deliver the funded hours.

The National Standard criteria focus on what children and their families should expect from their ELC experience, regardless of where they access their funded entitlement.

Funding Follows the Child and the National Standard for ELC providers is currently subject to Interim Guidance to reflect the impacts of the pandemic. In light of the evidence presented at the last Joint Delivery Board, it has been agreed that:

- Interim Guidance will remain in place for 2022/23 (with minor changes); and
- Work will take place towards full implementation of Funding Follows the Child and the National Standard in August 2023, with a further review point in late 2022.

The Scottish Government and CoSLA will review progress with local authorities and the sector again in late 2022 and publish updated guidance in Spring 2023 confirming requirements from August 2023.

Financial sustainability and rates

The [Financial Sustainability Health Check](#), published in August 2021, highlights sustainability challenges for some parts of the sector and what action we are taking to support long-term sustainability, including working with Business Gateway to pilot tailored business support offers for all types of ELC provider.

In recognition of the impact of COVID-19, the Scottish Government has also made up to £35 million of targeted financial support available to the childcare sector since the onset of the pandemic, including up to £9.8 million recently made available through the Childcare Sector Omicron Impacts Fund.

The Scottish Government recognises that the payment of sustainable rates by local authorities to services in the private, third and childminding sectors is vital to supporting financial sustainability and to enabling the delivery of high quality ELC.

The Scottish Government's funding agreement with CoSLA enables local authorities to pay sustainable rates to ELC providers in the private, third and childminding sectors. This has helped to support significant increases in hourly rates in recent years. For example, our hourly rates data collection exercises – undertaken in [summer 2019](#) and [summer 2021](#) – report that the average rate paid by local authorities to providers in the private and third sector to deliver an hour of funded ELC to 3-5 year olds has increased from £3.68 per hour in 2017-18 to £5.44 per hour in 2021-22, an increase of 48 per cent. This compares to an average rate of £4.50 an hour in Wales and £4.88 an hour in England in 2021-22.

Both the Scottish Government and local government recognise the need to strengthen the process for rate-setting. As set out in the [Financial Sustainability Health Check](#), a series of actions are being progressed to strengthen the process for setting sustainable rates. To support this, CoSLA and local authorities commissioned Ipsos Mori to carry out an independent cost data collection exercise. This will help ensure that all local authorities have access to robust data on the costs of delivering funded ELC. It is the first time since 2016, when the Scottish Government published [Cost of early learning and childcare provision in partner provider settings](#), that data

on costs has been collected nationally, so this exercise is critical to ensuring that local rate-setting decisions are informed by the latest information, and we hope that as many providers as possible have taken the opportunity to participate and inform the findings.

The findings of the national cost collection exercise are only one part of the rate setting process. Once local authorities receive outputs from Ipsos Mori and consider local factors that need to be reflected in their sustainable rate, it will be important for them to engage with their funded providers. This includes ensuring they have a full understanding of costs, and to explain the steps to be taken to set sustainable rates.

Workforce

Data published by the Improvement Service indicates that, as at August 2021, the additional workforce required to deliver the 1140 hours expansion was in place, with a 26% increase in the Daycare of Children workforce between 2016, when ELC expansion planning began, and 2020.

The Scottish Government has worked with skills bodies and training providers throughout the expansion to increase the number of candidates entering all parts of the sector. Between 2017 and 2020, this was reflected in an increase of 25.6% in enrolments on childcare training courses.

We are committed to a highly skilled ELC workforce with a mix of professionals. We know from evidence- such as the ['Rapid evidence review: Childcare quality and children's outcomes'](#) (NHS Health Scotland, 2017), that the best experiences for children tend to be found where there is a range of staff with complementary skills and higher level qualifications specific to early childhood - particularly so for children affected by poverty.

We are working with leading partners to develop professional learning opportunities to support our workforce, from the early stages of undertaking benchmark qualifications, through to more focused and specialised training.

The most recent national census for schools and ELC in December 2021 shows that the number of teachers, graduate staff and staff working towards graduate level qualifications in funded ELC was 5,387 FTE - an increase of 372 FTE (7%) from the previous year. Graduates with relevant degrees increased by 16% to 429 FTE.

In response to the Financial Sustainability Health Check which gathered evidence on the sustainability of all types of children services, including assessing the impact of COVID-19, we committed to developing a new Childcare Workforce Strategy. Created in partnership with the sector, the Strategy will explore the medium to long-term recruitment, retention and professional learning challenges facing the wider childcare sector. This will include reviewing learning from the roll out of the expanded funded hours and looking ahead to the future workforce requirements.

Pay

Through the ELC expansion we are making good progress in supporting the ELC sector to become a Real Living Wage sector, in line with the commitment set out in our 2018 Funding Follows the Child and the National Standard policy framework.

The funding agreement between the Scottish Government and CoSLA allows local authorities to pay sustainable rates at a level that enables private and third sector services to pay at least the Real Living Wage to staff delivering funded ELC. Our Financial Sustainability Health Check found that 88% of private and third sector providers delivering funded ELC planned to pay all staff in their settings the Real Living Wage from August 2021. This compares to a position before the ELC expansion in 2016 where around 80% of practitioners were paid less than the Living Wage at the time.

It is important to be clear that our Financial Sustainability Health Check found that, on average, public funding accounts for around 33% to 45% of overall income for private childcare services delivering funded ELC. The majority also sell services privately. The Scottish Government and local authorities therefore cannot singlehandedly improve conditions for the private and third sector workforce. Significant changes to terms, conditions and pay in the childcare sector will require individual businesses to be willing to make changes elsewhere in their business models.

Through our forthcoming Childcare Workforce Strategy, we are committed to working with the childcare sector to explore what further progress can be made collectively in improving pay, terms and conditions across the sector.

Staff recruitment and retention

As outlined above, the ELC workforce has grown overall as a result of the ELC expansion. The latest Scottish Social Services Council data (published 31st August 2021) reflects the significant growth in the public sector workforce as local authorities increased their ELC services. Between 2016 and 2020, the public sector workforce grew by 5,900. Over the same period, the private sector workforce reduced by 430 and the voluntary workforce by 600. The data does not capture the subsequent employment destinations of those leaving their post.

Data shared with Willie Rennie MSP in response to a previous discussion at Committee from the SSSC's 'Stability Index' (i.e. the rate of staff retained in the same role as the previous years) rating of 78.9% has risen 2.5% in the year from 2019 to 2020 and reflect the average for the social services sector as a whole. This means that over three quarters of people employed in the ELC sector remained in the same role for this period.

We are committed to working with the sector and partners in the SSSC and skills bodies to understand recruitment and retention issues in more detail through our workforce strategy.

Childminders

Childminders are an important element of the childcare sector in Scotland and offer a unique and valuable experience of childcare for children and families. The childminding sector in Scotland has faced challenges prior to the impacts of the pandemic. In January 2021 the Scottish Government published [Our Commitment to Childminding](#), which sets out actions to help address long standing challenges, as well as those resulting from COVID-19.

We understand that the Committee has received a copy of the Scottish Childminding Association's (SCMA) Early Learning and Childcare Audit 2021. The Scottish Government provided a response to this Audit in December 2021 setting out the actions that it is taking, working in partnership with local government and the sector representatives, to support childminders and to address the recommendations set out in the Audit. Further details about this response can be provided if required.

Quality

We know that COVID-19 has impacted young children over the past two years in a number of different ways. For example, [a report from Scottish Directors of Public Health](#) earlier this year highlighted that the proportion of children recorded as having one or more developmental concerns (at 13–15 months and 27–30 months) has increased in 2021, having been more stable in 2020. We are continuing to engage with partners to identify and better understand what the impacts of COVID-19 have been on young children, so that we can respond to their needs.

To support the children who stand to benefit most from high quality ELC provision, the Scottish Government continues to provide funding for additional graduate level posts in our most disadvantaged communities across all 32 local authorities. These Equity and Excellence leads support quality improvement by modelling pedagogical practice and upskilling other practitioners, as well as working directly with children to improve their learning experiences.

On 21 March, the Care Inspectorate published a new Quality Framework which will come into effect for settings from June 2022. The new self-evaluation framework will help settings to gauge their own practice, identify areas for self-improvement and better prepare for inspection. The Care Inspectorate is implementing a package of support for providers and local authorities to build confidence in using the new framework.

In addition, a range of quality improvement support is in place at the national level, complementing the support that is being delivered by local authorities, including:

- The Care Inspectorate's Quality Improvement Programme, which is funded by the Scottish Government. In 2022-23 this programme enables all local authority areas to nominate settings. The programme provides targeted quality improvement support for existing funded ELC providers that do not have current Care Inspectorate evaluations of 'good' or 'better', but who have been commissioned to provide funded ELC hours, or that have previously achieved a grade of 'good' but are now at risk of falling below that at their next inspection.
- The Children and Young People Improvement Collaborative (CYPIC) Learning Exchange is supporting ELC practitioners, including Equity and Excellence Leads to use QI tools to improve outcomes, connect people and share learning.

Uptake among eligible two-year olds

Across local and national government, we are committed to maximising uptake for this cohort of children, including on the UK-level data sharing agreement which will be critical to providing local authorities with the information they need to reach their local eligible population. Progress on data sharing is encouraging and we more progress on the UK Regulations that will enable this over the course of this year.

The number of registrations for funded ELC of two-year old's is reported annually. The latest publication in December 2021, reports that registrations of two-year olds have increased to their highest level. The proportion of all two-year old's registered for funded ELC increased from 9% in 2020 to 13% in 2021. Whilst there is still work to do on up-take for this cohort, this is good news, particularly given the impacts of the pandemic over this period.

Further information

The Scottish Government is happy to provide additional information or supporting data on the above topics or other elements of the 1140 expansion programme that are of interest to the committee.

COSLA

Delivery of the 1,140 Hours Early Learning and Childcare Expansion

Purpose

1. COSLA is the voice of Local Government in Scotland. We are cross-party organisation who champions councils' vital work to secure the resources and powers they need. We work on councils' behalf to focus on the challenges and opportunities they face, and to engage positively with governments and others on policy, funding and legislation.
2. We welcome the opportunity to discuss the work councils and their partners have undertaken over the past four years to almost double the number of funded early learning and childcare to all 3- and 4-year-olds and eligible 2-year-olds.
3. Early Learning and Childcare (ELC) expansion is an important early intervention investment - ensuring that children have more opportunities to play and learn and their parents/carer have more time to work, train and volunteer. The work undertaken by councils and their partners to deliver this expansion, against the very challenging and changeable backdrop of the pandemic, demonstrates the shared commitment to improving outcomes for children and families.
4. This submission highlights a range of activity that is currently underway to continue to improve the delivery of funded early learning and childcare for the benefit of children and their families. The committee will note some of our concerns, particularly around ensuring the sustainability of ELC funding for local authorities from 2023/24 onwards.

Background

5. As the Committee is likely aware, in 2018 COSLA and the Scottish Government agreed both a multi-year funding agreement to support the ELC Expansion, and [Funding Follows the Child](#), which set out the model for delivery¹. The key aspects of the Funding Follows the Child model are:
 - Getting It Right for Every Child is at the centre of our approach to improving the experience of our children in their early years

¹ It should be noted that there is currently [interim guidance for Funding Follows the Child and the National Standard](#) to reflect the impact of the pandemic on inspection and the sustainability of the sector.

- It is 'provider neutral' and is underpinned by a National Standard, which all providers who wish to deliver the funded entitlement will have to meet from the full statutory roll-out of 1140 hours of funded ELC entitlement
- Families will be able to access high quality funded ELC with the provider of their choice if that provider meets the criteria set out in the National Standard, wishes to deliver the funded entitlement, has a space available, is able to offer the funded hours in-line with local ELC delivery plans (subject to the setting's overall capacity) and is willing to enter into a contract with the local authority
- The choice of setting available to families is not restricted to their own local authority boundary
- Information for parents and carers will be clear and accessible to make them aware of the options available to them, in particular the different types of settings that can be chosen, when accessing their funded entitlement
- Settings must ensure that the funded hours are free at the point of access and parents and carers are not required to purchase additional hours beyond the funded entitlement in order to access their child's funded hours at a setting
- Local authorities will retain the statutory responsibility for ensuring that the funded entitlement is available to all eligible children in their area, and will be the primary guarantors of quality and key enablers of flexibility and choice – ensuring that there is a range of options for families in their area
- Local authorities and providers should work together meaningfully and in genuine partnership in delivering flexible ELC provision, while continuing to ensure that a high-quality experience for children is maintained and accessible to all
- Funding to deliver the funded entitlement will continue to be channelled through local authorities
- Local authorities will set a rate locally that is paid to funded providers in the private and third sectors, including childminders, to deliver the funded entitlement, which is sustainable and reflects national policy priorities, including funding to enable payment of the real Living Wage to all childcare workers delivering the funded entitlement
- Funded providers who agree to deliver the funded entitlement will commit to paying the real Living Wage to all childcare workers delivering the funded entitlement and commit to operating Fair Work Practices
- Every child receiving a funded ELC session will receive a free meal
- A commitment to simplifying the process for, and reducing the burden on, providers to deliver the funded entitlement. All providers will face

the same National Standard for becoming, and continuing to be, a funded provider

6. In April 2018 COSLA and the Scottish Government also agreed a multi-year funding settlement to support the implementation of the expansion. Covering the financial years 2019/20 to 2021/22, the funding package of £476m additional capital over the period and a phased increase in recurring, additional revenue funding, to £567m in additional funding for 2021/22.
7. The Scottish Government and COSLA formed an Early Learning and Childcare Joint Delivery Board (JDB), co-chaired by the COSLA Spokesperson for Children and Young People and the Minister for Children and Young People, to oversee the delivery of the 1,140 hours expansion.

Delivery Progress and Infrastructure

8. The Committee will be aware that, following the emergence of COVID-19 Scotland, the Scottish Government and COSLA jointly agreed through the Joint Delivery Board to delay the implementation date for expansion from August 2020. This was primarily driven by the impacts of public health measures on infrastructure projects, workforce expansion plans, as well as the limits on capacity with ELC settings. Following a robust assurance process, a revised implementation date of August 2021 was agreed in late 2020.
9. The Improvement Service has worked with local authorities since 2018 to provide regular delivery assurance reports - further information on these reports is provided within the Improvement Service's submission to the Committee. The most recent [Delivery Assurance Report](#) was published in February. In summary, it highlighted that:
 - 111,574 children were accessing funded ELC as of the end of January 2022:
 - 97% of these children were accessing more than 600 hours, and 88% were accessing the full 1140 hours funded ELC.
 - There has been an increase of 16% in the numbers of eligible 2s accessing funded ELC, rising to 6,913.
 - There has been an increase in the local authority ELC workforce of 549 FTE rising to 18,064 FTE
 - Private and third sector settings and childminders are delivering 31% of funded provision.
10. In terms of infrastructure projects, as of February 2022, there were 913 projects in the ELC capital programme (using capital from the multi-year

funding agreement), 85% of which are now complete. Scottish Futures Trust has noted that “not all capital projects were required to deliver 1140 hours from August 2021. 587 of the 913 capital projects were identified by local authorities as being required for August; the remaining projects being linked to increased flexibility, forecast growth and longer-term learning estate development projects”. For the small number of projects that are required to deliver the 1,140 which have been impacted by ongoing supply issues and the season nature of construction times for refurbishment for improvements, contingency plans or transitional arrangements are in place.

Funding

11. Funding for the delivery of 1,140 hours of Early Learning and Childcare is complex, as such a high level briefing paper which summarises ELC funding is attached as an appendix to this submission.
12. The Scottish Budget 2022/23 represented a 4% reduction in the Specific Revenue Grant funding available to Local Authorities to fund the expansion to 1140 hours of Early Learning and Childcare, in summary this included:
 - The reduction in the ELC specific grant of £15m for 22/23
 - The top slicing of a further £9m from ELC specific grant to support pilot work for deferred entry into Primary 1.
13. Funding for the 600 hours pre-expansion ELC is provided through the core General Revenue Grant. Year on year, there is reducing scope for pressures to be met from Local Government core budgets as the Local Government core revenue settlement (defined within the Scottish Budget document as “core LG”) has seen a real terms reduction of 15.2% since 2013/14.
14. Over the years, the demands on the core settlement have increased with numerous Scottish Government policy priorities that Local Government has been asked to deliver, for example the 600 hours of ELC; period products; teacher numbers. The table below highlights a “flat-lining” of the core so when costs rise for policy-specific funding, then the core is by necessity plundered to plug the gap.

	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
General Revenue Grant + Capital Grant + NDR (CORE)	10,120	10,339	10,382	10,094	9,947	9,843	9,916	9,926	10,217	10,249
Specific Grant- Resource	98	90	90	93	211	263	484	686	752	752
Specific Grant- Capital	100	149	145	126	133	278	380	295	139	139
Within Other portfolios						123	291	429	512	1,334
Total LG Settlement	10,318	10,578	10,617	10,313	10,291	10,507	11,071	11,335	11,620	12,474

Note: figures from published Scottish Budget may differ slightly from Finance Circular, due to additions made during the Parliamentary process

15. This means that the impacts of the real terms cut fall disproportionately on those service areas that are not covered by a policy direction but that do have a statutory basis- including 600 hours ELC. This pressure on core budgets is becoming increasingly visible and leaves Councils with no alternative than to making difficult choices about service funding levels.
16. Additionally, the move towards a single formula basis for the distribution of the ELC specific grant and the previous seven formula-based allocations, which was recommended by the Joint Local Government/Scottish Government Settlement and Distribution Group (SDG) and agreed by COSLA Leaders in 2021, will see a needs-based redistribution of the overall ELC funding across Councils over the next three years.
17. The Scottish Government carried out a review of the expansion funding, including distribution methodology, ahead of setting the budget for 2022-23. As part of that exercise, calculations based on recent population estimates found that there were fewer children eligible for funded ELC now than was originally anticipated when the multi-year funding agreement was reached in 2018. In addition to taking account of the changing eligible population, the review identified where additional uplifts were required to meet inflationary pressures in 2022-23 (based on inflation rates in summer 2021) and the direct costs of Covid. The Scottish Government's revised modelling estimated that there was capacity of at least £39m within the ELC 1140 budget. Prior to the announcement of the reduction in funding for the ELC ringfenced grant - and based on work between Scottish Government officials and COSLA officers - COSLA Leaders had agreed that any head room identified at a local level would be used to support a series of shared priorities including COVID Recovery, increasing uptake and sector sustainability.
18. Whilst the rationale for the reduction in expansion funds was based on a national reduction on numbers of children, this does not directly translate into a reduction on costs in either local authority or private provider settings. There are significant fixed costs (rising faster than ever given inflationary pressures) and therefore small reductions in children taking up places in settings cannot directly translate into the ability to reduce ELC provision. Whilst overall the number of children may be less, the costs incurred on the ground to provide 1,140 hours across private, voluntary and local authority settings does not directly allow any cost reduction. For example, a reduction of a small number of children at an individual setting level will not allow for any reduction in costs relating to staffing, or costs relating to the building such as heating and cleaning. As such the impact of the £24m reduction to the specific ringfenced grant for ELC has required other measures to compensate which directly impact on the delivery of the quality and flexibility of the provision.
19. The COSLA Children and Young People Spokesperson wrote to the Minister for Children and Young People in December 2021, setting out COSLA's concerns that the reduction in funding available would mean that councils are unable to deliver ELC in line with the shared ambitions of Funding Follows the Child. These concerns were discussed in more details at a subsequent

meeting between the COSLA Spokesperson for Children and Young People and the Minister for Children and Young People in February 2022.

20. At the Joint Delivery Bord meeting in March 2022, COSLA, ADES, SOLACE and Local Government Directors of Finance again set out their concerns on the impact of the reductions of funding and the impact that this will have on the delivery of ELC services across Scotland.

Partnership working

21. Our partners across the private and voluntary sector and childminders are a key part of funded childcare offers across Scotland, whilst we acknowledge there may often be areas of tension, we continually strive for strong and trusted relationships between all parties. In 2018 COSLA's Children and Young People Board agreed a series of principles for partnership working with the National Day Nurseries Association, which are used as a basis for discussion between local authorities and their partners. These [principles](#) were refreshed in light of the experience of the pandemic and jointly agreed by COSLA, NDNA, Early Years Scotland, the Care and Learning Alliance and the Scottish Childminding Association.
22. These principles also acted as a basis for the national ELC Partnership Forum which was chaired by COSLA and the Scottish Government. COSLA works closely with the representative bodies of the ELC sector, both through regular bilateral and membership of the Scottish Government's Childcare Sector Working Group.
23. As highlighted above, the Improvement Service's report highlighted that 31% of provision is delivered by childminders, the private and voluntary sector ELC providers, this is slightly above the originally projected share of funded place. The Scottish Government's [Finance Sustainability Health Check](#) published last year notes that, whilst there had been an impact on the number of childcare services in the voluntary sector registered with the Care Inspectorate over the course of the pandemic, changes to "registrations and capacity in private sector services have been broadly in line with pre-pandemic trends".
24. Local authorities work hard locally to support their partners in the private and voluntary sector in terms of quality improvement, particularly those not meeting the national standard, this included the provision of evening training sessions to accommodate working patterns and enhancing the number of quality assurance visits.
25. COSLA sits as a member of the Scottish Government's Commitment to Childminding Working Group, which has considered the recommendations of the recent SCMA audit of childminding. There have been productive discussions through the ADES Early Years Network on best practice in approaches to quality improvement and procurement. We would also note the

joint working between SCMA and local authorities on work to support the recruitment and retention of childminders in remote and rural areas.

Sustainable rates

26. As set out in Funding Follows the Child, a sustainable rate is “the hourly rate that is paid to funded providers in the private and third sectors, including childminders, to deliver the funded entitlement ensuring they can remain financially viable while offering funded hours to eligible children. The rate will support delivery of a high quality ELC experience for all children; **reflect the cost of delivery**, including the delivery of national policy objectives; **allow for investment in the setting** – staff, resources and physical environment; and **enable payment of the real Living Wage** for those childcare workers delivering the funded entitlement”. We believe that setting rates at the local levels continues to be the right approach, as costs for providing ELC will look different across Scotland.
27. Guidance for local authorities on [setting sustainable rates](#) was developed by Scotland Excel and agreed by COSLA in 2019. This guidance not only provided an overview of the key components of a rate (e.g. staffing costs, rent, utilities and equipment) but also a series of principles for rate setting and four suggested models of collection.
28. The Scottish Government collated data from [local authorities on the rates paid to the private and third sector for funded ELC provision](#), alongside a wide range of benefits in kind that are provided by councils to their providers. The average rate across those local authorities who had confirmed rates for 3-5 year old provision in 2021-22 at the time of data collection was £5.44 per hour which has increased from an average of £3.68 per hour in 2017-18.
29. In November 2021, the COSLA Children and Young People’s Board considered the findings of the Scottish Government’s Financial Sustainability Health Check and agreed that COSLA would work with partners to develop a national cost collection exercise to support the setting of sustainable rates. The aim of this work was to provide all local authorities with consistent and high-quality information to support improved local rate setting processes.
30. COSLA worked with the Improvement Service to commission this exercise. A steering group, which included the Scottish Government, ADES and Local Government Directors of Finance, was brought together to shape the work. Ipsos Mori were contracted to undertake the survey, building on their previous work conducted across Scotland for the Scottish Government in 2016, and subsequent multi-authority research exercises for the West Partnership, Aberdeenshire and Moray. COSLA also engaged with the bodies that represent private and third sector ELC providers on the draft survey, incorporating their feedback into the final version.
31. The survey was live between February and March 2022, invitations to participate were sent directly to providers, we worked locally and nationally to

encourage responses and received a usable response rate of 34%, which is in line with the similar exercises undertaken in the past.

32. At the time of writing, results are being finalised and distributed to local authorities for their own analysis, consideration and to inform further work with their local partners. In April the COSLA Children and Young People Board agreed the following principles for outputs:

- In line with the guidance for setting sustainable rates, local authorities will be as transparent as possible on outputs from the survey, provided outputs have the appropriate level of statistical confidence and such that any guarantee of confidentiality for respondents is not jeopardised.
- Where there is not a sufficiently high response rate for a reliable output at a local authority level, outputs should be provided across a group of authorities. This will be at Regional Improvement Collaborative level in the first instance or an alternative agreed with relevant local authorities directly.
- As there is no national rate for ELC funding, there should be no publication of national level data.
- The findings of the national cost collection exercise are only a part of the rate setting process. Local authorities will also be considering any outputs alongside local ELC market conditions and ongoing consultation with their local ELC providers.

Workforce

33. The ELC expansion has seen the ELC workforce increase from 9,576 FTE in academic year 2016/17 to 18,064 FTE in February 2022. Of these staff around 61% work at the practitioner level. The expansion of the workforce has put pressure on existing staff to mentor, guide, support new staff and modern apprentices, it continues to be important that local authorities have flexibility in their approaches to staffing to meet these needs.

34. Nationally, COSLA officers have recently agreed to join the Scottish Government Workforce Strategy Steering Group, to consider a range of issues, including workforce planning, pipelines and training/development.

2-year-old offer

35. The Delivery Assurance report in October 2021 noted that there had been a year-on-year increase in the number of 2-year-old children accessing funded ELC by 26%, to 5,954 in August 2021. As noted above, in January 2022 the number of 2-year-olds accessing funded ELC was 6,913. Whilst we have welcomed the increase in number of eligible 2-year-olds accessing funded ELC, local authorities and their partners are continuing efforts to improve uptake. There are a number of barriers to increased uptake some of which - such as stigma - may be linked to the targeted nature of the offer. Councils have taken creative approaches to identify families who may be

eligible for the offer, including community outreach and working with public and third sector partners.

36. The committee will likely be aware that at present there are limitations on the rules on data sharing between HMRC, DWP and local authorities to identify families who may be eligible for the 2-year-old ELC offer. As such we have welcomed the recent consultation from the UK Government on amending the current data sharing regulations so that Scottish local authorities are able to benefit from information on families who might be eligible for the offer, ensuring they have the same information that is currently available to local authorities in England and Wales. COSLA's response to the consultation was very supportive of the proposal, and we look forward to working with both the UK and Scottish Government as this work progresses.

Looking ahead

37. We believe that a sustainable ELC funding settlement for local authorities will be key to ensuring the successful delivery of the 1140 hours expansion, particularly as we recover from the pandemic and the possibility that demand may change as a result of changes to family working patterns and the ongoing cost of living pressures. Local Government remains committed to ensuring quality ELC provision, which prioritises improving outcomes for children and families.
38. Through the jointly chaired Scottish Government/ COSLA ELC Finance Work Group, we are considering the quantum for 2023/24 onwards. Work is currently underway to analyse trends drawing on actual spend to date, uptake, population, pay and inflation. It will be key that in the Scottish Government's forthcoming Resources Spending Review, there is recognition of the need for sustainable ELC funding, ahead of any investment in new childcare commitments.
39. As we move continue to recover from the pandemic, we will be looking to ensure that children and young people, particularly those with additional support needs, are able to reach the best possible outcomes. The recent research from [Public Health Scotland](#) has highlighted the potential impact of the pandemic on children's development goals at the 13-15 month, 27-30 month, and 4-5 year child health reviews. COSLA will work with our partners both locally and nationally across ELC, education, children's services and health to address these issues.
40. Local Government are committed to Keeping the Promise and evidence of the steps councils have taken were presented in the [recent Local Government annual report on progress](#). Embedding family support in the provision of ELC, something local authorities are experienced in doing, will be even more key moving forward, in line with recommendations on holistic family support within the Promise. As such, we have concerns with the proposed inclusion of children's services within the remit of the National Care Service, which could create new barriers between organisations, impacting on the offer to children

and their families. Local authorities have worked hard to destigmatise help seeking, and embed support within the services people access and the places children and families go, and the inclusion of children's services in the National Care Service could risk undoing this.

Conclusion

41. Local authorities and their partners have worked hard to deliver the 1,140 hours expansion despite the challenging backdrop of the pandemic. As we move forward and into a period of recovery from the pandemic, we are focused on supporting our workforce in delivering high quality services which improve outcomes for children and their families. We hope that this submission is useful to the committee in their consideration and look forward to discussing these issues at the session on 25th May.

Appendix 1 - Briefing Paper – quick guide to ELC Funding

This short paper is aimed at providing a very brief overview of the funding of statutory early learning and childcare delivered in line with the Children and Young People Act 2014 (as amended). For further information on the model of childcare delivery, please refer to [Funding Follows the Child and the National Standard for Early Learning and Childcare](#).



Early Years Scotland

Early Years Scotland is the country's leading national organisation for pre-birth to 5. We are committed to providing the best start in life for every child and while our remit is broad, our focus is always on the professionals and families who care for our youngest children.

There are four strands to our work:

➤ *Working directly with children and families*

We offer a two-generational, play-based approach via our Stay Play and Learn services. During these sessions – which take place for babies up to children in Primary 1, across communities and within 6 prisons in Scotland – our highly-skilled, qualified Early Years Practitioners (EYPs) engage with young children and their families to strengthen and improve confidence, attachment, interactions, shared learning and attainment, ultimately working to close the poverty-related attainment gap. Over the last year we have had the pleasure and privilege of working with over 7,500 children and families throughout Scotland.

➤ *Membership Services*

As a membership organisation, we are able to offer a wide range of support services and membership benefits which are designed to assist the professionals who work for, and on behalf of, Scotland's youngest children. EYS also supports the establishment, running and sustainment of Parent and Toddler Groups within local communities. Membership of our organisation brings about a range of benefits, including access to a dedicated helpline, sample policies, inspection support and professional learning opportunities. At present, EYS has 1722 members.

➤ *Professional Learning*

EYS delivers a range of learning opportunities for ELC providers, colleges, universities, local authorities and other partners. We have invested in the establishment of an expert, dedicated online learning platform and professional learning team who design, develop and deliver affordable, accessible, relevant high-quality professional learning opportunities. Our focus of Professional Learning this period has been on developing a model across our platform of delivery modes that meets the needs of the sector in the changing working environment. The Professional Learning landscape continues to be challenging but by taking account of feedback from participants and looking at adaptability in our approach we continue to develop and offer high quality sessions at flexible times to suit our Early Years colleagues.

➤ *Policy and Advocacy*

EYS represents not only the voices of the ELC sector, but also the children and families we work with, in as robust a manner as possible. We are committed to ensuring that we remain connected and fully engaged with all developments in policy, practice and legislation which are relevant to those we work with and for, and the voices of our members, as well as our children and families, are front and centre

of this work. One of the key aspects of our work is, therefore, informing, influencing, supporting, and challenging policy decisions at all levels, in order to ensure Scotland's children, have the very best start in life.

The implementation of 1140 hours

EYS has always supported the Scottish Government's flagship policy of the expansion of Early Learning and Childcare (ELC) to 1140 hours for all 3–5-year-olds and eligible 2-year-olds. The expansion of funded ELC is undoubtedly a positive step in ensuring that all children in Scotland are given the best start in life, and an engaged, positive, and robust early years experience has the potential to fulfil this ambitious yet important policy objective.

Access to more ELC has been of benefit to parents, who have been able to use their additional hours to seek pathways back into education and employment. For those who are not quite ready to undertake that journey yet, there have been opportunities to undertake softer skill courses, which are improving their knowledge and confidence which, in turn, is preparing them for taking the next step. This is something that EYS can vouch for with the parents who attend our Stay Play and Learn services for eligible 2s – they have more than appreciated the opportunity to leave their children for short periods of time to start computer courses, driving lessons, English language lessons and a host of other positive undertakings. This has also benefitted their parenting skills, as they begin to feel more confident within themselves which has had nothing but positive returns for their children, who have been looked after and nurtured in a safe, welcoming environment by skilled and experienced ELC staff while their parents begin a new journey.

This is something that EYS called for greater support on in our [manifesto for the Scottish Parliament elections](#) in 2021. While the focus of our work has always been on the family as a whole, the need for this has become more apparent as we slowly exit the pandemic. As an organisation, family engagement has become an integral part of our service delivery, and this has been nurtured and facilitated by our early years practitioners. As well as designing activities and experiences which enable children to engage in a broad range of play and learning, they ensure a safe, confidential space for parents to talk openly about any issues they may be having, signposting to other services and support where relevant.

While there is no doubt that the intentions behind expansion to 1140 hours were extremely worthwhile, and there have been demonstrable positives as a result of its implementation, the reality of delivery for much of the sector has been far from ideal.

The biggest challenge facing the ELC sector is, without doubt, sustainability. This is particularly the case for our colleagues in the private, voluntary, and Independent (PVI) part of the sector, who are still, without question, feeling the impact of the pandemic. They endured a significant period of time where parents either paid no fees, or a significantly reduced rate of fees. Although staff costs make up a large

proportion of organisational running costs, they do not cover the likes of heating, electricity, business rates etc so, when the businesses had no income, especially over an extended period, it became more difficult to pay these. Similarly, many providers took on additional staff in preparation for the expansion to 1140 hours, which placed a further strain on resources.

PVI settings' reserves have been significantly diminished because of the pandemic, and they are struggling to build these back up. This is compounded by the variable funded rate levels paid to partner providers delivering the 1140 funded hours, which varies greatly between Local Authorities (LAs) and which is – as far as we appreciate, lower than the rate paid to support and fund Local Authority ELC settings. This is ultimately making things very difficult for PVI settings to be sustainable, never mind thrive and compounds feeling of inequity across the ELC sector. EYS is currently raising these issues with Scottish Government and COSLA to strive to find positive solutions to the benefit of the sector.

There are also significant issues with regards to the difference in wages and terms and conditions between LA ELC settings and PVI settings. There is an ongoing increase of staff leaving the PVI sector into LA, because the pay is better, and it's deemed to be a more secure working environment in terms of T's and C's and trade union representation. There is no doubt that this is also having an impact on the quality of the care and learning provided by the sector, as experienced, hard-working staff feel they have no choice but to leave a setting which they are happy in, but which does not provide the financial security they need, and this is being exacerbated by the cost-of-living crisis that everyone is experiencing at present. What is even more unfortunate is that some PVI staff are leaving ELC altogether and taking delivery jobs, or working in supermarkets, because the pay is better, and they report that they are not subject to the same levels of scrutiny, or under the same stress, as they were working in ELC. They also feel they have little to no support, apart from sectoral representative organisations such as membership organisations like EYS.

Playgroups and parent and toddler groups are also experiencing high levels of challenge, as they work with limited funds and also had no income for an extended period of time during the pandemic. AGMs were often unable to take place, meaning the groups couldn't recruit new committee members for when things returned to "normal". This is the usual time of the year when these things happen, due to children leaving for school, and places on committees requiring to be re-filled by departing parents. There are real and genuine concerns that areas of our sector could be decimated if they are not appropriately supported during this time. Playgroups have consistently provided important and positive experiences for children in their earliest years. In rural areas in particular they are invaluable, often serving as the only form of ELC available, given the unique geography of many parts of Scotland. If there are no playgroups, then there are even fewer options for children and families to access that which they are entitled to.

There have also been well-documented issues with the uptake of funded entitlement for eligible 2-year-olds. While this can be partly attributed to the lack of communication between HMRC in the UK Government and the Scottish Government with regards to sharing information about entitlement, this is not the only barrier faced. Families with high levels of need have been refused a funded place due to being marginally over the financial threshold for entitlement. While the Scottish Government's policy makes clear that "*local authorities have a discretionary power to offer funded places to a wider range of children, depending on individual need*", it does not always seem to be the case at a local level, from our evidence base of parent reports. EYS has also heard evidence that children who are eligible due to having a care experienced parent are also facing barriers, such as being unaware they are entitled to a funded place, being told that they do not qualify as they are over the income threshold, regardless of the fact that care experience provides automatic entitlement, or general difficulties with their local authority, who have perhaps not had to deal with this type of request before. EYS is somewhat concerned that parents/carers are still facing these issues, especially since if they were to be rectified, the uptake amongst eligible 2-year-olds may be higher as a result. EYS is keen to support ways to reduce these barriers nationally and is working in partnership with Scottish Government to address them, as well as focusing on this within our recently funded Promise project.

Thinking ahead, therefore, to the proposals to further expand eligibility to 1 and 2-year-olds, it is important that this is undertaken in full consultation with the sector, and that the different types and variety of ELC provision available across the PVI sector, are actively considered as part of this proposal. This expansion cannot simply be a 'drop-down' of what is currently available, given both the barriers faced by families currently and the overall capacity of the sector to meet their needs – we have heard first-hand from our members about their concerns around being able to deliver further funded hours, given the pressure they are under at present in the wake of the COVID-19 pandemic.

It is essential that when considering the provision of funded ELC for more children at a younger age, that services alongside nursery and childminder provision are also considered. EYS' Stay Play and Learn (SPL) model supports the child and the parent/carer together and helps to enrich and enhance parents' awareness and understanding of their children's learning and development, thereby increasing their levels of confidence, knowledge, skills, motivation, and communication. SPL also supports parents' understanding of the importance of play and learning and helps them to recognise and make the most of everyday learning opportunities. We know from research, such as the Growing up in Scotland longitudinal studies, regarding the importance of the home learning environment, so services like SPL supports early intervention and capacity building for parents and builds social capital in local communities.

This model of 1-to-1 bespoke support in EYS SPL, has worked extremely well over the last decade, and continues to do so, to the benefit of both children and their families

together, supporting intergenerational approaches. It would be remiss not to consider this model to be part of the funded entitlement, as a means of extended funded provision, however only if such an expansion is deemed to be financially viable and sustainable by all of those who are funded to provide it.

Improvement Service

Introduction

This document is a written submission ahead of the Improvement Service's (IS) appearance at the Education, Children and Young People committee scheduled for 25th May 2022. At that session the IS will be represented by Adam Hall, Programme Manager for Recovery and Delivery. It provides background information on the IS, and details the scope of work related to the Early Learning and Childcare (ELC) expansion delivery progress reporting. Given that the session on 25th May will also hear from national membership organisations of private and third sector nurseries, we also include a description of our involvement in the Ipsos MORI national cost collection exercise of funded ELC providers.

About the Improvement Service

The IS was established in 2005 as the national improvement organisation for Local Government in Scotland. We were set up to deliver improvement support that would help councils to provide effective community leadership, strong local governance and deliver high quality, efficient local services.

We take forward our purpose by providing a range of Transformational Change, Performance and Improvement Support, Data and Intelligence Services and Digital Public Services. We ensure that all the work we deliver is firmly focused on achieving our vision and purpose, and on adding value for Local Authorities, for the Local Government family and for our broader group of diverse stakeholders.

The IS has been involved in supporting the ELC Expansion since November 2017 by way of a grant agreement from Scottish Government for personnel to deliver Business Analysis, Workforce and Communications Support to councils as well as the Delivery Progress Reports.

Delivery Progress Reports

Background

To provide information on the implementation of the ELC Expansion, the IS and Scottish Futures Trust (SFT) collect and analyse data on the progress of the delivery of the expansion programmes across local authorities.

The role of the IS was to arrange the distribution and collection of template spreadsheets to all local authorities, before collating all of the data received into national level reports that would evidence the status of the expansion across Scotland. The data was presented without interpretation, only reporting on the statistics as they were returned.

These reports informed the Joint Delivery Board on the national progress in delivering the expansion. Co-chaired by the Minister for Children and Young People and the COSLA Spokesperson for Children and Young People, the Joint Delivery Board was responsible for reviewing progress towards implementation of the 1140 hours offer across all 32 local authorities and for agreeing actions to mitigate risk, respond to emerging issues or put support in place where that may be required.

The data presented in the Delivery Progress Reports were not the sole evidence heard by the Joint Delivery Board in assessing progress, with wider engagement by the Scottish Government's Delivery Assurance Team (of which the IS team was a part) also being considered alongside specific feedback on the progress of the infrastructure programme.

SFT collects ELC infrastructure data on a quarterly basis from local authorities. IS currently collects information at the start of every academic term, though collections were less frequent prior to August 2020, with one taking place at the start and end of the academic year.

Collection Methodology, Uses and Limitations

To collect the data, all 32 Scottish local authorities were issued with template spreadsheets and a guidance document containing instructions for completion and detailed definitions for each of the key readiness indicators to be measured.

Although the IS and SFT liaised with individual local authorities in seeking to ensure consistency of data returns wherever there appeared to be obvious errors, we did not undertake an audit of the data, systems and processes used to capture the data within the 32 local authorities. The data submitted by local authorities was, therefore, presented in good faith without having been audited by the IS or SFT.

In isolation, the data does not offer insight into why forecasts have or have not been met in each authority and it does not necessarily follow that those who have not met the forecast are behind in their project delivery. As such, local authorities were able to provide a free text narrative along with the data, to explain the data findings. Where there were common themes in the free text narrative being raised by a number of authorities, our reports would include comment on this.

Revised Collection Framework in August 2020

Previous to August 2020, periodic data collections reported to the Joint Delivery Board only gathered information on the additionality that was being delivered to support the 1140 expansion. All measurements were relative to a 'baseline' position in academic year 2016/17, before expansion activities began.

In recognition of the impact of the COVID-19 pandemic on the ELC sector, the Joint Delivery Board at their meeting in July 2020 supported a recommendation by the IS to undertake a re-baselining of the data being collected. The Joint Delivery Board also recognised that local authorities should be given time to consider how the pandemic might necessitate revisions to their plans for the 1140 expansion.

A revised data collection framework was therefore built which allowed measurement of the status of the ELC sector at its baseline position at the start of the academic year, throughout recovery and expansion to 1140.

The revised framework was based on the same indicators as the previous framework but asked that local authorities report on the totality of the service rather than the additionality from the 2016/17 baseline. Measuring totality in this way removes ambiguity in the interpretation of the measurement of additionality that may have existed in the previous framework.

Results

In our Delivery Progress Reports, published on the IS website², we report the nationally collated figures on:

- The number of children accessing funded ELC;
 - Split by age; and
 - Split by the level of provision accessed.
- The proportion of uptake split by provider types (local authority, private and third sector, or childminder). This does not account for blended models and reports only on where children take most of their hours;
- Information on Childminder provision:
 - The number of childminders reported to be in partnership, and the number of children reported to be accessing some level of provision with childminders.
- The local authority ELC Workforce;
 - Total complement; and
 - Breakdown by job type.

In each report we also included a commentary on the progress of the infrastructure programme that was provided to us by SFT – these sections were not authored by the IS, with SFT responsible for monitoring and reporting on the status of the infrastructure programme.

Earlier in the expansion programme we also collected and reported on local authorities' forecasts for the number of children expected to be accessing funded ELC, and the expectations of the workforce. As we moved towards and beyond the day 1 delivery of the expansion, the importance of forecasts necessarily diminished and was therefore given less weight in more recent reports.

All reports gave only the national figures relating to the expansion and did not highlight information from individual local authorities. In all delivery progress reports we observed there to be variability between local authorities and commented on this appropriately in our reports.

ELC Partner Cost Collection Exercise

Building on the experience of local authorities that have undertaken cost collection exercises, the IS was asked to work with CoSLA, ADES, Directors of Finance and Scottish Government to commission an external market research company to undertake a consistent national cost collection exercise in 2021-22, that will provide each local authority with a dataset on which they can then base local rate-setting exercises in consultation with funded providers.

The IS commissioned Ipsos MORI to undertake the collection, taking direction from a steering group, comprised of representatives of CoSLA, ADES, Directors of Finance and Scottish Government in organising the exercise. Data collection took place between late February and late March 2022. Cost data was collected from a range of

² <https://www.improvementservice.org.uk/products-and-services/consultancy-and-support/early-learning-and-childcare-expansion/elc-delivery-progress-reports>

provider types in each local authority area, with appropriate groupings undertaken across statistical neighbours should response rates be lower than would be required for statistical significance in any individual authority.

This collection only did not include a survey of childminders, who will be surveyed separately in the coming weeks.

The purpose of the cost data collection exercise is to support local authorities to set local sustainable rates that reflect the costs of delivery in their local area. Following on from the cost collection exercise, the IS is also supporting local authorities to share practice on rate-setting processes for 2022-23. This includes a programme of workshops focused on encouraging local authorities to share practice. These workshops have included presentations from some local authorities regarding their approach to setting sustainable rates. In this capacity, the IS is providing a forum for local authorities to discuss their processes in the setting of rates – we are not acting as external consultants in directing, or in any way advising, local authorities on setting their rates.

NDNA Scotland

Progress and Impact of 1140 hours ELC on private, voluntary and independent (PVI) sector nurseries

About NDNA

National Day Nurseries Association (NDNA) is the national charity representing private, voluntary and independent (PVI) children's nurseries across the UK. We are the voice of the 21,000-strong nursery sector, an integral part of the lives of more than a million young children and their families. NDNA Scotland is the national representative body for PVI nurseries in Scotland with eight networks covering 17 local authority areas.

NDNA provides information, training and advice that support nurseries and their 250,000 employees to deliver world-class early learning and childcare. Working closely with local and national government, we advise and campaign on the cost, choice and quality of childcare to benefit children, nurseries, families and the economy. NDNA Scotland support 348 PVI nurseries from our Edinburgh Office.

We know from the Care Inspectorate's annual statistical report³ that there are 760 PVI nurseries in Scotland. Out of 111,574 children accessing funded ELC there are 97,887 children (88 per cent) accessing the full 1,140 hours of funded ELC. With 31% of 1,140 hours being accessed in PVI settings and 68% in local authority with the rest being delivered by childminders. The PVI sector workforce, according to SSSC registration statistics⁴ sits at 11,565 of which 1017 are lead practitioners, 9047 are practitioners and 1501 are support workers.

Our briefing paper covers three specific areas – provider sustainability, fair work and related financial implications and the staffing crisis facing the sector currently. Most crucially the PVI ELC sector is currently facing a workforce crisis and many believe they could struggle to remain open as a result. If PVI nurseries are not available or adequately supported, the impact on the children and families of Scotland is that parental choice will be diminished, quality may be impacted upon and the mental health and wellbeing of staff and owners is being severely affected.

Provider Sustainability

1. A snapshot survey⁵ (carried out with NDNA Scotland members) showed that the majority of providers cannot cover their costs on the sustainable rates paid

³ [Care Inspectorate Early Learning and Childcare Statistics 2020](#)

⁴ [SSSC, ELC Workforce Data from March 2019 – March 2022](#)

⁵ NDNA (2021) Stop Unsustainable Rates – Start Building Futures (Scotland) – supplied to the committee

by local authorities, with 76% of respondents telling us that the rates they were receiving did not meet the costs of providing ELC places.

When asked about the difference between funding rates and costs, providers gave an hourly estimate of £1.40 per hour. Data received in response to a Freedom of Information⁶ request by NDNA Scotland showed there was a range of hourly rates offered across Scotland from £5.26 to £6.80. The range of rates offered by local authorities could explain why some providers are able to say their costs are met, while others cannot.

2. The prolonged period of the pandemic means that the financial issues settings are experiencing may still continue for a while yet. The pandemic and global supply issues has also led to an increase in other costs, such as higher energy costs and higher prices for food and other consumables used in nurseries. On top of this, ELC providers as employers are affected by Scottish and UK Government decisions such as paying the real living wage, statutory wage increase and national insurance contributions, all of which impact upon the running costs of the business.

Our survey also found that 76% believed they will operate at a loss or just break even. Of these, 21 % believe they will operate at a loss and 55% say they will only break even. This shows that nurseries are still in a position where they can't demonstrate financial sustainability where they perhaps could have prior to the pandemic beginning. The proportion of settings operating at a loss suggests that more could face closure in the coming months. Operating at break-even levels means that there is no surplus to reinvest in resources, premises or staff development.

One respondent told us about the challenges of staying sustainable *“Salaries are highest cost by a long way as would be expected. The challenge is not with the Real Living Wage but being able to pay enough to retain staff when Local Authorities are paying so much more than PVI can dream of paying”*.

3. Given the £15 million reduction in the funding to ELC as published in the most recent Scottish Budget, we have serious concerns as to how this will impact upon the PVI sector. It seems reasonable to assume that if Local Authorities have their budget cut for delivery of 1140 hours that this will inevitably be passed onto PVI partnership nurseries in the form of limited or no increases in hourly funding rates. This would amount to a real-terms cut as other costs are rising.

Fair work and related financial impacts

4. The challenges around setting a sustainable rate must be resolved as there is still a wide and varied picture across Scotland, as our survey showed that from August 2021 97.6% of respondents would be delivering the full 1140 hours. In providing a breakdown between funded ELC hours and those that were paid by

⁶[NDNA \(2018\), Many Scottish Nurseries suffering real terms cut in ELC funding rates despite increased costs.](#)

parents, providers told us that an average of 55.2% of hours were funded by the Scottish Government, meaning that 44.8% were still paid for by parents directly. With the expansion of funded hours it is clear that the Scottish Government, via local authorities, is the largest purchaser of ELC from providers. Any underfunding of these places will have a greater impact on the sustainability of nurseries and the viability of children's places.

5. In our sustainability survey we asked what the expected increase in staffing budgets would be between this year and next once statutory minimum wages increases, the Real Living Wage and other staffing considerations had been put in place. The average reported increase was 10%.

One respondent said to us *"The funding rate has not increased this year however all of our costs have including the rate of the national living wage. Local authorities are now paying wages that higher than that some private sector managers for senior practitioners, how is this an even playing field? All services should receive the same amount of hourly funding for children regardless of LA or private"*.

Also, 55% of providers cited that the funding rates they received was a challenge to meeting the Real Living Wage (RLW) Requirement with 10% reporting that maintaining pay differentials for more experienced staff was a problem. This need to reward staff at levels above the RLW may add to the 10.4% increase reported in staffing budgets. The impacts of Covid-19 and low occupancy were also raised.

Paying the Real Living Wage will present problems for settings, particularly as the rate increases and if the sustainable rate remains static (as our Freedom of Information request shows 9 local authorities at present planned to make no adjustment between 2019/2020 and 2020/2021 to the sustainable rate they paid). Given the increased costs nurseries have experienced of late and will do going forward this amounts to a real-terms cut in funding rates.

Some of the comments received from respondents:

"The hourly funding rate needs to automatically increase (to include NI and pensions contributions, as a minimum, plus inflation increase in meal/snack element)"

6. Our survey also showed that 61.3% of nurseries had experienced a negative impact of new or expanded builds in their local authority area. Respondents reported a reduction in the number of children taking up places, children's places being split between settings and increased competition for staffing – where private and voluntary providers are unable to compete with local authority salaries on the sustainable rates they receive.

Comments we received from respondents include:

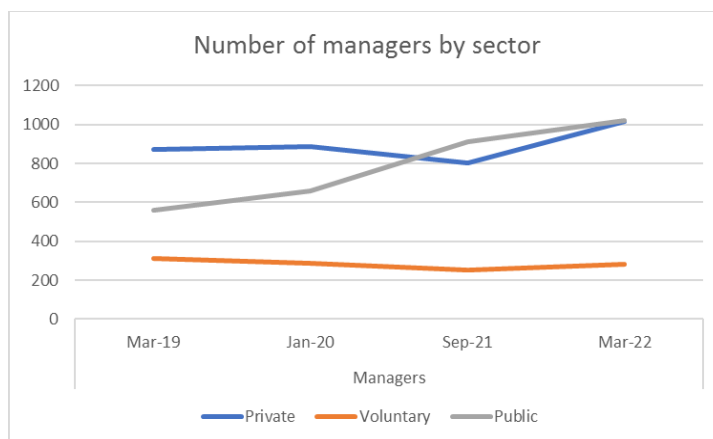
"More children accessing split placements or taking their funded hours at local authority nurseries"

"The fact that we are not privy to the local authority sustainable rate is really unfair. We have to work with £5.31 per hour to pay competitive wages, high quality training, purchase new and replacement toys and resources."

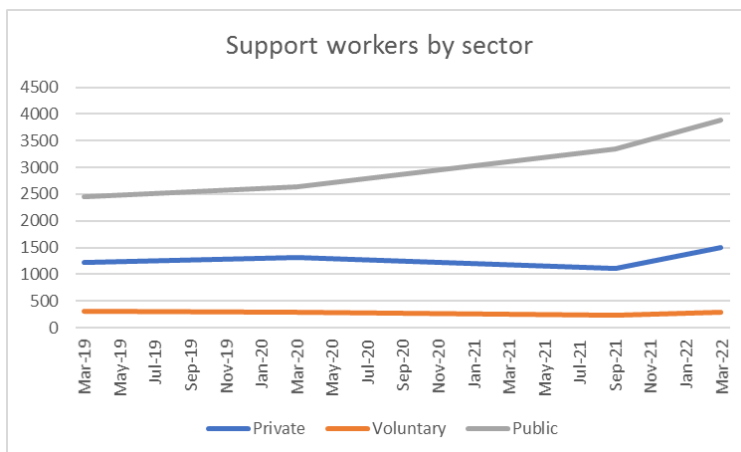
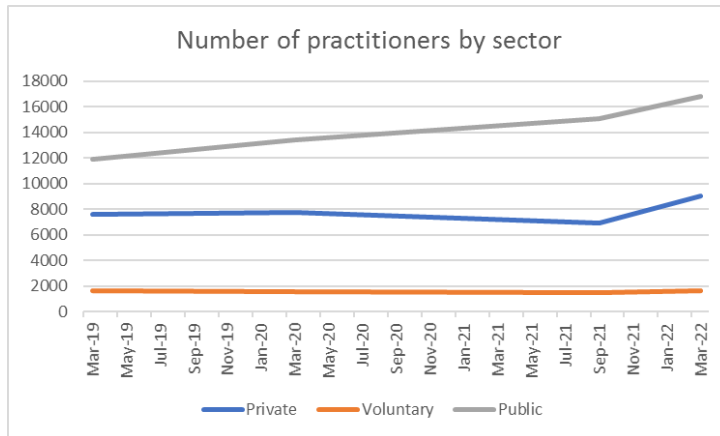
Staffing Crisis

7. Our sustainability survey showed that the Scottish Government is the largest purchaser of childcare hours. When we asked providers to provide a breakdown between funded ELC hours and those that were paid by parents, providers told us that an average of 55.2% of hours were funded by the Scottish Government, meaning that 44.8% were still paid by parents directly. Any underfunding of these places will have a greater impact on the sustainability of nurseries and the viability of children’s places.

8. There is also still currently a crisis in the ELC workforce. The Covid-19 pandemic and the expansion of funded ELC to 1140 hours has put enormous pressure on the workforce. Data gathered by the Scottish Social Services Council⁷ indicates an exponential growth in staffing at all levels for the local authorities from 2019 to 2022, whereas the PVI sector workforce has taken a dip at both points where the implementation of the 1140 hours policy was due to happen (2020 and 2021). While figures at 28 March 2022 show a more stable picture with regards staffing, the journey to this point for the PVI sector has been more difficult because of the local authority recruitment drives.



⁷ [SSSC, ELC Workforce Data from March 2019 – March 2022](#)



In recent research alongside the Education Policy Institute⁸, NDNA looked at workforce challenges facing the sector. Analysis of responses from settings in Scotland shows that 76.1% of settings had tried to recruit staff in the period from March to May 2021. The majority had tried to recruit staff with SVQ3 and SVQ4 level qualifications but 71.4% reported it difficult or very difficult to recruit at SYQ3 level and 91.7% said the same for SVQ4. Respondents cited increased competition for staffing where local private and voluntary providers are unable to compete with local authority salaries on the sustainable rates they receive for funded children.

Data collected by the SSSC (as mentioned above) also shows a contrast between the levels of fully registered staff within the local authority sector and PVI sector (36% and 51% in March 22 respectively), with many more in the PVI sector having been registered with conditions, suggesting that there are more fully qualified staff in local authority settings than in PVI, which correlates with the anecdotal evidence we receive from members suggesting that they are losing qualified staff to the local authority nurseries:

“We have lost staff. We cannot compete with LA wage levels which are clearly subsidised”

⁸ [NDNA and EPI \(2021\) The Covid-19 Pandemic and the Early Years Workforce.](#)

9. Finally, there is deep concern over rising costs such as inflation, energy costs, increases to the real living wage and national insurance. In our survey, we asked what the expected increase in staffing budgets would be this year once the statutory minimum wage increase, the real living wage and other staffing considerations put into place. The average reported increase was 10.4%. Our survey also showed that 55% of providers cited the funding rates they receive as a challenge to meeting the real living wage requirement of the National Standard.

NDNA Scotland

Scotland Underfunding report

Key Findings:

- 76.2% of respondents believed that the rates they were receiving did not meet the costs of providing ELC places
- The average shortfall is £1.40 per hour or £1,596 a year funding shortfall on a 1140 hours place
- 76% of providers expect to operate at a loss or only break-even this year
- 61% reported a negative impact on their setting of local authority or schools nurseries being built or expanding in their local area
- When it came to paying the Real Living Wage 55% cited insufficient sustainable rates as a challenge to meeting the requirement
- 60% of respondents said they had to increase fees to parents by more than 2%
- 26% had taken out Government-backed Covid-19 loans

Introduction:

The childcare sector supports the national economy and is a key part of our educational infrastructure. In Scotland there are over 250,000 registered in early learning and childcare (ELC) services and 118,000 are accessing funded ELC. Funded providers in the private and voluntary sectors and childminders provide 31% of all funded hours. The early learning and childcare (ELC) sector gives children high-quality early education opportunities and enables parents to return to work or access training.

Research repeatedly confirms that good quality ELC improves children's educational outcomes later in life. It is also essential in narrowing the poverty related attainment gap between disadvantaged children and their peers.

Our snap-poll, taking views from 76 nurseries, shows that underfunding is an ongoing issue for many in the sector as they continue to face uncertainty around reduced income and ever-increasing operating costs. This is pushing more ELC providers into the unsustainable position of operating at a loss.

The Scottish Government has delivered a policy which has doubled the amount of funded ELC available for children and families. There are plans to expand this further to families with one and two-year-olds in this Parliament. The funded providers who are currently delivering these places need to be assured that sustainable rates will be truly sustainable for them before the policy is expanded further.

It is time to stop underfunding and start building futures.

Underfunding

The funding that providers receive from local authorities under the Scottish Government's funded ELC policy covers two different types of places:

- 1140 hours of funded early learning and childcare (ELC) for all three and four-year-olds
- Funded ELC places for eligible 2-year-olds

Under the guidance on Funding Follows the Child and the National Standards, local authorities are responsible for setting 'Sustainable Rates' locally for funded providers in the private and third sectors. *"This rate should be sustainable and reflect national policy priorities, including funding to enable payment of the real Living Wage"*.

The findings from this survey show that the majority of providers cannot cover their costs on the sustainable rates paid by local authorities. Over three quarters (76.2%) of respondents believed that the rates they were receiving did not meet the costs of providing ELC places.

When asked about the difference between funding rates and costs providers gave an average hourly estimate of £1.40 p/h. This amounts to £1,596 a year funding shortfall on an 1140 hours place.

Data received in response to a [Freedom of Information request by NDNA Scotland](#) showed that there was a range of hourly rates offered across Scotland from £5.26 to £6.80 per hour. The range of rates offered by local authorities could explain why some providers are able to say their costs are met, while others cannot.

The FOI data also revealed that nine local authority areas planned to make no adjustment between 2019/20 and 2020/21 to the sustainable rate they paid. Given the increased costs to keep nurseries Covid-safe and significant rises in minimum wages alongside inflation, this amounts to a real-terms cut in funding rates.

"The funding rate has not increased this year however all of our costs have, including the rate of the national living wage." Nursery Owner

The financial impact on early learning and childcare providers

The Scottish Government's [Financial Sustainability Health Check of the Childcare Sector in Scotland](#) revealed that providers have faced increased costs as a result of the pandemic and the requirement to pay the real living wage. It also shows that providers are less confident about their sustainability than they were before the pandemic struck.

This survey asked providers about their financial performance this year and found that 76% believe they will operate at a loss or just break-even. Of these, 21% believe they will operate at a loss and 55% say they will only break-even. When we surveyed nurseries in Scotland in 2018 we found that 62% of providers believed they would be in the position of operating at a loss or just breaking-even.

The *Financial Sustainability Health Check* showed that 19% of private and 17% of voluntary settings had significant concerns about their sustainability this year, compared with 3% and 4% respectively in March 2020.

The proportions of settings operating at a loss suggests that more could face closure in the coming months. Operating at break-even levels means that there is no surplus to re-invest in resources, premises or staff development.

“We want to pay our staff well, we want to provide excellent early learning and childcare and we want to stay a partner provider, but without the correct funds we will be unable to deliver this” Nursery Owner

Our survey looked at take up of the Scottish Government’s Transitional Support Fund and Temporary Restrictions Fund. The Transitional Support Fund was launched in September 2020 to help pay for increased cleaning, new or additional equipment, better outdoor spaces or adaptations to buildings as childcare settings fully re-opened after the first national lock-down. The Temporary Restrictions Fund offered grants to providers who remained open during the second national lockdown, with some smaller grants made available for those who had also had to close due to low demand for places. 82.9% of respondents had accessed some form of support under one or both of these schemes.

The Scottish Government is the largest purchaser of childcare hours

The survey was conducted before the full rollout of the 1140 hours policy in August 2021. However, most providers were already delivering the full policy as some local authorities made the 1140 hours offer available to parents in advance of the full statutory implementation date.

When asked about the delivery of 1140 hours, 83.3% of respondents said they were already delivering the full hours in partnership with their local authority. Just under one in 10 (9.5%) were involved in partial rollout of the policy, while 7.1% of respondents said they had not been involved at all. They either were not in partnership with their local authority or had not been able to offer additional hours over the 600 statutory hours of funded ELC.

The survey also asked about plans following the full statutory rollout of 1140 hours from August 2021. The vast majority of providers (97.6%) said that they would be delivering these from that date.

In providing a breakdown between funded ELC hours and those that were paid by parents, providers told us that an average of 55.2% of hours were funded by the Scottish Government, meaning 44.8% were still paid by parents directly.

With the expansion of funded hours it is clear that the Scottish Government, via local authorities, is the largest purchaser of early learning and childcare from providers. Any underfunding of these places will have a greater impact on the sustainability of nurseries and the viability of children’s places.

Competition with local authority settings

While the ambition of the National Standard and Funding Follows the Child approach is to be provider neutral and offer parental choice, providers responding to this survey, and previous research, have highlighted challenges as a result of the

relationship between funded providers and local authorities in the delivery of funded places.

When asked whether the local authority had built or expanded a nursery setting within five miles of their setting in the past year, 17.7% said a new setting had been built and 22.2% said existing settings had been expanded. When it came to ongoing expansion 9.7% were aware of planned new nurseries and 2.8% said a nearby local authority setting was still going through a planned expansion.

Around four in 10 (38.7%) respondents said they had not seen a negative impact as a result, but some referenced that the new setting had only just opened for the August 2021 intake so they were concerned about potential future impacts.

The majority of respondents (61.3%) reported a negative impact on their setting. Respondents reported a reduction in the number of children taking up places, children's places being split between settings and increased competition for staffing - where private and voluntary providers are unable to compete with local authority salaries on the sustainable rates they receive for funded children.

"Displacement of staff is not good for any of us, especially the children. It is incumbent on all of us involved in ELC to ensure impacts on children are minimised and that their futures are not adversely affected" Nursery Owner

In recent research alongside the Education Policy Institute, NDNA looked at the [workforce challenges facing the sector over 12 months of the Covid-19 pandemic](#). Analysis of responses from settings in Scotland shows that 76.1% of settings had tried to recruit staff in the period from March-May 2021. The majority had tried to recruit staff with SVQ3 and SVQ4 level qualifications but 71.4% reported it being difficult or very difficult to recruit at SVQ3 and 91.7% said the same for SVQ4. Even for apprenticeships 33.3% said it had been difficult or very difficult.

Paying the Real Living Wage – a concern on current rates

Under the National Standard, which all funded providers must meet to be able to deliver ELC places, there is a requirement to commit to Fair Work practices, including payment of the Real Living Wage (RLW). While this technically only applies to staff delivering the funding entitlement, providers have fed back on the practical challenges of differentiating between staff in settings.

In this survey we asked what the expected increase in staffing budgets would be between this year and next once statutory minimum wages increases, the Real Living Wage and other staffing considerations had been put in place. The average reported increase was 10.4%.

We asked a follow up question about challenges with regard to paying the RLW.

- 17.5% of respondents highlighted that they were already paying the rate or that they had no issues
- 55% of providers cited the funding rates they receive as a challenge to meeting the Real Living Wage requirement
- 22.5% reported that passing RLW increases onto parents via fee increases was a challenge

- 10% reported that maintaining pay differentials for more experienced staff was a problem.

This need to reward staff at levels above the RLW may add to the 10.4% increase reported in staffing budgets. The impacts of Covid-19 and low occupancy were also raised by providers.

The impact on parents – underfunding affects everyone

Our survey asked providers about the kind of financial measures they had needed to take in the previous 12 months, ranging from actions on prices and fees to other forms of financial support. The most commonly taken approaches were:

- 59.5% said they had to raise fees for non-Government funded hours by over 2%.
- 26.2% had taken out Government-backed Covid-19 loans
- 7.1% said they had needed to access grants to remain sustainable.
- Other measures included not being able to support children with additional support needs, offering additional chargeable services and taking out commercial loans.

While parents have clearly benefitted from being able to access more hours of funded ELC, this survey suggests parents are facing higher costs for non-funded hours as providers try to remain sustainable.

The Scottish Government's Financial Health Check found that private childcare services were most likely to report taking out a Bounce Back Loan (51%). Given the high proportion of settings not generating a surplus, the uptake of Government backed loans is a cause for concern as loan repayments start 12 months after they were taken out.

Recommendations

NDNA Scotland welcomes the recognition of key challenges in the Financial Sustainability Health Check of the Childcare Sector. These plans must lead to real change on the ground for providers to ensure they are able to deliver the high-quality ELC that will help children across Scotland achieve their full potential.

The Scottish Government must work with local authorities to identify and stop underfunding and start building futures by taking the following steps:

- Children's futures must be a priority for educational recovery plans and the Scottish Government Budget should include uplifts in the funding for delivering ELC places
- Current and proposed hourly rates for partner providers must be reviewed annually in line with increasing costs to ensure providers are able to cover the cost of delivering the new offer as well as retaining and investing in their current staff
- The new Workforce Strategy should ensure that local authorities ensure a mixed approach to taking on new staff including; qualified staff, developing

trainees and apprentices and recruiting from outside the existing ELC workforce

- The new Workforce Strategy should include recruitment programmes with the aim of getting people, especially men, over 50s and members of the BAME community, who had not previously considered ELC as a career, trained and into the ELC workforce
- As part of the review of administrative burdens on providers the Scottish Government should work with NDNA Scotland, the sector and UK government to create a family-centred account for all ELC support

Scottish Childminding Association

Scottish Parliament Education, Children & Young People Committee: Implementation of 1140 hours funded Early Learning & Childcare policy

Written submission by the Scottish Childminding Association, May 2022

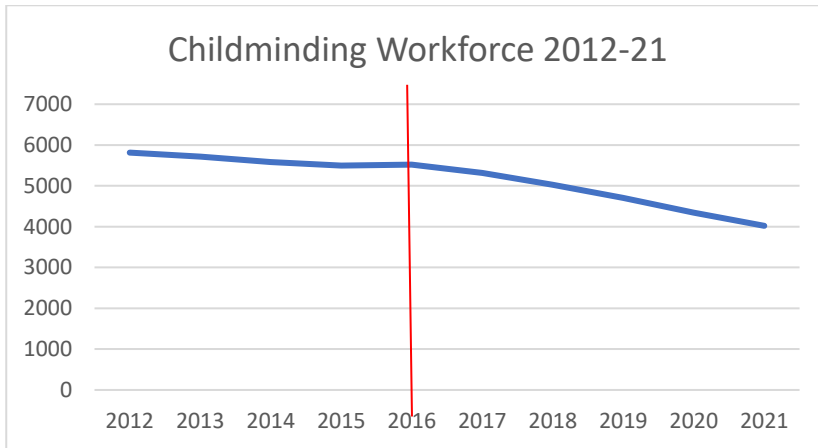
Declaration of Interest: *The Scottish Childminding Association (SCMA) is a professional membership organisation (approx. 3200 members/over 80% of childminders in Scotland), a national Third Sector organisation and a service provider. Our income streams include core funding from the Scottish Government through the Children, Young People & Families Early Intervention Fund (providing a contribution to our activities including in increasing the number of childminders involved in funded ELC delivery) and contracts with a number of local authorities to support ELC delivery, children and families.*

Introduction & Summary

Funded Early Learning & Childcare (ELC) has been operating in Scotland for a number of years. While it is not a new policy as such, what has changed has been the level of the statutory entitlement of hours offered to parents. The Children & Young People (Scotland) Act 2014 expanded the previous entitlement to funded ELC from 475 to 600 hours per year; then in 2016 the Scottish Government published its blueprint and commitment to almost doubling the number of hours of funded ELC to 1140 hours per year for all three, four and eligible two-year-olds by August 2020^{i,ii}. This has been a significant undertaking and is understood to be the most generous entitlement in the U.K.

While the impact of increasing the statutory entitlement to 1140hrs on children's and family outcomes is undergoing ongoing evaluation, **the phased expansion of ELC over a period of years has meant there is now an increasing body of evidence about what has been working or not working with the implementation of ELC expansion.**

It should be clearly stated that SCMA is very supportive of ELC policy, it's intent to close the attainment gap and to provide free childcare to families, particularly on low incomes. **Our concerns relate to the manner in which the expansion of ELC policy has been implemented nationally and locally and the significant adverse effect which this has had on the childminding workforce which has declined by 26% (1457 childminders) in the last 5 years during the implementation of '1140 by 2020'**ⁱⁱⁱ. Particular problem areas include – the national drive to recruit additional staff into nurseries to support ELC expansion and the destabilising effect this had on the sector; inequitable and inconsistent local implementation of national ELC policy (including inequitable promotion of all childcare options); duplicative quality assurance and a significant increase in bureaucracy under ELC expansion; and the requirement for practitioner qualifications set against a backdrop of a long-standing, high-quality and older workforce.



As a policy, it was hoped that the expansion of ELC would increase choice for parents; instead, its implementation has largely failed childminding and is decreasing choice with shortages of childminders being experienced around the country. This not only has implications for parent choice and the delivery of funded ELC, but also the delivery of the Scottish Government’s Programme for Government commitments to extend ELC to one-year-olds and all two-year-olds, and to develop a new system of wraparound school-aged childcare (areas of childcare in which childminders play a vital role)^{iv}. These commitments and the Scottish Government’s wider, but interconnected, policy agendas on Education Reform and the National Care Service also present additional potential risks to the sustainability of childminding in Scotland if these were to add further to the levels of bureaucracy created by ELC expansion. Urgent step change is required.

ELC Expansion and Childminding (SCMA audit findings 2017-21)

Linked to the delivery of ‘1140 by 2020’ the Scottish Government has commissioned SCMA to undertake an annual, independent, audit of local authorities’ progress in involving childminders in delivering funded ELC. **Our first three audits were undertaken and published in 2017-19^{v,vi,vii}. These audits, and our work in this area, highlighted a number of recurring issues including –**

- some local authorities who understood the unique benefits of childminding had been supportive and were including childminders, but were in the minority;
- **very slow progress in including childminders in ELC delivery** - only approx. 4-5% (200 childminders out of a workforce of 4000) included in delivering funded hours by 2019;
- **significant disparities in the levels of childminders approved for and actually delivering funded ELC;**
- local authorities have a conflict of interests – responsible for overseeing local ELC expansion plans and are also a direct service provider themselves. **Many local authorities had been prioritising their own nursery provision and not promoting childminding as an option for receiving their funded ELC entitlement to parents;**
- **few local authorities had undertaken impact assessments of their expansion plans on childminders;**
- **a number of local authorities had proceeded with capital build projects without first using existing provision in other providers (including childminders);**

- **the childminding workforce was decreasing annually in parallel to ELC expansion and recruitment into local authority nurseries to support expansion (14.5% reduction in 2014-19).**

We made a series of recommendations to the Scottish Government in our 2019 audit including the urgent need for both independent research into the declining workforce trends to be conducted (this was accepted) and a national childminder recruitment campaign (which was not accepted).

We did not conduct an audit in 2020 due to the pandemic but re-introduced this last year and conducted it in July/August 2021. The implementation of '1140 by 2020' had itself been put back to August 2021 due to the pandemic and the impact which this had had on local authority recruitment of additional staff and capital build projects. We recognise the unprecedented and highly disruptive nature of the pandemic, and the need to prioritise the national response and the co-ordination of critical childcare for key workers and vulnerable children at that time ahead of ELC implementation (to which SCMA contributed with 700-1000 childminding settings remaining open during the national lockdown in 2020). However, it should be noted that some local authorities were already delivering 1140 to families by the time that the pandemic struck in March 2020, a number of others were close to doing so and that **the problems with ELC implementation which have been experienced in childminding were deeply embedded before the pandemic.**

Our most recent ELC Audit (2021) provided a snapshot of both where we were in August 2021 and also after 5 years of national and local implementation activity to support ELC expansion. The audit provided triangulated data based on the audit (returns from all 32 local authorities) and accompanying snapshot surveys of childminders (n=474 childminders) and parents (n=276 parents)^{viii, ix, x}. The main findings may make stark and uncomfortable reading –

- **the childminding workforce had declined by 26% (1457 childminders) in the last 5 years (2016-21)**
- **continuing slow progress in including childminders in delivering funded ELC –**
 - **only 4% of childminders were delivering funded ELC to eligible two-year-olds (no change since 2019).** This was of particular concern, as eligible two-year-olds are a priority group of the Scottish Government's to increase uptake in due to the desire to support low-income families;
 - **only 17% of childminders were delivering funded ELC to three and four-year-olds** (this represented progress on 4% in 2019, with an additional 510 childminders involved in delivery and SCMA has worked with local authorities around Scotland to bring more childminders into ELC delivery. However, this improvement does not present the full picture. The accompanying snapshot survey of childminders found that 75% of childminders involved in delivering funded ELC to three and four year-olds are doing so on the basis of blended placements split between nurseries and childminders, with a number of childminders and parents reporting that local authorities were continuing to

require the bulk of the entitlement of funded hours to be taken with their own local authority nurseries and with childminders just receiving the remainder of the hours (either before or after nursery). **This is not sufficient to support childminders' business sustainability; 67% of childminders believe delivering funded ELC is very important to their business sustainability, but only 30% believe there is a strong match between the offers made by local authorities and their business sustainability:**

- **continuing differentials in the number of childminders approved for providing funded ELC by local authorities and actually involved in delivering funded ELC: eligible two-year-olds – 29% approved / 4% involved in delivery; three and four-year-olds – 29% approved /17% involved in delivery. As to the reason for this continuing differential, parents and childminders who responded to our snapshot surveys both reported that in many cases local authorities are still not promoting childminding equitably to parents, alongside their own nursery provision, as an option for receiving their funded ELC entitlement (see below):**
- **problems continue to be experienced with many local authorities' lack of Provider Neutrality (a founding principle of ELC). Only 4 out of 32 local authorities had conducted an impact assessment of their own ELC expansion plans on childminding businesses in their area, and parents and childminders who responded to our snapshot surveys both reported continuing problems with childminding not being promoted equitably by local authorities -**
 - 49% of parents who are accessing funded hours through a childminder were not offered childminding as an option for their funded hours and had to request it;
 - a number of local authority audit returns, 20.5% of parents accessing funded hours through a childminder and 33.3% of parents accessing funded hours through another provider reported a requirement to take some or all hours with a local authority nursery.
- **lack of flexibility in funded ELC offers to parents – many parents and childminders reported a requirement for parents to take their funded ELC hours on fixed days and times of the week, including examples of parents receiving single offers of fixed 10 hour days which did not match their families' needs and resulted in reduced numbers of hours received by parents when they did not use all the allocated hours in the offer as a result of this. This is at odds with the founding ELC principle of flexibility and there was strong demand from parents and childminders for much more flexibility in ELC offers made to parents by local authorities;**

[We recognise the small sample size of the snapshot surveys of childminders (474) and parents (276) and recommended that the Scottish Government should repeat the questions we asked of parents in their larger-scale national survey of parents launched earlier this month. It is disappointing that these questions have not been replicated in this exercise. However, even without larger-scale testing and replication

we do believe the survey findings provide valuable tri-angulated data alongside the local authority audit and in line with our experience of supporting childminders and parents around Scotland].

- **a number of procurement and tendering exercises to recruit funded providers were disproportionate to childminding:** recurring evidence during expansion that some procurement and tendering exercises have been very bureaucratic, have put some childminders off from applying and have also been disproportionate to childminding i.e. applying high levels of nursery insurance cover required to small childminding businesses. Some progress has been made in simplifying tendering processes, but more work is still required.

In parallel the ELC Delivery Progress Report (Improvement Service, September 2021) reported that only 2% of children accessing funded ELC receive this from a childminder^{xi}. We do not believe that either this or the results obtained in our latest audit could be considered a success after 5 years of national and local implementation activity.

ELC Policy Implementation: Main Areas of Weakness (or where things have gone wrong)

1. Recruitment to Support ELC Local Authority Nursery Expansion

A large-scale national advertising campaign was undertaken to recruit an additional 12,000 staff into local authority nurseries to support ELC expansion and the delivery of '1140 by 2020'. Evidence from multiple sources has shown that this rapid recruitment drive had a de-stabilising effect on the childcare and wider social care workforce by taking staff from Private, Voluntary & Independent (PVI) settings, childminding and the wider social care workforce into higher-paid local authority positions instead of attracting new recruits into the workforce as had been hoped ^{vii, xii, xiii, iii}. This has adversely effected recruitment and retention and has been acknowledged by the Scottish Government as an "unintended consequence" of ELC expansion – a phrase also used by another Scottish Government Directorate in relation to the planned development of the National Care Service and the intent this will address the "unintended consequences" of the earlier integration of health and social care. While sympathetic to and understanding of the challenges faced when developing and delivering large-scale policies at pace, it is also of concern if "unintended consequences" with adverse impact on existing services which predicted this effect were to become a recurring feature of policy implementation.

2. National Policy with Inequitable and Inconsistent Local Implementation

We recognise the democratic strength and value of parallel systems of government at a national and local level, but also that this can present challenge when trying to achieve consistent implementation of national policy at a local level in 32 local authority areas. This dynamic has been complicated further during the delivery of '1140 by 2020' in which local authorities have had a dual responsibility for overseeing local expansion while being a direct service provider of childcare in their own right through their own nurseries. Some local authorities have managed this conflict of interest well, others less so. As noted earlier, while some local authorities who have

recognised the value of childminding have approached this fairly and been very supportive, there has been recurring evidence of local authorities prioritising their own provision ahead of other providers and not promoting childminding equitably to parents as an option for receiving their entitlement of funded ELC hours and in a manner which supports childminders' business sustainability. **These are not new issues, have featured throughout ELC expansion and have not been addressed.** While recognising that neither the Scottish Government nor the Convention of Scottish Local Authorities want to interfere with local autonomy by telling local authorities what to do, this can create a vacuum and the preferred approach of encouraging the sharing of good practice has not been sufficient to deliver substantive improvement and has enabled these problems to continue. Greater ownership is required.

3. Duplicative Quality Assurance and Significant Increase in Bureaucracy

As a professional membership body involved in ongoing quality improvement we are supportive of quality assurance, inspection and scrutiny. However, we also strongly believe that this should be proportionate and the statutory sector has a responsibility to minimise the level of bureaucracy for practitioners where this is harmful. **There is now compelling evidence that duplicative quality assurance and an increase in bureaucracy during ELC expansion are the main reasons that childminders have been leaving or are planning to leave the childminding workforce.**

In recent years there has been a significant increase in requirements placed on childcare providers by a range of statutory stakeholders to demonstrate their adherence to a range of frameworks and standards. This has included wider policy frameworks such as Getting it Right For Every Child (GIRFEC) and Building the Ambition which are firmly embedded in childminding practice, Curriculum for Excellence and the National Health & Care Standards, but it has also seen a range of updates and refreshes including Realising the Ambition (following on from Building the Ambition). In parallel, the Scottish Government was developing a new National Standard with ongoing criteria that providers must meet to deliver funded hours and a range of specific frameworks have been layered on to support the development and expansion of ELC policy and improving outcomes for children, while local authorities continued in the interim with their existing local systems. ^{xiv, xv, xvi, xvii, xviii, xix, xx, xxi, xxii, xxiii}

The Care Inspectorate has the responsibility to regulate, inspect and scrutinise all forms of childcare in Scotland. As such, childminding is a regulated profession which prior to ELC expansion was already subject to inspection and scrutiny covering a wide range of detailed quality indicators. During this time childminding has consistently achieved higher ratings across all quality criteria, through independent inspection by the Care Inspectorate, than Daycare of Children's Services (local authority nurseries, private nurseries and other early learning and childcare settings)^{xxiv}. Education Scotland was charged with developing a learning framework to support the delivery of ELC and published How Good Is Our Early Learning & Childcare (HGIOELC) in 2016 ^{xxii}. This provides a self-evaluation framework of quality indicators to measure learning improvement against in ELC settings. In parallel, to support its role in ELC expansion, the Care Inspectorate started developing a new

Quality Framework^{xxiii}. Local authorities have also been making varying demands of childminders for the use of HGIOELC alongside the existing Care Inspectorate requirements for self-evaluation using the Quality Framework.

SCMA recognised at an early stage that ELC expansion was creating additional bureaucracy, leading to duplication and engaged with the Scottish Government and others about this, as while larger childcare providers such as nurseries may have been able to sustain this (although some may struggle as well), we recognised this would put much more pressure on childminding where the effect would be more pronounced. *For additional context, the majority of childminders are sole workers and while they are expected to follow the same standards and curricula as nurseries, they do not have teams of staff (practitioners, managers, finance/admin and quality improvement officers) to support them. During the day their sole focus is on practice delivery and everything else has to be done by them individually, unpaid, in their own time in the evenings or at weekends (cleaning their settings, undertaking professional learning, documenting quality assurance, keeping up-to-date with the latest guidance, administration, finance, liaising with parents, marketing etc).*

Recognising these issues, and the risks posed by separate, dual inspections, **an independent review of ELC had recommended in 2015 that “in future, either a joint education and care inspection or one inspection conducted by one single inspectorate body for ELC should be standard”^{xxv}**. In response to this the Scottish Government charged the Care Inspectorate and Education Scotland with developing a single/shared inspection. This work was very slow, and the Care Inspectorate and Education Scotland failed to reach agreement on a single/shared inspection and continued to develop their own separate frameworks.^{xxvi} While we do not underestimate the challenges involved, this was very disappointing as we were aware from supporting childminders around Scotland of the adverse impact this was having on them.

It is now almost 7 years since a single/shared inspection was recommended and has still not been delivered. During this period childminders have had to absorb the consequences of this – an evolving, detailed quality framework (with self-evaluation and inspection) by the Care Inspectorate and a separate detailed learning framework by Education Scotland (with self-evaluation and possible local authority inspection based on this). In parallel both the Care Inspectorate and local authorities consider themselves the guarantors of quality under ELC and we are already aware of some local authorities who do not recognise the role of the Care Inspectorate and are planning to undertake their own twice-yearly inspections and self-evaluations (using a mix of indicators) in addition to what the Care Inspectorate is doing at a national level.

However, it is not just a matter of the model of inspection - which is only part of the problem; the other is the ever-increasing number of standards and frameworks (noted earlier), produced by different organisations each with their own detailed and methods of outcomes reporting, which require to be embedded into practice, documented and have layered on additional

requirements which are not sustainable for sole workers/practitioners. During this time SCMA's role in bridging the gap between policy and implementation in practice has become of increasing importance as without this support many childminders would struggle to keep up with the volume of official output with which they must comply.

SCMA undertook a large-scale membership survey in spring 2020 (1470 responses/38% response level). **This survey found that the level of paperwork and bureaucracy associated with current childminding practice was the main reason that childminders had left the workforce (70%) and were considering doing so within the next five years (59%), closely followed by not being able to compete with local authority nursery expansion^{xxvii}. The survey also found that on top of the significant decline in our workforce, 25% of childminders did not believe they will still be childminding in five years and a further 26% didn't know if they would. We believe this data to be deeply worrying and compelling, as when running this data together we have the makings of a workforce crisis.** And while we need to account and adjust for the age profile of the childminding workforce, the results indicated a strong opportunity to positively influence this if we could reduce the pressure on the childminding workforce - only 25% said that nothing could be done to change their minds.

SCMA used this powerful data constructively. This was instrumental in our advocating the need for and securing a new Action Plan on Childminding from the Scottish Government^{xxviii, xxix}. However, despite an encouraging start in providing business sustainability grants to offset the financial impact of the pandemic, the Action Plan has faltered since. **Our survey findings were also fed into independent research into the childminding workforce trends undertaken by Ipsos/MORI and overseen jointly by the Scottish Government, Care Inspectorate and SCMA. This research was published in April 2022 and largely reaffirmed our findings with concerns about bureaucracy and paperwork dominating the findings running through interviewees (from those considering becoming a childminder, through recent entrants to the childminding workforce, those mid-career and considering leaving and also those who had left the workforce)^{xxx}.** A separate SCMA survey also found that 86% of childminders involved in delivering funded ELC had reported a very significant or significant increase in paperwork and the level of paperwork associated with ELC is now becoming the main reason that more childminders do not wish to become involved^{ix}.

We recognised that the reasons for the decline in the childminding workforce were multi-factorial and also included the childminding workforce was ageing (21% aged 55+) and that the requirement within the National Standard for all providers delivering funded ELC to have either obtained or be working towards the benchmark qualification could also be a contributory factor, particularly for more experienced childminders who may have been practising for over 20 years and had been consistently achieving high quality ratings through independent inspection by the Care Inspectorate without the benchmark qualification. As such, we had anticipated that there may be some premature skills loss in older age groups if childminders did not believe it was worth obtaining a qualification at this point in their career.

Attempting to Lead Change

Against this background, we recognised that leadership was required and we launched our own new 3-year strategy in May 2021, midway through the pandemic, to promote recovery, strengthen childminding, support families and increase choice^{xxxi}. Central to this has been the need to develop a more sustainable childminding workforce and we have been leading nationally on tackling the issues which affect retention and on recruitment. We engaged early with the independent expert group on Education Reform to share evidence of the adverse effects of duplicative quality assurance on the childminding workforce, given that the Scottish Government had decided to remove the inspection function from Education Scotland and the group was asked to consider what should replace this. Recognising that childminding shortages were having a greater adverse impact in remote and rural areas we also convened a national and local stakeholder strategic discussion on childminder recruitment in remote and rural areas last November which has led to the establishment of the Scottish Rural Childminding Partnership, launched in late March 2022. This partnership, led by SCMA with financial support from Highlands & Islands Enterprise, South of Scotland Enterprise, Skills Development Scotland and the Scottish Government and delivered in partnership with 10 local authorities aims to recruit 100 childminders in remote and rural areas where they are urgently needed and to pilot a demographically-targeted recruitment campaign (including induction support through registration, a package of training and £750 start-up grants) which SCMA believes needs to be extended and rolled out nationally across Scotland. We are also currently piloting the delivery of training to support childminders with their quality assurance requirements (with a Scottish Government grant) and to reduce some of the pressure while we continue to engage nationally and work to reduce duplicative quality assurance systems and excessive bureaucracy.

Implications for Delivery of Programme for Government

The decline in the childminding workforce not only has implications for existing ELC delivery and parental choice, but also for the delivery of Scottish Government commitments within the Programme for Government to extend ELC to one-year-olds and all two year-olds, and to develop a new system of wraparound school-aged childcare. These are both areas of childcare in which childminders play a vital role. Childminders provide unparalleled continuity of care for children from 0-12 (or 16 years in the case of children with additional support needs). Approximately 50% of the 32,000 children in childminding settings annually are in the pre-school age range (0-4) and 50% in the school-aged childcare age range (5-12/16). Parents using childminding services do so for many reasons and make an informed choice. This includes a home-based form of childcare, delivered in small groups and in which children of different ages learn and play together (which can benefit a number of aspects of development). Childminders have extensive experience of providing nurturing care to babies and one-year-olds which could play a key role in informing the development of the Scottish Government's offering for one-year-olds which it has been recognised will be fundamentally different in nature to and not simply a roll down of existing ELC provision. Childminders also have extensive experience of providing school-aged childcare. **In simple terms, if our workforce continues to contract this will have direct implications for the delivery of these new commitments.**

Potential for Programme for Government, Education Reform and the National Care Service to Compound Problems for Childminding

We welcome the recommendation from Prof Ken Muir's report on Education Reform that a single/shared inspection for ELC should be delivered and the Scottish Government's acceptance of this recommendation and commitment to consult on this over the next few months^{xxxii, xxxiii}. However, we also note that it was recommended to replace Education Scotland with not one, but two new bodies which feels contrary to reducing bureaucracy. We believe there is still potential for duplicative quality assurance to continue, as the need for a single/shared inspection was previously recommended and accepted 7 years ago, but not delivered and also as a number of local authorities are continuing to develop their own local systems of quality assurance. Childminding businesses cannot withstand duplicative inspection and quality assurance. This must be addressed as a matter of urgency and will require a commitment from all stakeholders (including the Scottish Government, Care Inspectorate, the bodies which replace Education Scotland, local authorities, local government representative bodies and provider organisations) to deliver change. In parallel, there is a pressing need to reduce the layering and paperwork which has built up during ELC expansion and is not sustainable nor proportionate to childminding.

To compound matters further, childminding businesses could face the prospect of duplicative quality assurance increasing further if it was to be decided that either or both of the Programme for Government commitments on one-year-olds or school-aged childcare also require additional quality assurance, self-evaluation, inspection or qualifications. Many childminders have mixed business models in which they may provide childcare to babies and one-year-olds, pre-school childcare to 2-4-year olds and school aged-childcare to 5-12/16 years. It would not be credible or sustainable if they were expected to comply with different quality assurance, inspection and qualification requirements for each of these policy areas. **The situation could be even worse for childminders who also currently deliver community childminding. This is a specialised early intervention and form of family support which has supported over 900 vulnerable families in Scotland in the last three years and for which demand is increasing. Currently the proposals for the development of the National Care Service (NCS) do not include ELC, but they do include children's social care under which community childminding falls. The consultation on the NCS made clear that it is intended to develop standards, quality assurance and consider qualification requirements for all NCS providers. As such, this could layer on further requirements of community childminders making their roles unsustainable and lead to the loss of vital family support when demand is increasing.**

SCMA has engaged constructively with the consultations on Education Reform and the NCS and submitted detailed written evidence to these exercises warning of the further serious risks which these policy agendas present to the sustainability of childminding in Scotland^{xxxiv, xxxv}. We have also advised the Scottish Government of the urgent need to review the wider scrutiny landscape BEFORE creating any additional scrutiny through Education Reform, the National Care Service and the development of the Programme for Government's commitments to extend ELC to one-year-olds and to develop a new system of wraparound school aged childcare.

Recommendations for Change

As should be clear from the detail contained within this submission, the expansion of ELC and the manner in which it has been implemented nationally and locally in Scotland has had a devastating effect on the childminding workforce which has declined by 26% (1457 childminders) during the last 5 years and the implementation of ‘1140 by 2020’. This decline is continuing to accelerate and cannot be sustained. It should also be clear that over the course of the last five years there has been a series of weaknesses or failings in implementing the expansion of ELC policy and that existing measures to support childminding within ELC expansion are inadequate.

Our ELC Audit 2021 included a series of recommendations to the Scottish Government including –

- the principle of Provider Neutrality is not working in practice and should be replaced as a matter of urgency to incorporate a minimum childcare provider mix which all local authorities must meet, guaranteeing equitable opportunity to participate in funded ELC delivery (and taking into account remote and rural challenges). All 32 local authorities should be required to report on this and to evidence annually their equitable inclusion of childminders and other childcare providers alongside their own provision. However, if the principle of Provider Neutrality is to be maintained, then it is essential that the Scottish Government and local authority representative bodies accept responsibility to ensure this is implemented fairly, equitably and consistently and that local authorities who fail to implement this principle in practice are held to account;
- it is clear that much work remains to be done in ensuring all local authorities promote childminding equitably to parents, alongside local authority nursery provision, as an option for receiving their funded ELC entitlement. While the promotion and encouragement of good practice has been the favoured approach to date, this has not been working as much as hoped and there is a need for the Scottish Government to step in, to move beyond encouragement to requiring and ensuring that this now happens;
- urgent, and immediate, action is required by the Scottish Government to reduce the level of bureaucracy associated with ELC expansion which has played a significant role in the reduction of the childminding workforce. Many childminders’ workloads have become unsustainable and a range of ongoing policy proposals present a risk of compounding this further. The Scottish Government should undertake an urgent review of the wider scrutiny landscape BEFORE creating any additional scrutiny through Education Reform, the National Care Service and the development of the Programme for Government’s commitments to extend ELC to one-year-olds and to develop a new system of wraparound school aged childcare;
- the Scottish Government should work with SCMA, the Care Inspectorate, Association of Directors of Education and COSLA in reducing the duplicative quality assurance systems, nationally and locally, which have arisen as a result of ELC expansion with

a view to streamlining, increasing consistency, standardising data capture and reporting which reflect childminder settings;

- the Scottish Government should commission SCMA to work with statutory stakeholders to develop standardised documentation and templates to help reduce bureaucracy and support the participation of professional childminders in delivering funded ELC (by, for example making quality assurance and self-evaluation more childminding-specific and helping childminders to evidence their practice);
- the Scottish Government should financially support the scaling up of the ongoing childminder recruitment pilot in remote and rural areas and its extension nationally (including into urban areas).

The Scottish Government has also recently received two research reports undertaken by Ipsos/MORI – the first reporting parents’ perceptions of childminding in improving children’s and family outcomes and the second on our declining workforce trends – both also containing a series of recommendations for change including the need for Scottish Government to prioritise and take forward work to positively promote the many benefits of childminding, to promote childminding as a career and to tackle the levels of bureaucracy and other issues which have contributed to our workforce decline^{xxxvi, xxx}.

After five years of activity to support ELC expansion, the problems caused by the implementation of ‘1140 by 2020’ and the disproportionate effect this has had on childminding are well-defined and understood. There is a need for recognition from all of the responsibility to prioritise additional support for childminding nationally and locally; the Scottish Government has received a series of constructive evidence-based recommendations to redress these issues and there is a need for an urgent step change in action to prevent the further decline of childminding as a unique form of childcare and family support.

Graeme McAlister
Chief Executive
16 May 2022

ⁱ Children & Young People (Scotland) Act 2014, Scottish Parliament, 2014

ⁱⁱ *A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland*, Scottish Government, October 2016

ⁱⁱⁱ Early Learning & Childcare Statistics, Care Inspectorate, July 2021

^{iv} *A Fairer, Greener Scotland: Programme for Government 2021-22*, Scottish Government, September 2021

^v Early Learning & Childcare: Report on the current state of childminding services in Scotland to deliver funded Early Learning & Childcare to eligible two-year-olds, SCMA, September 2017

^{vi} Early Learning & Childcare Report: Report on the current state of childminding services in Scotland to deliver funded Early Learning & Childcare to eligible two, three and four-year-olds, SCMA, August 2018

^{vii} Early Learning & Childcare Audit 2019, SCMA, October 2019

^{viii} Early Learning & Childcare Audit 2021, SCMA, November 2021

^{ix} Early Learning & Childcare Audit 2021: Childminder Survey, SCMA, November 2021

^x Early Learning & Childcare Audit 2021: Parent Survey, SCMA, November 2021

^{xi} Early Learning and Childcare Expansion Delivery Progress Report, Improvement Service, September 2021

^{xii} National Day Nurseries Association 18/19 Workforce Survey Scotland, NDNA, August 2019

^{xiii} Implications of Labour Markets for the Social Care Workforce, Ekosgen, Scottish Government, 2019

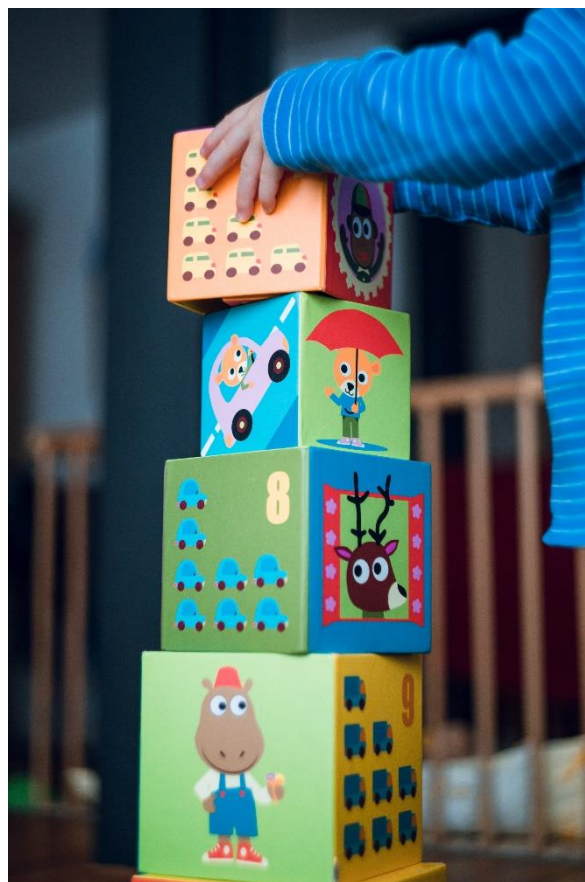
^{xiv} *Getting it Right for Every Child*, Scottish Government, 2006 (to be refreshed 2021)

^{xv} *Building the Ambition*, Education Scotland, 2014

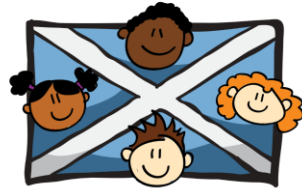
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- ^{xxvi} Curriculum for Excellence, Scottish Government, 2010 (refreshed 2019)
 - ^{xxvii} National Health & Social Care Standards, Scottish Government, 2016
 - ^{xxviii} Realising the Ambition, Education Scotland, 2020
 - ^{xxix} National Standard for Early Learning & Childcare, Scottish Government, 2018 (updated 2021)
 - ^{xxx} Setting the Table - nutritional guidance and food standards for early years childcare providers in Scotland, NHS Health Scotland 2018.
 - ^{xxxi} Out to Play – creating outdoor play experiences for children: practical guidance, Scottish Government, 2020
 - ^{xxxii} How Good Is Our Early Learning & Childcare, Education Scotland, February 2016
 - ^{xxxiii} Quality Framework for Daycare of Children, Childminding and School Aged Childcare, Care Inspectorate, June 2021
 - ^{xxxiv} Early Learning & Childcare Statistics, Care Inspectorate
 - ^{xxxv} Independent Review of Scotland's Early Learning and Out of School Care Workforces, Scottish Government, 1 June 2015
 - ^{xxxvi} Update on the Shared Inspection Framework, Care Inspectorate and Education Scotland, 11 September 2019
 - ^{xxxvii} #TellSCMA: Childminding & You Survey 2020, SCMA, May 2020 (unpublished)
 - ^{xxxviii} Childminding on the Edge: SCMA Response to Scottish Government Consultation on 'Action Plan: A Vibrant Childminding Sector in Scotland', September 2020.
 - ^{xxxix} Our Commitment to Childminding in Scotland, Scottish Government, January 2021
 - ^{xxxx} Childminding workforce trends: qualitative research report, Ipsos/MORI (on behalf of Scottish Government), April 2022
 - ^{xxxi} Changing the Narrative: strengthening childminding, supporting families and increasing choice, SCMA strategy 2021-24, SCMA, May 2021
 - ^{xxxii} Putting Learners at the Centre: Towards a Future Vision for Scottish Education, Report by Prof Ken Muir, March 2022
 - ^{xxxiii} Putting Learners at the Centre: response to the independent advisor on education reform's report, Scottish Government, March 2022
 - ^{xxxiv} SCMA Response to Scottish Government Consultation on Education Reform (on behalf of the Independent Expert Group), SCMA, November 2021
 - ^{xxxv} SCMA Response to Scottish Government Consultation: National Care Service, October 2021
 - ^{xxxvi} Perceptions of the impact of childminding services on child, parent and family outcomes, Ipsos/MORI (on behalf of Scottish Government), September 2021



Review of the implementation of the 1,140 funded hours of Early Learning and Childcare (ELC) policy



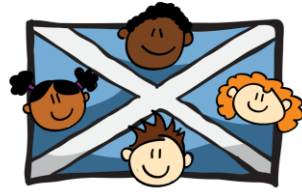
May 2022



SPNA
Scottish Private Nursery Association

Contents

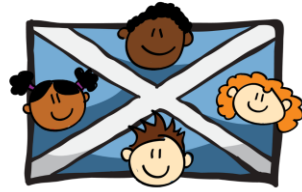
Executive Summary:.....	3
Recommendations:	4
Introduction	5
Review of the implementation of the 1140 hour policy	6
Background	6
Provision of childcare services across Scotland	7
Implementation of the 1140 hours policy – capital works and capacity	9
Implementation of the 1140 hours policy – workforce	9
Implementation of the 1140 hours policy – council and partner provider funding	10
Conclusion and recommendations	14
About the Scottish Private Nursery Association	18
Appendix 1 – total Local Authority spend on ELC if all children funded at PVI rates	19



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Executive Summary:

- The increase to 1,140 hours of funded Early Learning and Childcare is a flagship policy of the Scottish Government. Its rollout was delayed by the COVID-19 pandemic but is now mostly operational.
- More than 60% of childcare in Scotland is provided by the nursery sector, with a close to even split between the Local Authority nursery and the private, voluntary, and independent (PVI) nursery sectors.
- The PVI sector typically provides longer operating hours and more variability of availability of care, while Local Authority nurseries deliver a majority of the 1,140 funded hours.
- The Scottish Government funds the policy (approximately £1.02 billion in 2021/22), with funding flowing to Local Authorities.
- Local Authorities contract PVI nurseries to be partner providers and set an hourly funding rate for children who attend those partner provider nurseries. Across a majority of Local Authorities, this rate is under the rate provided to children who attend Local Authority nurseries.
- This results in Local Authorities providing over £100 million more to their own nurseries than they do to the PVI sector. In some cases, the additional money is being transferred to fund capital work programmes of Local Authority nurseries.
- £476 million was made available for capital works for new or refurbished Local Authority nurseries as part of the agreement between the Scottish Government and Local Authorities for the increase to 1,140 funded hours.
- There is an ongoing strain in staffing numbers across the whole nursery sector. While the required workforce was expected to have grown from around 9,500 staff in 2016/17 to around 18,500 staff in 2021/22, Government programmes to promote the sector have resulted in only a small upswing in training numbers. There is some evidence that growth in the Local Authority workforce has come mostly from staff leaving the PVI sector.
- This paper brings together for the first time the facts and figures of the various reports and reviews already completed into the 1,140 funded hours policy, and proposes 5 simple but essential recommendations to improve the sustainability of the whole nursery sector.



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Recommendations:

Recommendation 1: The Scottish Government should recognise other qualifications that are relevant for childcare and introduce fast-track ELC bridging courses for people who hold those qualifications.

Recommendation 2: The Scottish Government should institute a working group of relevant stakeholders, including Local Authorities, the PVI sector, the Care Inspectorate, SSSC, Skills Development Scotland, and the Scottish Qualifications Authority to develop a new range of qualifications and training pathways for Early Learning and Childcare staff.

Recommendation 3: The Scottish Government should either:

1. Provide funding for the provision of the 1,140 hours direct to parents through either a voucher scheme or through an online portal which allows nurseries to be funded directly; or,
2. Directly set the rate which all children will receive for their 1,140 hours.

Recommendation 4: The Scottish Government should request Audit Scotland and the Accounts Commission perform an independent and dedicated review of the state of the whole of the daycare of children sector, including private, voluntary, and independent nurseries, childminders, playgroups, creches, and Local Authority nurseries.

Recommendation 5: The Scottish Government should commit to implementing recommendations which such a report delivers.

Recommendation 6: The Scottish Government should make a capital works grant funding package available for private, voluntary, and independent nurseries.



SPNA
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Introduction

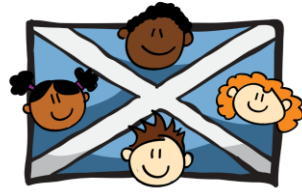
The Scottish Government announced in 2016 the expansion of Early Learning and Childcare from 600 funded hours a year to 1,140 funded hours a year. Originally intended to be in operation by 2020, the challenges of COVID-19 pushed that date back to full implementation by August 2021.

During the design phase of the policy, it was decided that funding would flow from the Scottish Government to Local Authorities, which would offer contracts to non-local authority settings which met national standards. The arrangement was proposed by the Scottish Government to be provider neutral – i.e. that children would receive the same funding, no matter which nursery they attended, so long as that provider met the Government's standards and was willing to partner (enter a contract) with the relevant local authority.

Through the lockdown of COVID-19, some sectors of the nursery and childcare sectors closed, while others (predominantly in the private, voluntary, and independent sectors) continued to provide valuable and necessary care for the children of key workers: NHS doctors, nurses, and ancillary staff; the emergency services; staff in care homes; and, indeed, truck drivers and supermarket staff.

Given the relative recency of the introduction of the policy, there have been a significant number of reviews and reports into the early working of the scheme – by the Scottish Government, the Improvement Service (a non-Government entity owned predominantly by the 32 Scottish Local Authorities and the Convention of Scottish Local Authorities (COSLA)), Ipsos-MORI, Audit Scotland, the Scottish Social Services Council, and the Care Inspectorate. However, these reports have all been run independent of each other and only in rare instances do they refer to any findings in any of the other reports.

Therefore, this paper has been produced to tie together the findings of those various reviews and reports.



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Review of the implementation of the 1140 hour policy

Background

“The expansion of early learning and childcare (ELC) in Scotland is one of the most important and transformative changes we are making...

The provision of universally accessible and high quality ELC enriches children with skills and confidence to carry into their schooling, and is a cornerstone for closing the poverty-related attainment gap between our most and least advantaged children.”¹

This is how Mark McDonald, the then Minister for Childcare and Early Years, introduced the expansion to 1,140 of funded ELC hours in the Scottish Government’s 2017-18 Action Plan, ‘A Blueprint For 2020: The Expansion Of Early Learning And Childcare In Scotland’. The intentions of this policy are ones which the Scottish Government should rightly be proud.

These intentions were mirrored when the Scottish Government released a second document in 2018, with the Minister at the time, Maree Todd, noting:

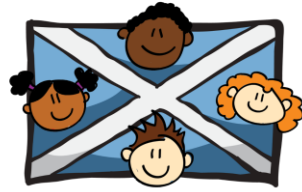
“We have ambitious aspirations to help ensure that our children can realise their full potential and we hope that, by prioritising high quality ELC and unlocking choice, we will ensure that all our children have opportunities to learn, play and flourish. In our children, we see the measure of our worth as a nation. We are dedicated to providing the essential conditions of love, respect and understanding through which our children can become the happy, fulfilled and successful adults they all have a right to be.”²

While the COVID-19 pandemic delayed the full roll out of the scheme, the goals of the policy are founded in the well-researched benefits of a formal pre-school programme which is funded by central government. It recognises that ELC can set foundations for a child as they move through to the formal school system, while offering valuable opportunities for parents to re-enter the workforce, to continue their careers, or to engage in their own further education opportunities.

The Scottish Government committed to an additional annual revenue increase of £567 million on 2016-17 levels by 2021-22 and aimed to include funding to enable the payment of sustainable rates to all providers delivering the funded entitlement. This included funding to enable payment of at least the real Living Wage to all childcare workers delivering the

¹ [Scottish Government - A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland](#) 2017 version

² [Scottish Government - A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland](#) 2018 version



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funded entitlement. The Scottish Government also provided councils with capital funding of £476 million to support associated building projects.

Provision of childcare services across Scotland

Daycare of children services are currently provided through a range of providers – Local Authority nurseries, private nurseries, nurseries run by the voluntary and independent groups (sometimes associated with religious institutions, or community groups), childminders, children and family centres, playgroups, and creches. Non-local authority nurseries are generally referred to as the PVI sector (private, voluntary and independent).

Around Scotland, nurseries provide the majority (61%) of childcare services³. There is a close to even split in all nursery places between the Local Authority and PVI sectors – 52% Local Authority and 48% in the non-Local Authority sector⁴.

The PVI sector provides an important opportunity for choice of services for many families in Scotland: a majority of the total number of daycare of children facilities are provided by the PVI sector in the large urban area, other urban area, accessible small towns, and remote small town categories across Scotland⁵.

For nurseries specifically, the PVI sector provides a majority of the settings in the Edinburgh, Glasgow, East Dunbartonshire, East Renfrewshire, Renfrewshire, Dundee, and Moray Local Authority areas – in total, more than 52% of all places in the Large Urban Area grouping⁶.

Private nurseries typically offer the widest range of services and choices for families. Most private nurseries (85.3%) offer a service for babies aged under 1, with around a third (32.3%) of voluntary or not for profit nurseries and 5.1% of local authority nurseries offering the same⁷.

In total, 55% of children under the age of 4 who attend a nursery do so at a PVI setting; this increases to 87% for children under the age of 3⁸.

The funded 1,140 hours policy includes funding for eligible 2-year olds. The majority of local authority nurseries (66.4%) that offer funded places do so exclusively for children aged 3 and 4 years. The majority of private and voluntary or not for profit nurseries that provide funded places offer funded places for 2-year-olds and most of these offer places for 2-year-olds in addition to 3 and 4-year-olds.

³ [Care Inspectorate supporting data tables Supporting table 1A, cell B12](#)

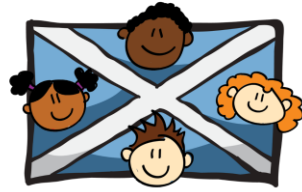
⁴ Ibid, Table 3, cells G62-65

⁵ Ibid, Table 15a

⁶ Ibid, Table 18

⁷ [Care Inspectorate - Early Learning and Childcare statistics 2020 page 26](#)

⁸ [Care Inspectorate Supporting Data Tables Table 1b](#)



Similarly, private nurseries offer greater choice around the time of opening. More than 84% of private nurseries offer an early morning service, while 39% of local authority nurseries offer the same⁹. 92% of private nurseries offer choice of full or part days, while 57% of LA nurseries do¹⁰.

	Breakfast or before school	During school hours	After school hours
Local Authority	39.4%	99.8%	42.0%
Private	84.3%	99.6%	91.6%
Voluntary/not for profit	55.4%	100%	62.1%

Table 1. Operating hours by nursery sector – term time¹¹

	Before 8am	During working hours	Does not operate during school holidays
Local Authority	1.4%	26.0%	73.7%
Private	58.2%	85.0%	5.5%
Voluntary/not for profit	13.8%	49.2%	48.7%

Table 2. Operating hours by nursery sector – school holidays¹²

At September 2020¹³, in most local authorities it was council settings that provided a plurality of funded hour places – ranging from 100% of all places in the Orkney’s (noting that there were 343 children registered, the lowest of any region) to less than 35% in Moray. On average, slightly more than a quarter of children (26%) received funded hours at partner providers¹⁴.

⁹ [Care Inspectorate - Early Learning and Childcare statistics 2020 page 27](#)

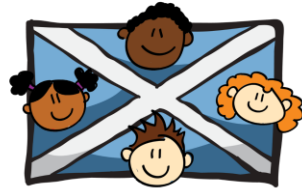
¹⁰ Ibid, page 29

¹¹ [Care Inspectorate Supporting Data Tables Table 30b](#)

¹² Ibid

¹³ It needs to be noted that in September 2020, local authorities offered a mix of 600 funded and 1,140 funded hours and Scotland was under various forms of lockdown.

¹⁴ [Scottish Government - Additional Early Learning Childcare tables 2020](#)



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Implementation of the 1140 hours policy – capital works and capacity

It was envisaged that Local Authority nurseries would provide the majority of funded 1,140 hours¹⁵. This led to a £476 million capital works grants available to local authorities, allowing them to build new or refurbish existing nurseries¹⁶.

As of August 2021, there were 912 projects in the capital works programme¹⁷, expected to deliver around 22,000 additional spaces. Not all of these projects were required to meet the expected increase in demand for spaces – more than a third (35%) were linked to increased flexibility, growth over future years, and longer-term learning estate development projects.

Between 2014 and 2020 (the last year for which figures are available) the total number of places available in nursery services in Scotland increased by 19.5%, from 108,440 to 129,620 places. 75% of the growth (15,900 places) was in local authority nursery services. In the year from 31 December 2019 to 31 December 2020, there was a net reduction in the number of PVI sector nurseries by 12, while 35 new Local Authority nurseries opened. In 2019, 95.4% of all capacity increase (5,570 places) was in local authority operated nurseries¹⁸.

The split between the number of children attending Local Authority or PVI nurseries has remained steady (local authority numbers have increased by 0.8%) since 2014¹⁹.

Despite the forecast of a quarter of funded places being delivered by the PVI sector, there was generally no funding provided to that sector for capital works.

Implementation of the 1140 hours policy – workforce

There was recognition that the expanded funded hours policy would put pressure on an already stressed system. More than 7% of childcare workers are from EU countries²⁰, and the impact of the UK leaving the EU is yet to be measured. A national recruitment campaign has been developed in an attempt to attract people into the ELC workforce. While this campaign has raised awareness of the sector and has helped change attitudes among some older workers considering a career change, the campaign has not increased the number of people applying for ELC-related courses or job opportunities²¹.

The ELC workforce for local authorities is predicted to have grown from 9,576 in the 2016/17 academic year to 18,356 at the end of the 2021/22 academic year – a 91%

¹⁵ [Audit Scotland - Early Learning and Childcare Follow Up](#) page 15

¹⁶ [Scottish Government - Early learning and childcare expansion - Early education and care](#)

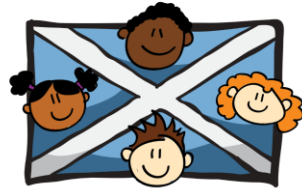
¹⁷ [The Improvement Service - Early Learning and Childcare Expansion Delivery Progress Report, September 2021](#) page 12

¹⁸ [Care Inspectorate - Early Learning and Childcare statistics 2020](#) page 12

¹⁹ [Care Inspectorate Supporting Data Tables](#), table 12a

²⁰ [Audit Scotland - Early learning and childcare follow-up](#) page 16

²¹ Ibid



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increase²². While local authorities believe they have sufficient staff to deliver their services, most anticipate a continued growth in their ELC workforce. The City of Edinburgh, for example, has noted that their initial ELC workforce estimation was for 1496 FTE positions and that by December 2021 980 FTE staff were employed; in the opinion of the Council this did not constitute a shortage of staff, and it was noted that all settings were able to meet the required adult to child ratios²³. By the 2022/23 teaching year, the Council expected to have 1200 FTE staff.

Reports from the PVI sector indicate that much of the growth in the local authority workforce has come from the PVI workforce; a NDNA workforce survey found that the most common reason for staff leaving a PVI setting was to move to a council ELC setting²⁴. However, there is no all-of-Scotland monitoring of the movement of staff between PVI nurseries and childminders to council nurseries.

The intention of the 1,140 hours policy was that staff would be paid at least the Real Living Wage. While some local authorities have included the requirement for this within the contracts they provide for PVI nurseries, there remain questions over whether this is enforceable as employment law is reserved to the UK Parliament²⁵.

Implementation of the 1140 hours policy – council and partner provider funding

During the design of the expansion policy, the Scottish Government agreed with COSLA to provide funding which would:

“...support the payment of sustainable rates to providers delivering the funded entitlement; to enable payment of at least the real Living Wage to all childcare workers delivering the funded hours; and to provide a free meal to every child attending a funded ELC session.”²⁶

The intention of the funding model was to be ‘provider neutral’ which would offer parents their choice of setting, while children would receive a standard rate of funding, regardless of the type of setting or childminding they were in²⁷. As noted by the Scottish Government in its 2017 release document, when discussing the previous funding model:

²² [The Improvement Service - Early Learning and Childcare Expansion Delivery Progress Report, September 2021](#) page 11

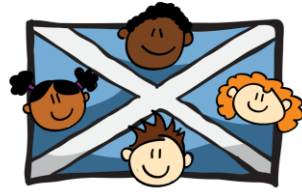
²³ [City of Edinburgh - Early Years Update 7 December 2021](#) Items 4.5 and 4.6, page 3

²⁴ *Ibid*, page 17

²⁵ [Audit Scotland - Early learning and childcare follow-up](#), page 20

²⁶ [Scottish Government - A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland](#) 2018 report, page 4

²⁷ [Scottish Government - Expansion of Early Learning and Childcare - Reinstatement of 1140 statutory duty](#)



“...the hourly rate offered by local authorities doesn’t meet the costs of provision. The new service model will be underpinned by a more open, proportionate and consistent approach, which makes it more attractive for high quality providers to deliver funded ELC.”²⁸

The Scottish Government recommended several processes by which Councils could determine the rate which would be passed on to provider partners²⁹:

- Survey (Costs) – Review detailed cost information provided by private and third sector providers;
- Working Group - Agree, for each cost, a percentage (%) figure and indicative cost through a working group;
- Survey (Prices) - Review current rates charged by private and third sector providers in the local area; and
- Cost Modelling – Develop costs based on modelling of an 'average' local ELC setting.
- Alternatively, Councils could use a process that met certain principles set by the Government, but which was different from any of the four processes set out above.

Councils most commonly undertook a survey (costs) approach. Some undertook all 4 formal approaches, then applied the final informal process to determine the rate³⁰:

Method	Number of councils
Survey (costs)	14
Working group	0
Survey (prices)	5
Cost modelling	3
Alternative method	5
Costs and prices	1
Combination of all 4, then alternative method to arrive at a final figure	3

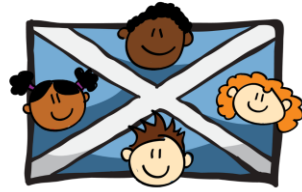
Table 3: method undertaken by Local Authorities

*One council noted that there are no partner providers in its area

²⁸ [Scottish Government - A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland](#) 2017 version, page 11

²⁹ [Scottish Government - Overview of local authority funding and support for early learning and childcare providers](#) page 20.

³⁰ Ibid, Table C1



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Rates paid to partner providers vary across Scotland, as does the meal allowance rate:

	Rate/hour for 2-year olds	Rate/hour for 3-year olds and above	Meal allowance
Aberdeen City	£6.05	£5.45	£2.75
Aberdeenshire	£6.34	£5.59	£2.50
Angus	£6.68	£5.21	£3 + 10p/hour for snacks
Argyll & Bute	£6.18	£5.47	£3.11
Clackmannanshire	£5.42	£5.42	£3.50
Dumfries & Galloway	£6.20	£5.26	£1.77
Dundee City	£5.60	£5.31	£2.10
East Ayrshire	£5.50	£5.50	£3.00
East Dunbartonshire	£6.40	£5.31	£3.00
East Lothian	£5.31	£5.31	£3.00
East Renfrewshire	£8.50	£5.31	£3.00
Edinburgh City	£5.42	£5.42	£3.00
Eilean Siar	£5.31	£5.31	£2.00
Falkirk	£5.55	£5.31	£3.00
Fife	£5.31	£5.31	£0.38/hour
Glasgow City	£6.40	£5.40	£3.00
Highland	£6.00	£5.31	£2.30
Inverclyde	£5.31	£5.31	£3.00
Midlothian	£6.50	£5.31	£0.40/hour
Moray	£7.57	£6.30	£2.35
North Ayrshire	£5.31	£5.31	£3.00
North Lanarkshire	£5.80	£5.55	£3.00
Orkney Islands	£5.00	£5.00	TBC
Perth & Kinross	£5.50	£5.31	£2.80
Renfrewshire	£8.50	£5.31	£3.00
Scottish Borders	£5.65	£5.31	£2.40
Shetland Islands	£6.70	£5.48	£1.83
South Ayrshire	£5.31	£5.31	£2.87
South Lanarkshire	£5.90	£5.31	£0.50/hour
Stirling	£5.05	£5.55	£0.35/hour
West Dunbartonshire	£5.31	£5.31	£3.00
West Lothian	£6.40	£6.40	£0.40/hour

Table 4. Rates for 2021/22, as available at August 2021³¹

³¹ Ibid, tables A1 and B1



It should be noted that staff ratios for 2-year-olds are higher than those for 3 and above – i.e., more staff a needed per child. This should lead to a higher funding rate for children in this age group.

These rates, if extended through the total number of children eligible for 1,140 hours funding, indicate that 29 of the 32 Local Authorities underfund those children who attend PVI settings³².

However, figures are difficult to ascertain fully. Scottish Government figures indicate that in 2020 around 95,000 children were eligible for ELC funding³³, while figures provided by Local Authorities indicate that in April 2021 around 118,000 children were accessing funded ELC³⁴. Either way, the Scottish Government is providing around £1.02 billion for 1,140 hours in 2021/22³⁵. Taking the figure provided by the Local Authorities, £7.58/child/hour should be available to every child; if the Scottish Government figure is used, this figure rises to £9.41³⁶.

On average, Local Authorities paid partner providers £6.08/child/hour (including the meal allowance)³⁷. Again, using the Local Authority figure for the number of children accessing funded ELC, £6.08/child/hour paid equally to all children accessing 1,140 hours of funded ELC would suggest that the policy should cost the Scottish Government £817,881,600 – around £200 million under the amount that the Government is providing to Local Authorities. Recent research, which takes population rates into account, indicate that Local Authorities are underspending around £150 million from the Scottish Government funding.

At least one Local Authority is using the underspend in funding to cover increased costs in their capital works expansion programme: City of Edinburgh has reported that £16.245m for the 2020/21 financial year and £7.600m for the 2021/22 financial year has been moved from the Scottish Government revenue grant to the capital works programme, increasing their available budget for capital works from £39.484m to £63.329m³⁸.

³² See Appendix A

³³ [Scottish Government - Summary statistics for schools in Scotland 2020](#) page 20

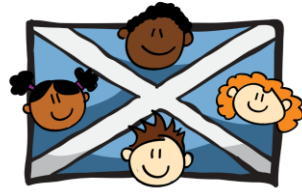
³⁴ [Scottish Government - Increasing free early learning and childcare](#)

³⁵ Ibid

³⁶ These figures are based on: (£1.02 billion)/(1140*number of children)

³⁷ This figure is based purely on the average rate paid by each Local Authority and doesn't take population into account. For full calculations, please see Appendix A.

³⁸ [City of Edinburgh - Early Years 1140 Capital Programme Update](#) March 2022, Item 6.1, page 6



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Conclusion and recommendations

The 1,140 hours of funded ELC is an important policy for the Scottish Government, both politically and for the social outcomes it is endeavouring to achieve. While COVID-19 delayed the full implementation, the roll out is now almost complete.

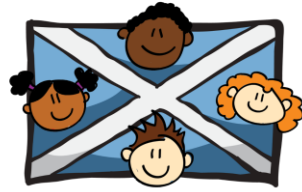
The public and PVI sectors each play an incredibly important role in the provision of daycare for children. While a majority (74%) of the 1,140 funded hours are provided through Local Authority settings, a large majority of other childcare (86%), and a not insignificant amount of 1,140 funded hours (26%) are provided through the PVI sectors. The PVI sector provides a greater level of availability (before- and after-school, and non-term time) and range of choices (through the number of nurseries in operation) than is typically available through Local Authority nurseries.

The availability of workforce is an ongoing issue for all providers. Government programmes aimed at increasing students undertaking ELC qualifications have produced only a small return. Local Authorities have in a large part relied on attracting staff from the PVI sectors, with higher rates of pay and, in many cases, shorter term times. However, COVID-19 has shown that there is not the spare capacity in the workforce – both Local Authority and PVI nurseries had to close settings when staff either had a positive result to COVID-19 or had to self-isolate. The Scottish Government recognised this and lowered self-isolation requirements for ELC staff in December 2021.

Recommendation 1: The Scottish Government should recognise other qualifications that are relevant for childcare and introduce fast-track ELC bridging courses for people who hold those qualifications.

Recommendation 2: The Scottish Government should institute a working group of relevant stakeholders, including Local Authorities, the PVI sector, the Care Inspectorate, SSSC, Skills Development Scotland, and the Scottish Qualifications Authority to develop a new range of relevant qualifications and training pathways for Early Learning and Childcare.

There are many qualifications which are relevant for the well-being of young children – sports, music, and psychology are just a few. However, qualifications in these areas are not recognised for specialist childcare staff. A person with, for example, a sports degree would need to completely retrain to become a childcare specialist. Instead, the Scottish Government should introduce a fast-track bridging course which allows someone to attain a childcare qualification, similar to the Professional Graduate Diploma in Education (PGDE) course for those training to be a teacher.



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The working group should also consider the manner in which additional training courses are provided for ELC staff. Currently, courses are typically provided by or through Local Authorities, and are frequently scheduled at times when Local Authority settings are closed – during school holidays, or on Fridays when many operate a reduced hours service. For staff in PVI settings to attend these courses, replacement staff need to be sourced. As discussed elsewhere, there is already minimal capacity in the workforce to provide cover for absences; this is exacerbated with training courses.

Recommendation 3: The Scottish Government should either:

- 1. Provide funding for the provision of the 1,140 hours direct to parents through either a voucher scheme or through an online portal which allows nurseries to be funded directly; or,**
- 2. Directly set the rate which all children will receive for their 1,140 hours.**

The Scottish Government has invested heavily in the 1,140 hour programme, both through revenue grants and the capital works grants. However, it is concerning that Local Authorities a) are allowed to decide on the rate funded to partner providers and b) have been the only recipients of the capital works funding.

Local Authorities are put in the unenviable position of having to provide and fund their own settings, as well as fund what might be considered the competition – i.e. partner providers. It is unquestionable that Councils are providing a lower level of funding for children who attend partner provider nurseries than they fund children who attend Council nurseries. Part of this could be that Government guidance is couched in terms of funding required to maintain sustainable partner providers; that is, the focus is on the commercial operations of a business, rather than consideration of the children who attend and receive the same standard of care and the same syllabus as those children who attend a Council setting. Certainly, it is the case for one of the largest Councils that they have diverted funds from the provision of the actual service to the building of new facilities.

Local Authorities have shown that they will not set a sustainable rate for children who attend non-Council nurseries. Typically, one could expect variations between urban and regional locations due to varying factors (larger cities are more expensive which leads to higher wages, or it being more difficult to attract staff in more remote areas which equally leads to higher wages being offered). However, 17 out of 32 Local Authorities have set an identical funding rate to each other (£5.31) with an additional 11 setting a rate within 20 pence either side of this. The 17 Local Authorities utilising the £5.31 rate range from predominantly urban to largely rural Councils.

The manner in which Local Authorities have set their rate, no matter which method they used, are questionable. For the majority which used the survey (costs) method, Councils



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typically contacted PVI settings via email to gather financial information. PVI settings have reported that they were unaware of why Local Authorities were requesting sensitive commercial information, and that the forms used were overly complicated and typically asked basic, high-level questions which would not provide an accurate representation of the cost base. Alternatively, at least one Council used a commercial advertising website from which they gathered general advertised prices, without considering whether the information was up-to-date, complete, or indicative only. Councils have also unilaterally amended funding rates, without completing any of the processes. Typically speaking, they reserve the power to do so in the contracts which partner providers sign.

Recommendation 4: The Scottish Government should request Audit Scotland and the Accounts Commission to perform an independent and dedicated review of the state of the whole of the daycare of children sector, including private, voluntary, and independent nurseries, childminders, playgroups, creches, and Local Authority nurseries.

Recommendation 5: The Scottish Government should commit to implementing recommendations which such a report delivers.

The Accounts Commission and Audit Scotland report on Local Authorities and central Government respectively. Given that the 1,140 funded hours policy sits with an unbreakable link between these two levels of Government, and the interplay between a central Government set syllabus and standards, the Care Inspectorate, Scottish Social Services Council, COSLA, the Improvement Service, and the individual Local Authorities, there is a need for the entire daycare of children ecosystem to be reviewed.

This report has considered the state of nurseries, and the provision of the 1,140 hour programme. There is the intention to consider the childminding sector at a future date, however that particular sector is undergoing a rapid reshaping, partly through the challenges which COVID-19 delivered, and partly through policy settings for 1,140 hours.

There are already signs that the PVI sector is under pressure; there is a general reduction in the number of settings in this sector. This places increased strain on other PVI nurseries, as well as Local Authority ones.

Staff in all types of nurseries have reported a marked increase in the amount of administrative paperwork, especially associated with a more structured syllabus and changing care standards. This is acutely felt in the PVI sector, given the nature of wrap-around care outwith the 1,140 hours. Staff need to either spend time after a 10-hour shift completing paperwork, or additional staff are needed to balance the time spent with the children and administrative duties. As discussed elsewhere, there is limited capacity in the



workforce to allow this. This is leading to additional health and wellbeing pressures and concerns for staff.

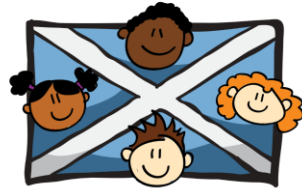
Ultimately, it is children and their parents who suffer – children who are unable to attend any form of daycare, parents who are unable to access flexible and affordable childcare which allows them to continue or re-enter the workforce or undertake further education themselves.

It is accepted that PVI nurseries have higher direct costs than Local Authority settings – from rent, insurance, and Council tax, through to administrative, HR, and legal work which might be otherwise absorbed by general Council staff in Council nurseries. If PVI settings are being placed under increased financial strain by an unbalanced funding model, there is a risk of an increase in the rate of closures of nurseries over the short- to medium-term.

Finally, any review should directly engage with the PVI sector as well as childminders to ensure the real experiences of these sectors are taken into account frankly and clearly.

Recommendation 6: The Scottish Government should make a capital works grant funding package available for private, voluntary, and independent nurseries.

Local Authorities have been provided £476 million in capital works grants, while no funding has been made available to the PVI sector. Given that there are a range of reasons why a child might attend a PVI setting rather than a Local Authority setting (including the operating hours of the setting, and the availability of wrap-around care), it seems unfair for children who attend PVI settings for those settings not to have the opportunity to refurbish themselves at least in a somewhat similar manner to Local Authority settings.



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About the Scottish Private Nursery Association

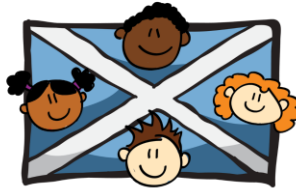
The Scottish Private Nursery Association is the only Scottish-based industry body run, funded, and managed by nursery owners and managers. Formed during 2021 as a Company Limited by Guarantee, SPNA opened membership in early 2022. Since then, membership has grown to around 50 members who collectively own and operate more than 100 individual nurseries around Scotland.

SPNA aims to advocate and educate on behalf of the whole nursery sector in Scotland, by listening and engaging directly with its members as well as the wider sector. The messages which are gathered form the topics for discussion with elected officials, civil servants, media, other industry bodies, and NGOs.

As stated in the Articles of Association, SPNA's objectives are:

- 1) To build recognition and understanding of the stages of and factors contributing to a child's development, and to provide support to all those who contribute to a child's development.
- 2) To support and promote private nurseries as locations where all children receive high standards of care, support, and education, and to ensure that parents of children in these facilities recognise the standard of care their children are receiving.
- 3) To provide mental health and wellbeing support to children and parents of children in our care, as well as educating more generally on the importance of mental health and wellbeing to parents, especially those whose children do not or cannot access childcare.
- 4) To enable private nurseries to deliver the high standards of care, support, and education by representing the views of the sector and providing instruction, advice, and messaging regarding official policies and procedures.
- 5) To ensure that all nursery settings have access to a well-qualified workforce, where staff feel valued and supported, and their talents and skills are recognised through an appropriate pay structure.

There are several pre-existing formal and informal groups within the early learning and childcare sector. Some of these are UK wide bodies which, while they may have regional offices in Scotland, predominantly focus on English policies. Other groups include informal gatherings of local nursery owners on various social media and messaging platforms. Discussions within these groups have, for some years, considered the creation of a formal body to represent the sector, which led to the formation of the Scottish Private Nursery Association.



Appendix 1 – total Local Authority spend on ELC if all children funded at PVI rates

	Total spend if all children funded at PVI rate	2021/22 Scottish Government funding	Difference	% difference	Number of 2 year olds	Rate/hour for 2 year olds	Number of 3 year olds and above	Rate/hour for 3 year olds and above
Total of all Scotland	£871,586,243	£1,020,584,000	£148,997,756.51	17.94				
Aberdeen City	£32,868,373	£42,698,000	£9,829,627	23.02	440	£6.05	4,550	£5.45
Aberdeenshire	£46,730,098	£54,812,000	£8,081,902	14.74	170	£6.34	6,652	£5.59
Angus	£16,871,529	£20,340,000	£3,468,471	17.05	125	£6.68	2,480	£5.21
Argyll & Bute	£11,251,707	£16,302,000	£5,050,293	30.98	58	£6.18	1,642	£5.47
Clackmannanshire	£7,199,351	£9,590,000	£2,390,649	24.93	91	£5.42	976	£5.42
Dumfries & Galloway	£20,646,077	£24,932,000	£4,285,923	17.19	199	£6.20	3,098	£5.26
Dundee City	£23,732,947	£29,243,000	£5,510,053	18.84	455	£5.60	3,293	£5.31
East Ayrshire	£19,667,394	£24,400,000	£4,732,606	19.40	240	£5.50	2,735	£5.50
East Dunbartonshire	£16,110,750	£19,250,000	£3,139,250	16.31	259	£6.40	2,210	£5.31
East Lothian	£18,790,349	£21,776,000	£2,985,651	13.71	115	£5.31	2,823	£5.31
East Renfrewshire	£17,888,066	£14,626,000	£-3,262,066	-22.30	115	£8.50	2,617	£5.31
Edinburgh City	£74,594,985	£82,948,000	£8,353,015	10.07	1,153	£5.42	10,286	£5.42
Eilean Siar	£3,143,103	£5,666,000	£2,522,897	44.53	25	£5.31	476	£5.31
Falkirk	£26,898,984	£32,204,000	£5,305,016	16.47	285	£5.55	3,857	£5.31
Fife	£59,694,130	£67,869,000	£8,174,870	12.05	874	£5.31	8,328	£5.31
Glasgow City	£108,458,503	£114,211,000	£5,752,497	5.04	1,508	£6.40	14,919	£5.40
Highland	£32,852,900	£47,849,000	£14,996,100	31.34	215	£6.00	4,960	£5.31
Inverclyde	£10,645,118	£15,266,000	£4,620,882	30.27	152	£5.31	1,512	£5.31
Midlothian	£23,204,925	£22,668,000	£-536,925	-2.37	266	£6.50	3,244	£5.31
Moray	£15,097,752	£18,946,000	£3,848,248	20.31	97	£7.57	1,911	£6.30
North Ayrshire	£19,269,643	£25,536,000	£6,266,357	24.54	274	£5.31	2,739	£5.31
North Lanarkshire	£56,269,760	£68,091,000	£11,821,240	17.36	589	£5.80	7,823	£5.55
Orkney Islands	£2,648,078	£4,471,000	£1,822,923	40.77	17	£5.00	448	£5.00
Perth & Kinross	£20,021,746	£26,405,000	£6,383,254	24.17	164	£5.50	2,972	£5.31
Renfrewshire	£28,347,408	£36,757,000	£8,409,592	22.88	384	£8.50	3,830	£5.31
Scottish Borders	£20,673,128	£22,961,000	£2,287,872	9.96	89	£5.65	2,290	£5.31
Shetland Islands	£3,685,269	£5,646,000	£1,960,731	34.73	15	£6.70	553	£5.48
South Ayrshire	£15,392,703	£18,299,000	£2,906,297	15.88	207	£5.31	2,206	£5.31
South Lanarkshire	£57,154,630	£58,106,000	£951,370	1.64	967	£5.90	7,564	£5.31
Stirling	£13,493,905	£19,253,000	£5,759,095	29.91	206	£5.05	1,818	£5.55
West Dunbartonshire	£14,807,101	£17,526,000	£2,718,899	15.51	217	£5.31	2,058	£5.31
West Lothian	£33,475,832	£31,937,000	£-1,538,832	-4.82	59	£6.40	4,259	£6.40
Notes:	(1)	(2)			(3)	(4)	(3)	(4)
(1)	(Number of 2 year olds * 2 year old rate per hour * 1140 hours) + (Number of 3 year olds and above * 3 year old and above rate per hour * 1140 hours) + (Total number of children * Meal allowance per hour * 1140 hours) = PVI funding							
(2)	Figures received from FOI request to Scottish Government, response dated 02 December 2021							
(3)	Figures received from FOI request to Scottish Government, response dated 24 November 2021							
(4)	Published by Scottish Government, "Overview of local authority funding and support", August 2021							



**Connect Parent/Carer Survey:
Early Learning and Childcare and 1140
Hours**

Findings Report January 2022

Introduction: The Survey

About Connect:

- Independent membership organisation and charity for parents and parent groups in Scotland for over 70 years
- Offers a range of services including support and advice to parent groups and parents
- Works with school communities and education staff
- Regularly surveys parents/carers on different issues
- Seeking to promote positive relationships and communication between all involved in education and learning



Early Learning and Childcare (1140 Hours) Survey

- Ran from 18 October to 30 November 2021
- This survey asked parents/carers of eligible young children aged 2-5 about:
 - their child's funded early learning and childcare funded hours (up to 1140 hours funded by Scottish Government)
 - whether their child's early learning and childcare placement meets their family's needs
 - whether information about their child's learning is shared
- **112 responses from 22 local authorities**



Happy Families: Positive Parent Comments

Parents Said:

- *Just very grateful that my child gets the time at nursery and is getting prepared for school in the best way whilst learning but mainly by having fun and social development*
- *I'm happy with my child going to nursery he really enjoys it has fun and learns a lot*
- *We are extremely happy with the quality of experience our son receives, and that our daughter before that received, at this nursery. Staff are exceptionally knowledgeable about early learning and development and this is evident in the way they talk and write about each individual child's progress and interests*
- *I am delighted with the 1140 hours provided, and with the nursery staff in my daughters nursery, would just like to be updated a little more*
- *Our kids both just love our nursery, we have been so so lucky. The atmosphere and learning involved is top notch*
- *Delighted to be receiving these hours which helps with our jobs without having to get wrap around childcare*
- *It's a great resource and would have been useful to help me stay in work under non pandemic conditions*
- *The early learning provision has given me and my family the opportunity to save, enabled us to plan for the future and helped our child to learn and interact with other kids*
- *Very happy with our current provision - thanks!*
- *Very happy with my son's hours and the regular communication with the nursery*
- *It's a massive step in the right direction for working parents*
- *The 1140 hours is a huge saving for working parents, which offsets a portion of the hefty cost of using childcare in order to go to work*

Survey Report Summary

- Survey responses (**112**) represent a relatively small sample, with responses from **22** out of 32 local authorities. However, information provided does give details of families' preferences and choices, as well as a picture of what provision is (or isn't) on offer from local authorities
- The vast majority of respondents (**74%**) take their 1140 hours entitlement in local authority settings
- **79%** take all of their 1140 hours entitlement; **21%** do not
- **82%** said they accessed their entitlement in ways that worked for their family; **18%** said they did not
- Asked if their early learning and childcare setting kept them informed about their child's learning, **77%** of respondents said yes, **21%** said no and **2%** said they didn't know

Connect's Calls to Action from the Survey Findings

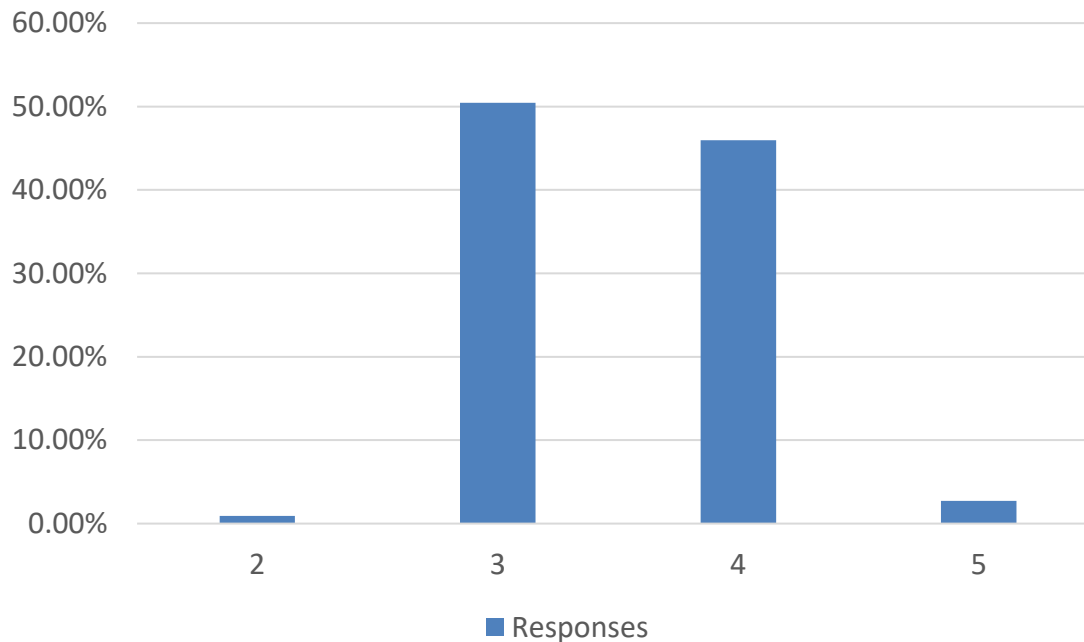
- Just under **one fifth of respondents say their needs** are not being met by the early learning and childcare provision being offered to them
- In some areas, the range and type of provision is not very varied or flexible in terms of meeting parents' and children's needs. From comments made by respondents, parental choice seems to be limited or non-existent. Connect would like to see more in-depth research to investigate to what extent the Scottish Government ambition of parental choice in early learning and childcare has been realised. Some models offered result in many funded hours being unused because they make no practical sense for families. We would welcome Audit Scotland or Scottish Government looking into this
- It is imperative that provision is child-centred – families must not be forced to take excessively long hours if they don't feel it is right for their child

Connect's Calls to Action from the Survey Findings

- Where centres pressure parents not to take up their full entitlement (eg by collecting children early or dropping them off late), this is clearly not acceptable and the reasons behind this (staffing, costs?) must be addressed
- From the point where this policy was consulted on, Connect was concerned that families would be compelled to take up all 1140 hours when their preference was for fewer hours . This has been happening. Some local authority settings do allow informal flexibility where families take up less than their funded hours. However, the centres retain the full funding from Scottish Government. Open discussion about this needs to take place as there is a conflict between inbuilt centre costs and allowing families flexibility
- Of particular concern is the fact that **23%** of respondents said they were not kept informed about their child's learning or did not know if they were being kept informed. This has to change

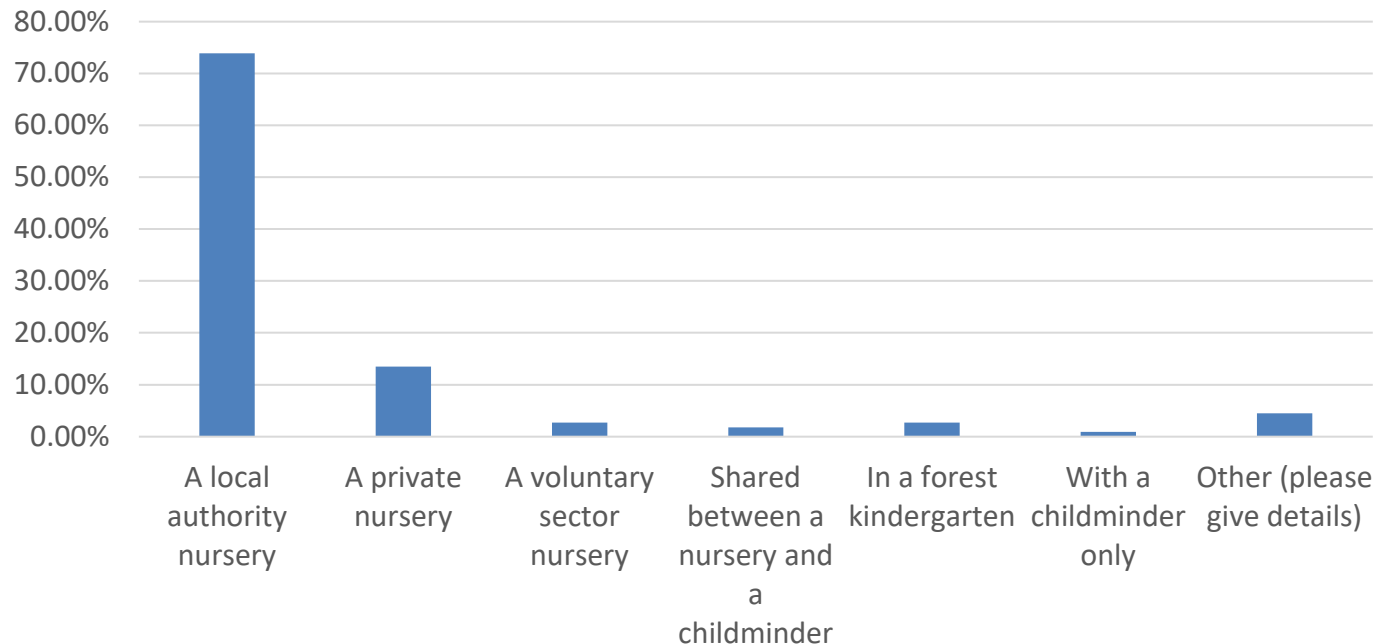
What Age is Your Child?

- **1%** of respondents said two years old
- **50%** said three years old
- **46%** said four years old
- **3%** said five years old



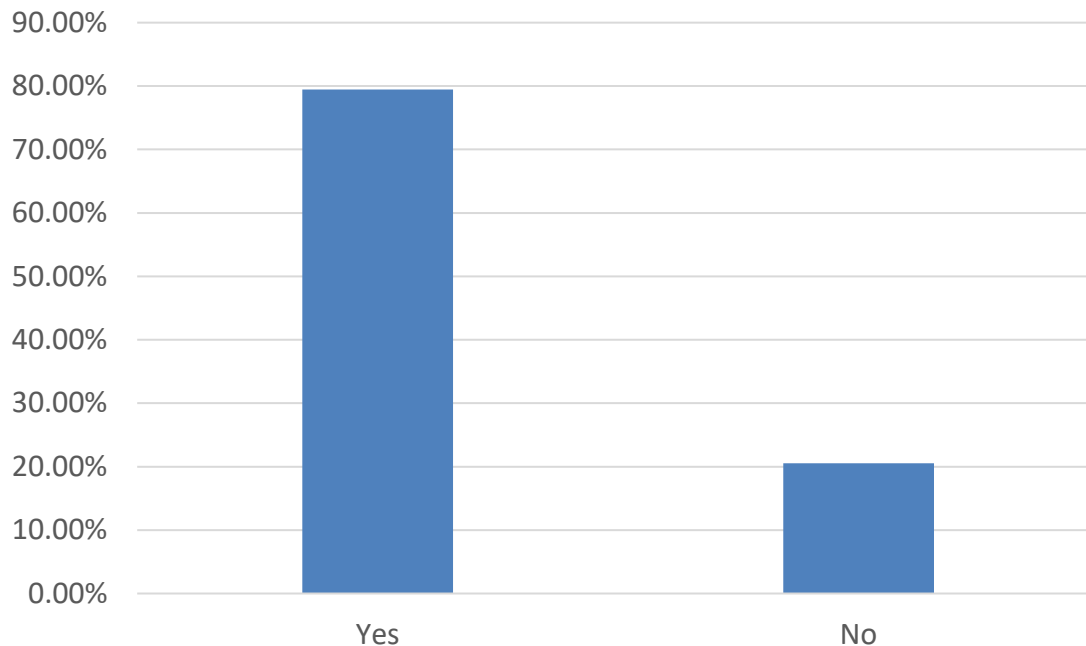
What type of setting does your child attend to access their funded ELC?

- **74%** of respondents said a local authority nursery
- **14%** said a private nursery
- **3%** said a voluntary sector nursery
- **2%** said shared between a nursery and a childminder
- **3%** said in a forest kindergarten
- **1%** said in with a childminder only
- **5%** said other (comments include shared between local authority and private nursery or forest kindergarten, didn't get funded place so had to go private, local authority specialist provision)



Do you receive all 1140 hours of your free (often described as ‘funded’) Early Learning and Childcare (ELC) entitlement?

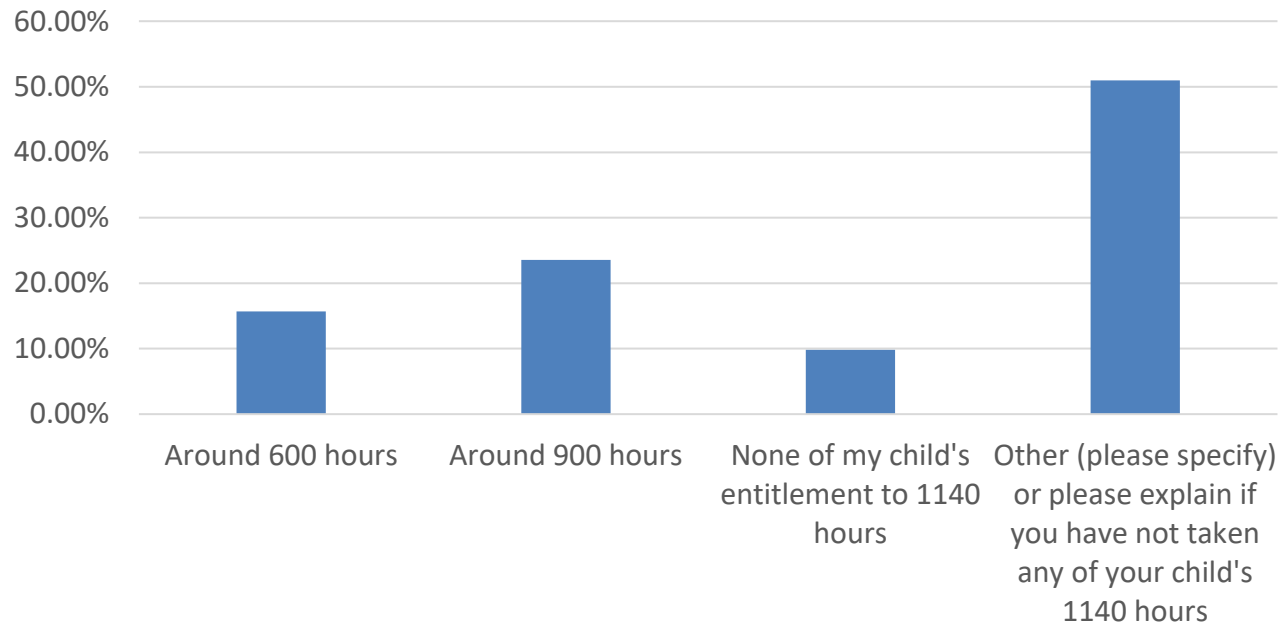
- **79%** of respondents said yes
- **21%** said no



If you do not receive all of your funded hours, approximately how many hours do you receive?

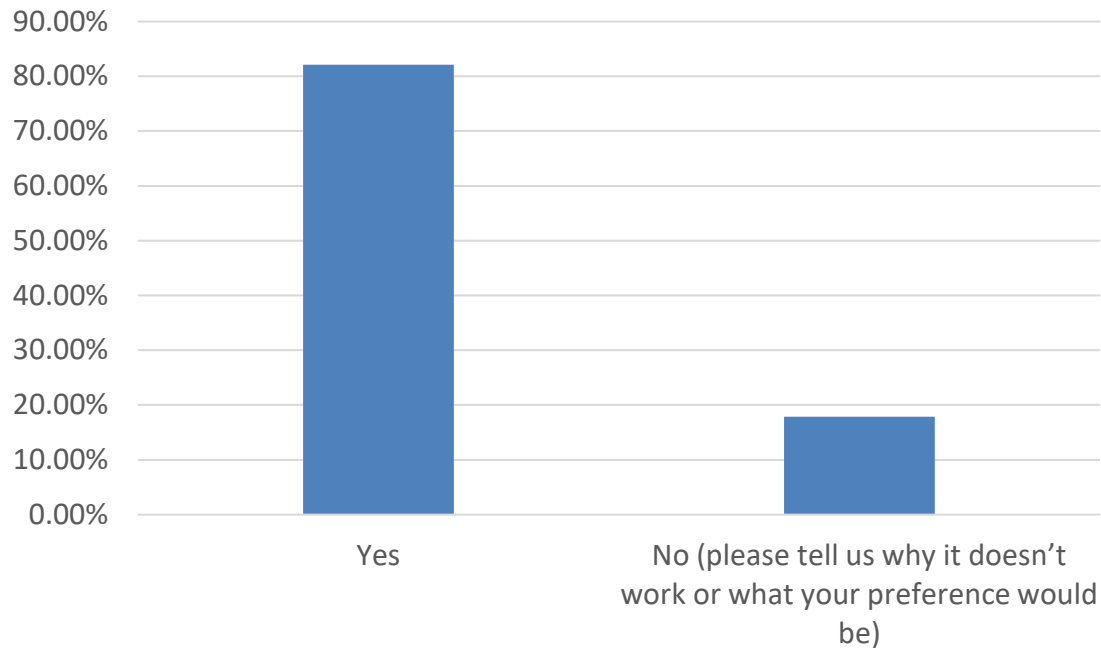
Of the 29% who said they did not receive their full 1140 hours' entitlement,

- **16%** of respondents said they received around 600 hours
- **24%** said around 900 hours
- **10%** said none of my child's entitlement to 1140 hours
- **51%** said other, with a wide range of responses



Do you access your child's funded hours in a way that works for you and your family?

- **82%** of respondents said yes
- **18%** said no



Parents' Voices on Hours Offered/Received

The following themes emerged through parents' comments:

- Provision did not match the needs of working parent(s) eg hours too short, no flexibility, no option to buy additional hours
- Hours are incompatible with school drop off/pick up times (earlier start and/or later finish) leading to an inability to take all 1140 hours (ie the hours are funded by Scottish Government but aren't practically available for all families)
- No choice of model or flexibility offered (for younger children, for family arrangements)
- The 1140 hours are not delivered in full

Parents Said:

- *I had applied and got into a nursery with 9-3 and holidays off which would have been ideal but 2 days before he started the council changed the hours to a 48 week plan*
- *On paper we do receive them all but we are told we need to collect our children by 5.30pm latest, encouraged to actually collect them between 5.15 (when they are ready to go) and 5.30. Technically our session runs daily from 1pm-5.45pm. I've never complained but it has crossed my mind recently that my child loses 30mins each day if they are standing ready to go home at 5.15 each day, waiting for me to collect. It all adds up!*
- *I was given two full days, then every second Friday which is no good to working families*
- *It isn't structured in a way to support families' needs. We have to pay from 8-9am but never use this hour because we drop off sibling at the attached school at 9am*
- *My nursery allowed me to keep the same hours to suit my work. Otherwise, I was being forced to take 8am-6pm two days per week, even though I would only use 9-3. So we have 9-11.30 one day and 9-3 two days. I don't think it's fair on the council to force the new block times onto families - child care should be more flexible.*
- *Two 10 hour days is way too much for a 4 year old. Shorter days every day would be more beneficial as it's a whole week in between nursery again which just isn't right*
- *I would love for my son to go to the local school nursery but the short hours don't work*

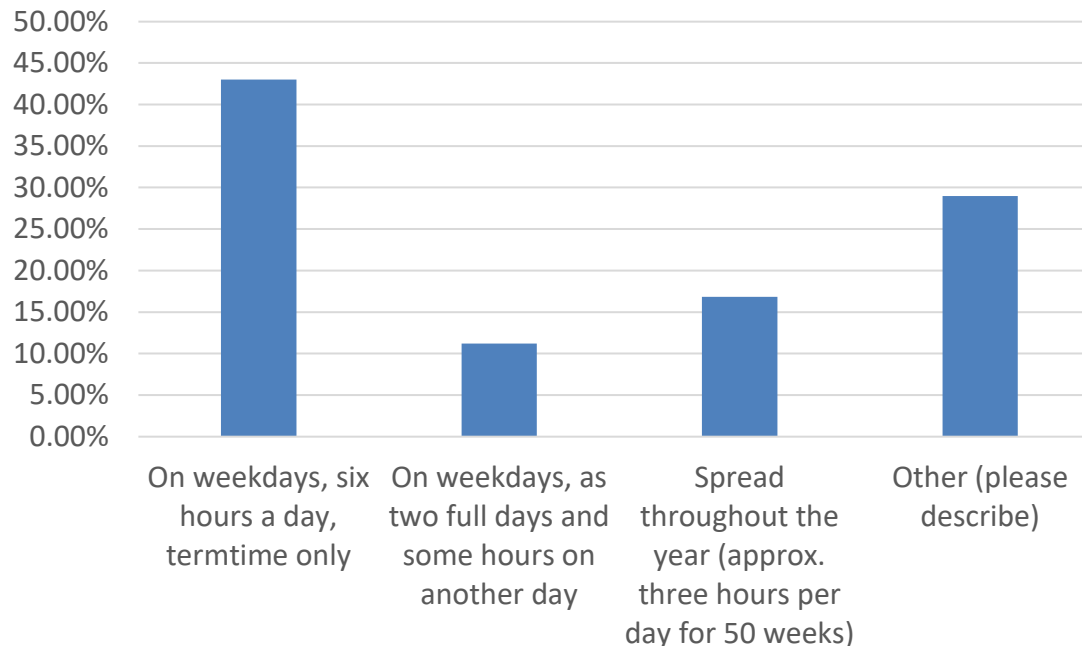
Parents' Voices on Hours Offered/Received

Parents Said:

- *My children attend 8am-12.30pm Monday to Friday. The nursery is opened 48 weeks; I am a teacher and it would suit our family if they could attend for longer hours but in termtime only*
- *Termtime only placement was not an option available. We receive 5 morning sessions each week but are often encouraged not to use these sessions in school holidays. We have also been told they don't have the staff for full morning sessions so we need to drop him off at 8.30am then collect at 12.30pm. We lose lots of funded childcare due to this*
- *The hours offered by school nursery are limited to groups of two days Mon/Tue or Wed/Thu and days cannot be swapped for other days nor to another setting. Fridays are so sporadic that they cannot be relied on for childcare and although the hours can be used in another setting, they only amount to half a day which would be very inconsistent and confusing for a child if one was able to find a private setting with availability at all*
- *The hours given in each local authority are so mixed depending on whether your local site is a nursery or a family centre. I am lucky I get 48 weeks a year but it's just luck of the draw my village has a family centre. The process for allocation of slots this year was a shambles and they stopped allowing swapping (which they did very well in previous years) which led to parents who had already arranged sensible swaps with each other being forced to go back into multiple ballots*
- *Our private nursery isn't very flexible on how we use our funded hours; we are fixed to mornings only which means we have to pay for afternoons*
- *As hours are over the whole year, I feel they are not used as much throughout the holidays. Perhaps a different pattern of hours would be used more?*
- *The core hours of 10-2 are very difficult. Children starting nursery at age 3 (especially after Covid) are not used to being away from home and should have the option of just morning nursery and home for lunch. The core hours have not taken into consideration families that have other children at the school. It would be much better to have them as 8.30-12.30 to allow for new starters to be eased in with just a morning session*

If your child does receive their full 1140 hours entitlement, how do they take the hours?

- **43%** of respondents said on weekdays, six hours a day, termtime only
- **11%** said on weekdays, as two full days and some hours on another day
- **17%** said spread throughout the year (approx. three hours per day for 50 weeks)
- **29%** said other (please describe)



Parents' Comments: Variations in Hours

Of the **29%** who said 'other' and did not take their hours in the options given in the survey question, variations included:

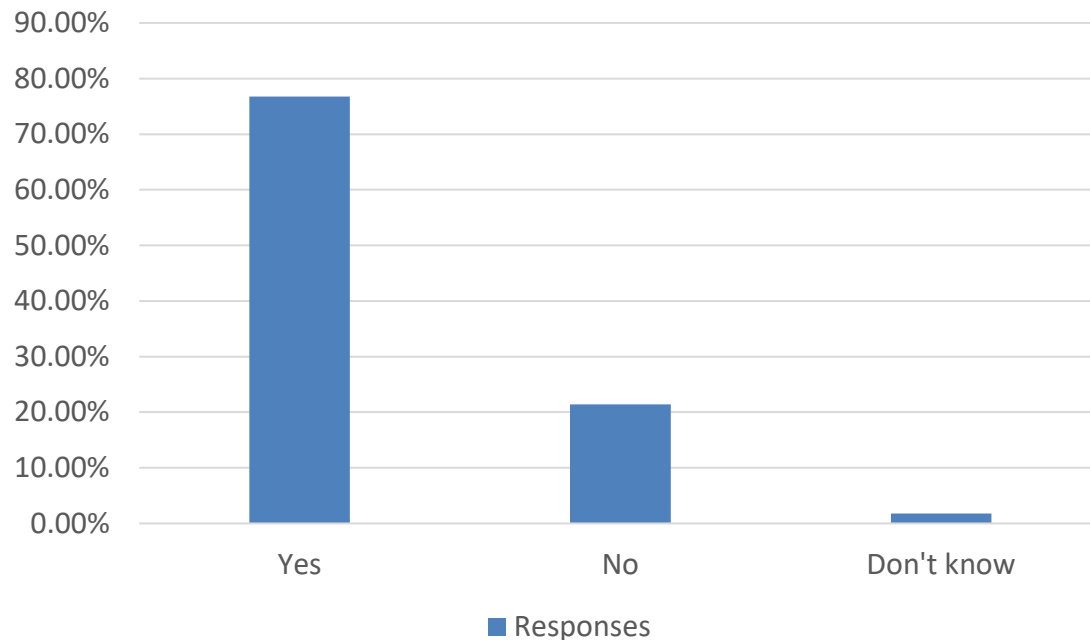
- Mornings only (various hours, over 46, 48 or 50 weeks per year and some did not take the hours in the holidays)
- Afternoons only (various hours, over 46, 48 or 50 weeks per year)
- Mixture of full and part days (two full days, one or two afternoons; four half days, one full day; two long days, two half days etc)
- Two, three or four full days (ten hours for some)
- Five six hour days, termtime only (38 weeks)
- Mon-Thurs 8.45am-3.15pm, no Fridays, termtime only
- Placements split between centres
- Parents paying for additional hours at different settings or the same setting

Parents Said:

- *Three mornings a week. Sadly with my & my husband's shift working we have to pay for a nanny which isn't covered by 1140*
- *They didn't get a funded place*

Your child's learning from age three is part of Scotland's *Curriculum for Excellence*. Do you feel your nursery or other setting tells you regularly about your child's learning?

- **77%** of respondents said yes
- **21%** said no
- **2%** said don't know



Parents' Voices: Communication about Learning – Positive Experiences

Parents Said:

- *We receive weekly reports about our child's learning, and a termly newsletter that explains the wider learning themes and pedagogical approach in the nursery. The staff handover each day and are adept at explaining how children learn through their play and through the daily routines of nursery life*
- *We get a newsletter but it has always been Covid times so it's hard to know what is going on*
- *Regular learning updates and good communication with his key workers and others*
- *Old nursery never heard anything, he played in garden most of his time there. This nursery I can tell he's learning by what he tells me himself*
- *We receive regular learning updates and are asked periodically to contribute to my child's learning plan and priorities*
- *We get weekly updates on what they are doing. And quarterly we see their folio*
- *The nursery have great updates on the Seesaw app and they inform us well after each session*

Parents' Voices: Communication about Learning – Negative Experiences

Parents Said:

- *There is only one update a week on learning journals. And these are a week behind. Nursery used to use twitter and we were given updates of what the children were up to every day*
- *A few pictures but I don't see much in terms of what he's learning. Some posts are generic for a whole group of children*
- *Tricky with it being during the pandemic*
- *Not told anything, no reporting to parents other than some pictures on a closed Facebook group*
- *No, I rarely receive updates on what my child has been learning. The staff never tell me how my child has been when I collect him at home time*
- *We have not been given feedback of any kind since my child commenced nursery in August*
- *Would just like to hear more from the nursery about how my child is getting on*
- *They are always too busy to discuss the learning the kids do*





We are very grateful to all the parents and carers who took part in this survey

1140 Hours – Anonymised Parent

Dear Councillor,

I am writing to you regarding the 1140 hours scheme.

My son will turn 3 on the 23rd of September this year. Therefore, he will not be able to attend school nursery until the January term. His friend born 24 days before him will be able to attend school nursery. I completely understand this rule and understand there must be a cut-off date.

However, what I do not understand is why my son's friend will be entitled to her funded hours while she is at school nursery/private nursery and but my son will not be entitled to these hours. Although aged 3, my son will not receive his 1140 hours until January. Therefore, I will be required to pay for his childcare until January. I am currently on maternity leave with my second child receiving just statutory maternity pay. I wish to have my son to have the same experiences as his classmates when he starts school the following year. Therefore, I have planned to send him to the local playgroup from September when he is aged 3. It has only now come to my attention that I will in fact have to pay for this myself.

I would like to know why the funding does not start when they are aged 3? Why will my son miss out on 12 weeks of funded hours compared to the children who will be in his school class? Those 12 weeks will cost me £600 at playgroup. Statutory maternity pay is £151.97 a week. With the cost of living I am afraid that I may not be able to afford to send my son to playgroup for those 12 weeks and that he will miss out on many learning experiences during this time.

I look forward to your reply and hope you can give me some insight into this.

Kind regards

Anonymous