

Early Learning and Childcare Expansion

Policy Update

The Early Learning and Childcare Expansion programme is at a critical stage in moving towards the delivery of 1140 hours of funded entitlement from 2020. This report provides members with an update on developments around finance, funding models, service models, living wage commitment, expansion plans, workforce and partner providers, and seeks input from members on these issues in order to develop the COSLA position going forward.

Summary and Recommendations

COSLA remains supportive of the expansion of Early Learning and Childcare, given the potential benefits for young children, and for families, carers and potentially the local economy. We are committed to the principles behind the expansion and would like to see this delivered for children and their families. However, there are a number of concerns around delays to the financial template, time pressures given the level of detail requested by Scottish Government, the impact of submitted templates on spending review discussions and the numerous critical decisions to be made at this stage around service models, funding, workforce and guidance. These will have a significant impact on how this policy is delivered and it is imperative that local government has a strong voice in these areas.

Members are invited to:

- i. Consider and raise any issues identified in completing the financial template as requested, and implications of this;
- ii. Consider the new “provider neutral”, funding follows the child model locally and nationally and provide direction on a local government position for officers involved in model development;
- iii. Consider delivery of living wage commitment locally and associated funding;
- iv. Provide officers with any other insights in relation to the expansion, particularly on the areas of workforce and private and third sector providers.

References

Previous reports:

- ECYP Executive Group Report - The Expansion of ELC - March 2017
- COSLA Leaders – Distribution – February 2017
- COSLA Leaders – Response to consultation on ELC – November 2016

Laura Caven
Policy Officer
0131 474 9317
laura.caven@cosla.gov.uk

September 2017

Early Learning and Childcare Expansion

Policy Update

1. The Early Learning and Childcare Expansion programme is at a critical stage in moving towards the delivery of 1140 hours of funded entitlement from 2020. This report provides members with an update on developments around finance, funding models, service models, living wage commitment, expansion plan submission, workforce and partner providers, and seeks input from members on these issues in order to develop the COSLA position going forward.

Current COSLA Position

2. In March 2017, the Children and Young People Executive Group agreed officers would continue to advocate for funding to be provided directly to Local Authorities as opposed the other funding models outlined in the Blueprint consultation document, and would continue working with Scottish Government and other partners in taking a pragmatic approach to delivery of the expansion.
3. Following the Executive Group meeting, the Minister announced the funding model for the expansion would be a provider neutral model where “Funding Follows the Child”. Funding will continue to be channelled through local authorities – it will not go directly to providers or to parents and carers. He also stated:

“I want to make clear that local authorities will continue to play a vital role in delivering ELC and building capacity for the expansion to 1140 hours – they will be the main guarantor of quality and enabler of flexibility and choice.”

“As already stated, local authorities will continue to play a key role in the delivery of our Action Plan and will retain their statutory responsibility to ensure that funded entitlement is available for all eligible children in their areas”
4. An overarching concern since the announcement of the expansion has been the overall funding for both capital and revenue costs. At this stage Councils have no confirmation of funding beyond 2017/18. In March officers reported to the Executive Group that Scottish Government had announced £61million of funding in the 2017/18 draft budget, with £30million capital funding and around £31million revenue funding. At the request of COSLA officers, a finance working group was established to ensure local authorities have input to and clarity over the amount and purpose of funding going forward, and to provide professional finance input to the development of the programme. This group feeds into the Programme Board.
5. In the COSLA response to the Blueprint consultation, concerns were also raised around workforce, including lack of certainty around funding and recruiting and training an increased workforce in time for 2020. Scottish Government estimates that nationally, around 14,000 additional staff will be required to deliver the expansion.
6. A meeting between the Minister and the COSLA Children and Young People Spokesperson has been arranged for 25th September 2017 in order to discuss these concerns further.

What is changing

Oversight and Governance Groups

7. There are a number of governance, oversight and working groups contributing to the design of the expansion programme, and Local Government is well represented across these. These groups feed in to the Early Learning and Childcare Programme Board which has responsibility for oversight of the programme's component projects and workstreams, setting policy direction, providing advice to Scottish Government on recommendations to Ministers and decision making. The Programme Board is made up of Scottish Government ELC and Finance officers, COSLA, Transport Scotland, SOLACE, Scottish Futures Trust and the Care Inspectorate who offer insight and challenge in an advisory capacity.
8. The ELC Leaders Forum meets monthly as an advisory group led by senior officers in local authorities to discuss various aspects of the Programme. The ELC Strategic Forum is chaired by the Minister for Childcare and Early Years and aims to inform the strategic vision for high quality, flexible ELC in Scotland, with membership from a wide range of partners including local authorities, the college sector, third and private sectors and unions. In addition there is a Quality working group and Skills Investment Plan advisory group, all with membership from a wide range of partners and focused on specific areas of programme development.
9. Two additional working groups have recently been established, the Finance working group and Service Models working group. The Finance working group is responsible for ensuring that the programme is underpinned by a robust financial evidence base and offering professional finance input to the development of the programme. This group is jointly chaired by the COSLA and Scottish Government officers, and membership includes SOLACE, Local Government Directors of Finance and ADES.
10. The Service Models Working Group will develop the details of the new Funding Follows the Child model, the national standard for becoming a funded provider and the process for this, inform delivery of the Living Wage commitment and develop a guidance note to support implementation of the commitment. This groups is co-chaired by Bill Alexander (Highland Council) and Scottish Government officers, with membership including COSLA, ADES Early Years Network, ADES Resources Network, Directors of Finance, SOLAR, and Scotland Excel.

Expansion Plans

11. Local Authorities are requested to submit expansion plans by 29 September 2017. This includes details on infrastructure, workforce development, planned service models and costs.
12. A key component of the expansion plans is the completion of a financial template, developed by Scottish Government with input from the Finance Working Group. This was due to be sent to local authorities by the end of July, and despite COSLA officers pushing for it's issue as soon as possible, delays by the Scottish Government project team mean that the template was not issued until Friday 25 August, putting significant additional time pressure on local authorities. Early feedback from local authority officers is that the template is hugely complex and requiring a lot of detail.
13. Scottish Government have emphasised that they understand calculating financial requirements is an iterative process, and there is an awareness that to an extent it is a cyclical situation whereby councils cannot fully develop service models until funding is known, but it is not possible to calculate the funding required until service models are known. Members should be aware however that these completed templates will inform Spending Review discussions. In the Programme for Government published on 5

September 2017 a commitment is made to “guaranteeing a multi-year package of funding for local authorities” however the details of this will not be published until Autumn.

14. Following submission of these plans, they will be reviewed by both the Scottish Government Policy Team and the Delivery Team. The Finance Working Group will consider a summary analysis of the plans and local authorities will receive feedback in November. This feedback will be in the form of follow up actions. A national learning report based on the expansion plans will be published by the end of 2017.
15. The Finance group continues to meet and a further update will be provided to the board on developments following submission of the plans.
16. It would be beneficial to overall expansion policy development if local authorities could send a copy of their expansion plan to COSLA officers when submitting to Scottish Government.

Funding Follows the Child

17. The Service Models working group are beginning to develop the details of the “provider neutral” “funding follows the child” model. Funding will continue to be routed through local authorities and a national standard and process for becoming a funded provider will be developed. There will be no national rate set for local authorities to pay funded providers, this will continue to be addressed by local negotiations and processes. The group will also consider the transition from current models of delivery to the new model from 2020, noting that many local authorities are already working towards this. A data gathering exercise has been carried out by Scottish Government to provide an overview of current practice in relation to partner providers in order to inform these discussions.

Living Wage

18. At the request of the Service Models Working Group, a Living Wage subgroup is being established to develop the mechanism and guidance for delivering the Living Wage Commitment. This group will report to the Service Models Working Group, and produce a guidance note on implementing the commitment by end of March 2018. Scottish Government have committed to providing local authorities with up to £50 million additional revenue by the time the full roll out of the entitlement to 1140 hours is delivered from 2020, however officers are not convinced that this figure will be adequate and are keen that the subgroup reflect on the experience of the adult health and social care sector.

Workforce

19. Attracting, recruiting, training, developing and retaining the workforce required to deliver the expansion is an ongoing area of concern. The Early Learning and Childcare [Skills Investment Plan Prospectus](#) was published in March, and an updated Prospectus including an Action Plan is due for publication in October. This covers issues such as recruitment, training and development, however it is recognised that there are still significant challenges in increasing the workforce and ensuring they are appropriately trained and skilled. Additionally, there is a risk of negative impact on other health and social care services, as staff from those areas could move into Early Learning and Childcare, with the extra focus on marketing, the living wage commitment, commitment to additional training and development opportunities and the potentially more attractive working hours compared to other health and social care areas.

Funded Providers

20. There is a risk, and reality already in some areas, that expansion and increase in flexibility by local authority ELC settings negatively impacts on private and third sector

providers, as families opt for local authority settings in the lead up to 2020, prior to the delivery of the new service model. This must be carefully considered as private and third sector providers, including childminders, will be required in order to deliver the increase in funded hours.

Proposed COSLA Position

21. In order to put forward a strong local government position, officers require input from members on the challenges within their local authorities in relation to the expansion. The challenges of the new funding follows the child model, the living wage commitment and associated funding and issues related to workforce are key areas where officers are keen to ensure the voice of our members is strong.

Next Steps

22. COSLA officers will continue as members of the working groups outlined above, developing policy, plans and guidance to support the new funding follows the child model, taking direction from you as members of the Children and Young People's Board.

Summary and Recommendations

23. COSLA remains supportive of the expansion of Early Learning and Childcare, given the potential benefits for young children, and for families, carers and potentially the local economy. We are committed to the principles behind the expansion and would like to see this delivered for children and their families. However, there are a number of concerns around delays to the financial template, time pressures given the level of detail requested by Scottish Government, the impact of submitted templates on spending review discussions and the numerous critical decisions to be made at this stage around service models, funding, workforce and guidance. These will have a significant impact on how this policy is delivered and it is imperative that local government has a strong voice in these areas.
24. Members are invited to:
 - i. Consider and raise any issues identified in completing the financial template as requested, and implications of this;
 - ii. Consider the new provider neutral, funding follows the child model locally and nationally and provide direction on a local government position for officers involved in model development;
 - iii. Consider the delivery of the living wage commitment locally, and the associated funding;
 - iv. Provide officers with any other insights in relation to the expansion, particularly on the areas of workforce and private and third sector providers.

Laura Caven
Policy Officer
0131 474 9317
laura.caven@cosla.gov.uk

September 2017