

Implementation of the Early Learning and Childcare Provisions of the Children and Young People (Scotland) Act 2014**Report by Mary Smith, Director, Education, Communities and Economy****1 Purpose of Report**

To provide a further update on the implementation in Midlothian of the 600 hours of early learning and childcare provisions of the Children and Young People (Scotland) Act 2014 (the Act).

2 Background

Previous papers to Council have outlined our obligations under the Act to alter our provision of 475 hours of nursery per year for 3 and 4 year old children to 600 hours early learning and childcare. This will affect around 2,000 children in Midlothian.

In addition to this the Act introduces 600 hours early learning and childcare for vulnerable 2 year olds and 2 year olds from households in receipt of certain benefits. Over the course of the first academic year from August 2014 around 220 children in Midlothian will become eligible.

Proposed changes to the eligibility criteria for 2 year olds from August 2015 would encompass around 100 more children.

3 Report Implications**3.1 600 hours early learning and childcare for 3 and 4 year olds.**

3 and 4 year old children previously had an entitlement to 475 hours nursery per year and this changed to 600 hours of early learning and childcare from August 2014. The majority of 3 and 4 year olds taking up nursery places are accommodated at local authority nurseries with the remainder in non-local authority nurseries, including Partnership Centres. For the local authority nurseries consultation took place with parents, staff and unions, session times were agreed and Council advised of this previously. In order to deliver this model a position of Senior Childcare Development Worker was created and recruited for every local authority nursery, and additional Childcare Development Workers have been recruited.

Revised contracts have been issued to Partnership Centres reflecting the new arrangements and requirements, and incorporating increased flexibility for parents in line with the Scottish Government's policy intention.

3.2 600 hours early learning and childcare for 2 year olds.

The Act includes a new provision of 600 hours early learning and childcare from August 2014 for 2-year olds who live in households in receipt of certain benefits or are, or have been at any time since turning 2, looked after, under a kinship care order or have a parent appointed guardian (collectively referred

to as vulnerable 2 year olds). The entitlement for 2 year olds from households in receipt of certain benefits was announced on 7th January 2014, details of the revenue funding to local authorities was received on 20th June 2014 and the initial capital funding distribution was received on 1st July 2014. The relevant qualifying benefits are:

- Income support
- Jobseekers allowance (income based)
- Employment and Support Allowance (income related)
- Incapacity benefit or Severe Disablement Allowance
- State Pension Credit

3.3 Places for these 2 year olds have been sourced externally as we do not currently have capacity available in our local authority nurseries. It has been estimated that there are 221 eligible children in Midlothian over the academic year 2014 to 2015 and the table showing numbers at Ward level is in Appendix 1. The Scottish Government funding is based on their estimate of a national takeup rate of 70%; there is a risk to the Council of a funding shortfall if the takeup rate is higher in Midlothian.

3.4 In order to secure enough places to discharge our duty an arrangement has been reached with Midlothian Sure Start to block purchase places, with the option to increase the number of places going forward. Sure Start centres are in areas anticipated to have greater numbers of eligible 2 year olds and the initial block purchase is for 20 places in Mayfield, 20 in Penicuik and 8 in Woodburn, giving a total initial capacity of 48 children. Other places will be purchased from Partnership Centres and other childcare providers as and when necessary. Places will be allocated and takeup closely monitored to ensure the most effective use of our resources.

3.5 Parents and carers will self-refer for a place for their child and administrative arrangements have been put in place to deal with applications, verification of eligibility, allocation of places and payments to providers. The Council's website has been updated and leaflets distributed across Midlothian. The Scottish Government also placed advertisements in newspapers and on radio stations in August.

3.6 The Scottish Government has delayed the legal duty to provide places for eligible two year olds from August to the 31st October, meaning that Councils cannot be legally challenged on failing to provide places until this date. The arrangements made in Midlothian should ensure that sufficient places are provided.

3.7 The Government has proposed that from August 2015 the eligibility criteria for the 2 year olds from workless households will change to those used for free school meals, extending early learning and childcare to around 100 further children.

3.8 Resource

We will receive both revenue and capital funding from the Scottish Government for both the 3 and 4 year old and 2 year old early learning and childcare.

Capital funding	2014/15	2015/16
Other eligible 2 year olds	£ 685,604.00	£ 334,621.00 (indicative)
3 and 4 and Looked After 2 year olds	£ 471,000.00	£ 505,681.00
Total	£ 1,156,604.00	£ 840,302.00

A strategic appraisal of options to utilise the capital funding to expand provision for targeted children is being prepared. Proposals will be presented to Council in due course.

Revenue funding	2014/15	2015/16
3 and 4 year olds	£ 763,000	£ 1,190,440
Other eligible 2 year olds	£ 274,340	£ 804,730
Looked After 2 year olds	£ 41,000	£ 81,844
Workforce development	£ 64,013	N/a
Total	£ 1,142,353	£ 2,077,015

Details of the revenue expenditure incurred to meet the 3 and 4 year old provision were included in the paper to Council in April 2014.

For the 2 year old provisions an analysis was carried out, taking into account the projected takeup figures, likely location of eligible children, funding and cost to providers, plus administrative resource required, quality assurance costs and additional support needs costs. An amount was allowed for contingency such as a takeup rate above the estimate. This analysis was used to reach agreement on procurement of places with Sure Start, Partnership Centres and other early learning and childcare providers that is sustainable to all parties.

Estimated demand from looked after and other eligible 2 year olds is 47,500 hours in 2014/15 and 116,500 in 2015/16. Based on this a rate of £6.00 per hour has been negotiated with Sure Start and other partnership centres. Further amounts are required for additional support needs and administration. An element of contingency funding is required to allow for takeup beyond the anticipated rate and for spikes in demand. The expected additional revenue costs are set out in the table below.

Revenue Funding	2014/15	2015/16
Fees to providers	£ 285,000	£ 699,000
Additional support needs	£ 13,097	£ 32,123
Administrative support	£ 7,387	£ 10,025
Workforce development	£ 64,013	£ 64,013
Capital financing	-	£ 57,242
Contingency	£ 9,855	£ 24,171
Total	£ 379,353	£ 886,574

The funding for workforce development will be used to expand and develop the early learning and childcare workforce. It will fund training and development opportunities for existing and new staff, including training and assessing for SVQ qualifications for modern apprenticeships, helping to achieve our aims to improve positive destinations for school leavers. At this point it is anticipated that the entire allocation of revenue funding will be required.

3.9 Risk

Appropriate measures have been put in place to comply with the requirements for 3 and 4 year olds, and recruitment to the new posts and additional staff has taken place.

The Council is required to make available a place for each 2 year old who wishes to take up the provision and in doing so we seek to allocate places in the most appropriate locality for the child, however we are not required to take account of locality or put in place transport arrangements where a place is offered in a different locality to where the child resides.

By reaching agreement with Sure Start to block purchase places we have been able to secure sufficient places that will allow us to be confident of meeting the estimated demand over the initial academic year at a sustainable rate for both parties. Without implementing this agreement we would have been at risk of not having enough places and therefore being unable to fulfil our statutory obligation.

There is a risk that we could have more 2 year olds taking up places if the Scottish Government's estimates of takeup and number of eligible 2 year olds prove to be too low. This poses both a legal and financial risk to the Council: if we are unable to procure sufficient places we will not be fulfilling our legal duty and could be subject to challenge; if we provide places we could spend more than the funding from the Scottish Government. Takeup will be closely monitored as a result and it is recommended that the Council supports the ongoing work of COSLA to secure appropriate additional funding from the Scottish Government should the number of 2 year olds taking up places exceeds estimates.

3.10 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

3.11 Key Priorities within the Single Midlothian Plan

This work is a part of the Single Midlothian Plan's key priority of Early Years and also aligns with the preventative approach. Provisional data received relating to the location of families eligible for the 2 year old provision suggests that the scheme will benefit the areas of Woodburn, Mayfield and Gorebridge – the three targeted geographical areas for Community Planning.

3.12 Impact on Performance and Outcomes

The successful implementation could further improve the quality of pre-school provision across Midlothian and make it more widely available to children and families.

In the longer term, this could lead to improved performance at school and positive destinations for school leavers (another of the Single Midlothian Plan's key priorities).

The workforce development funding offers an opportunity to develop the skills and further the qualifications of the workforce in Midlothian, and to link in with school leavers pursuing a career in childcare. SVQ qualifications and the potential career progression from Childcare Development Worker to Senior Childcare Development Worker should enhance the appeal of childcare as a career.

One of the Scottish Governments objectives is, through the increased free childcare provision, that parents will have better opportunities to access training and employment and this could, potentially, improve economic development within Midlothian (the third and final key priority for Community Planning).

3.13 Adopting a Preventative Approach

The provision of high quality early learning and childcare strongly aligns with the National GIRFEC and Early Years agendas.

3.14 Involving Communities and Other Stakeholders

We consulted with childcare providers to support the implementation of the 600 hours for 2 year olds. The Scottish Government does not have an agreement with the Department for Work and Pensions to access information on the individuals in receipt of the qualifying benefits and as a result the Council has not been able to consult with parents who have eligible 2 year olds.

3.15 Ensuring Equalities

A partial equality impact assessment (EQIA) was included in the public consultation on the Bill carried out by the Scottish Government in summer 2012. The government's final EQIA built on and updated this document to reflect responses to the consultation and extensive discussion with stakeholders that was undertaken as part of the EQIA process. The EQIA considered impacts by looking at the Bill in relation to the protected characteristics: age, disability, race, religion or belief, sex, sexual orientation and gender reassignment.

The final equality impact assessment is available here:

<http://www.scotland.gov.uk/Topics/People/Young-People/legislation/impact>

3.16 Supporting Sustainable Development

Scottish Government is committed to supporting these proposals.

3.17 IT Issues

Midlothian may have to extend its nursery registration software system for 3 and 4 year olds to include 2 year old children but other administrative systems have been put in place meantime.

4 Summary

Measures have been put in place to fulfil the Council's statutory duties under the Children and Young People (Scotland) Act 2014 to provide early learning and childcare to 3 and 4 year olds and certain 2 year olds. Although there remains a risk to the Council of oversubscription the situation will be monitored closely and steps taken to address any issues if necessary.

5 Recommendations

Council is asked to:

- Note the preparations that have been made to extend the provision of early learning and childcare in Midlothian
- Approve the allocation of Revenue budgets as specified
- Support the ongoing work of COSLA to secure appropriate additional funding from the Scottish Government should the number of 2 year olds taking up places exceed estimates
- Request a report to follow detailing the options appraisal for the capital expenditure of the funds allocated.

2 September 2014

Report Contact: Suzanne Thayne

Tel No: 0131 271 3725

Suzanne.Thayne@midlothian.gov.uk

Appendix 1



Department
for Work &
Pensions

Number of Children living in Out-of-work Benefit Claimant Households by Ward and Age at May 2012

Ward	Age 2 (one fifth of 0-4)	Age 0-4
Penicuik South West	7	35
Penicuik North	7	35
Penicuik/Roslin	10	50
Penicuik South East	10	50
Bilston/Roslin	8	40
Loanhead	10	50
Poltonhall/Rosewell	9	45
Bonnyrigg North	8	40
Bonnyrigg South	14	70
Newtongrange	11	55
Arniston/Cockpen	17	85
Gorebridge South	22	110
Dalkeith/Newton	6	30
Dalkeith/Eskbank	11	55
Dalkeith/Woodburn	16	80
Newbattle/Pathhead	10	50
Easthouses/Mayfield North	26	130
Mayfield South	19	95
	221	

Source: DWP WPLS 100% data and HMRC Child Benefit administrative data.

DEFINITIONS AND CONVENTIONS:

Age 0-4 figures are independently rounded to the nearest five. Some additional disclosure controls have also been applied. Totals may not sum due to rounding.

Age 2 figures are calculated by Midlothian Council as one fifth of DWP age 0-4 figures

Declaration Box

Instructions: *This box must be completed by the author of the report. The box will be copied and saved by the Council Secretariat who will delete it from the report prior to photocopying the agenda.*

Title of Report: **Implementation of the Early Learning and
Childcare Provision of the Children and Young
People (Scotland) Act 2014**

Meeting Presented to: **Council, 23rd September 2014**

Author of Report: **Suzanne Thayne**

I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- ☒ *All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Integrated Service Support.*
- ☒ *All risk implications have been addressed.*
- ☒ *All other report implications have been addressed.*
- ☒ *My Director has endorsed the report for submission to the Council Secretariat.*

For Cabinet reports, please advise the Council Secretariat if the report has an education interest. This will allow the report to be located on the Cabinet agenda among the items in which the Religious Representatives are entitled to participate.

Likewise, please advise the Council Secretariat if any report for Midlothian Council has an education interest. The Religious Representatives are currently entitled to attend meetings of the Council in a non-voting observer capacity, but with the right to speak (but not vote) on any education matter under consideration, subject always to observing the authority of the Chair.