

Early Learning and Childcare Expansion Update October 2020

Report by Fiona Robertson Executive Director Children, Young People and Partnerships

Report for Information

1 Recommendations

To note progress with the implementation of 1140 hours Early Learning and Childcare in Midlothian and the revised plans being taken forward to deliver 1140 funded hours for all eligible children in Midlothian by the end of October 2020.

2 Purpose of Report/Executive Summary

To provide an update to Council on progress with the implementation of 1140 hours Early Learning and Childcare in Midlothian.

6 October 2020

Report Contact:

Julie Fox

Julie.Fox@midlothian.gov.uk

3 Background

- 3.1 Previous reports to Council, prior to the Coronavirus pandemic and emergency response period, set out the delivery of the expansion to 1140 hours of funded Early Learning and Childcare (ELC) was on course in Midlothian, with around 40% of ELC places offered in March 2020 being 1140 hours. This was in line with Scottish Government (SG) expectations of where local authorities should have been on the path to full implementation if they were to successfully deliver the expanded hours from August 2020.
- 3.2 Since then the pandemic has had a considerable impact upon delivery plans across all local authorities. This has been recognised by the Scottish Government who paused the statutory requirement placed on local authorities to deliver 1140 hours from August 2020, meaning that the statutory requirement remains 600 hours at this time. The Scottish Government has stated that they will give at least six months' notice of the statutory requirement of increasing to 1140 funded hours and that the earliest date that this may come into effect is August 2021.
- 3.3 The central aim behind the expansion in hours is to support the development of children and hence contribute towards reducing the gap in learning outcomes. The expansion programme also aims to enable parents and carers to take up education, training and work opportunities. These aims also align with the Single Midlothian Plan's key priorities. Given the impact of the pandemic, achieving these aims is even more critical and it is therefore important that we sustainably maximise the offer of hours to maximise the benefit to families across Midlothian.

Critical Childcare

- 3.4 Throughout the lockdown critical childcare was provided for key workers and vulnerable children. The majority of this was delivered by funded providers (including childminders), in line with the Scottish Government's expectation that councils support providers through the lockdown in order to retain the capacity for delivering the expansion in ELC hours when lockdown was eased. An uplift to reflect the net cost of opening was paid to providers who delivered critical childcare and the expenditure on this is anticipated to be around £800,000.

1140 hours

- 3.5 There is a very clear and repeated expectation from Scottish Government that councils should ensure the sustainability of providers through the ongoing period of uncertainty. Providers developed their annual business plans in expectation of 1140 hours being implemented, increasing physical and staffing capacity accordingly. They also now face uncertainty over parent-funded take up due to the increase in home working, flexible working hours as well as redundancies reducing demand. It is therefore essential at this time that we ensure the sustainability of funded providers by proceeding with funding 1140 hour places during 2020/21 as planned. In addition,

the cost of delivering ELC has increased due to infection control measures. The Government is making available grant funding to registered providers of day care for children through the Transitional Support Fund, administered by councils, to assist them with these additional costs. All providers in Midlothian are able to offer 1140 hours to parents within the agreed funding from the council.

- 3.6 Prior to the pandemic the Council was also preparing the additional capacity and workforce needed at council provisions to implement the increase to 1140 hours from August 2020. A range of construction and refurbishment projects are underway or planned and tranches of Modern Apprentices (MAs) recruited and being trained, as well as additional qualified staff taken on. The lockdown and infection control measures halted and slowed many of the construction projects being undertaken and these delays will impact upon the capacity available and hence number of places in certain geographical areas of Midlothian for a period of time.
- 3.7 Recruitment of staff was paused during the height of the pandemic and as a result two cohorts of Modern Apprentices will be recruited shortly along with additional qualified childcare practitioners and learning assistants. Children become eligible for an ELC place as they turn three and the recruitment of qualified staff will enable staffed capacity to increase in line with this, as we go through the academic year, and as construction projects complete and additional physical capacity comes on stream.

Allocation of places and the offer of hours

- 3.8 In June 2020 children eligible for a funded place starting up to the end of December 2020 were allocated places at council settings in order to give parents and schools time to make arrangements. At that time the infection control measures expected to be in place in August were very restrictive and meant only 600 hours could be offered. These restrictions were expected to continue and as a result, at three settings where there is very high demand for places, more children were allocated a place than would normally be able to be accommodated under 1140 hours (“over allocated”). The revised guidance issued by Scottish Government on 30 July eased the restrictions, meaning that settings which are not over allocated will be able to move to delivering 1140 hours after a short period of transition and reorientation for the children. Arrangements are being made so that the over allocated settings can maximise their offer of hours through a variety of means, and parents can top up their hours to the full 1140 through a blended place with a funded provider (including childminders). One example of this is at Woodburn PS where children will have the offer of one day per week at Vogrie Outdoor ELC to take them up to 1140 hours, enabling more children to get a place at Woodburn while also benefiting from the Vogrie experience.
- 3.9 It is anticipated that by the end of October 2020 all parents and carers in Midlothian will have an offer of 1140 funded hours, either wholly at one setting/childminder, or blended across two settings or one setting and a childminder. This has been achieved as a result of the

partnership working and considerable efforts of early years' staff from the Council, private and voluntary providers and childminders, supporting and collaborating with each other through this very challenging time.

Funding

- 3.10 Scottish Government announced the funding to local authorities to deliver the expansion in 2018, covering the period up to and including financial year 2021/22.
In March 2018, Midlothian Council were allocated £13.524m in revenue for 21/22 against a funding request of £18.9m (both figures include estimates for inflation). This shortfall of £5.36m has meant that the council have had to significantly review the implementation plans for the delivery of 1140 hours. Revisions to population projections mean that the shortfall of £5.4m will in practice be lower but leaves a shortfall of .c£3m from 2021/22 onwards. The distribution of funding to support expansion is to be revisited for financial years 2022/23 onwards.
- 3.11 The Council have thus far managed to roll out 1140 hours through adjustments to core budgets and by making adjustments from the costing set out in the original financial template. This has also enabled the council to roll out 1140 hours in 19/20 with a full 1140 delivery expected within the 20/21 financial year. However, this model does not appear sustainable and there are a number of delivery risks. Areas where cutbacks may be required are those that impact on quality of delivery eg. Staffing arrangements, lunch cover, non-ratio time for CPD, updating records of children's progress, and flexibility and choice with a more restrictive model and limited choice of local authority settings.
- 3.12 A review of the cost of delivery will commence shortly and determine the funding from 2022/23 onwards. Progress towards implementation of 1140 hours and the funding arrangements were discussed at the Public Audit and Post-Legislative Scrutiny Committee at the Scottish Parliament on 10 September 2020. During the discussions Scottish Government confirmed that this review will look at the impact of population changes on the funding required by local authorities with high rates of growth, particularly Midlothian.
- 3.13 The expansion funding through to 2021/22 is ring-fenced and can only be spent on delivering the increase in hours, or on related activities during the pandemic. This expansion funding is in addition to the ongoing budget allocated by the council to the early years' service for the delivery of the existing, 600 hours, entitlement referred to as "core budget".
- 3.14 The table below sets out the expected funding and expenditure position for financial years 2020/21 and 2021/22. As set out in previous papers to Council, Scottish Government set the expansion funding allocated to Midlothian using population projections which did not anticipate the growth which has taken place. In anticipation of the pressure on the

early years budget during 2020/21 and 2021/22, Midlothian adopted a prudent spending approach in previous years and created a carry-forward to be used to enable delivery of 1140 hours.

- 3.15 Analysis of the cost of delivering the critical childcare during the pandemic along with providing the full offer of 1140 hours to all eligible children from August at private and voluntary childcare providers and childminders, and from September or October at council settings, has established that this can be achieved within the totality of the funding available.
- 3.16 Engagement with Scottish Government and CoSLA in respect of the review to establish the funding calculation and distribution methodology will be of great importance for Midlothian, to ensure that it properly recompenses local authorities with increasing populations.
- 3.17 The delivery of 1140 hours in 2020/21 will support the sustainability of funded providers and will be of significant benefit to children and their families in Midlothian, supporting the recovery from the effects of the pandemic.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

Appendix B sets out the funding and budgeted expenditure for financial years 2020/21 and 2021/22 and demonstrates how 1140 hours can be implemented within the funding available.

4.2 Digital

There are no digital implications directly arising from this report.

4.3 Risk

There are three main strands of risk associated with the delivery of the expansion: staffing; infrastructure; funding. The suspension of the statutory duty to deliver 1140 hours means that the Council's duty is to offer 600 hours. This provides further time for the council to put in place the staffing and infrastructure necessary to deliver 1140 hours this academic year and in future years as the population continues to rise, and the funding is reviewed to support this growth.

4.4 Ensuring Equalities (if required a separate IIA must be completed)

The expansion to 1140 hours is a Scottish Government policy and they have undertaken an IIA.

4.4 Additional Report Implications (See Appendix A)

See Appendix A

Appendices

Appendix A – Additional Report Implications

**Appendix B – Expenditure, budget and funding for Early Learning and
Childcare 2020/21 and 2021/22**

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Reducing the gap in learning outcomes
Reducing the gap in economic circumstances

A.2 Key Drivers for Change

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious
- None of the above

A.4 Delivering Best Value

The expansion in ELC is funded by ring fenced grant from Scottish Government. Every decision involving expenditure as part of the delivery of the expansion is considered from a Best Value perspective.

A.5 Involving Communities and Other Stakeholders

The implementation of the expansion has been driven by the needs of parents and carers, as established through surveys, and is delivered in partnership with private and voluntary providers and childminders.

A.6 Impact on Performance and Outcomes

The expansion in hours will result in medium and longer-term positive impacts upon the two key priorities of the Single Midlothian Plan identified above.

A.7 Adopting a Preventative Approach

High quality early learning and childcare is, by its very nature, preventative.

A.8 Supporting Sustainable Development

Not applicable to the overall policy of expansion in ELC.

APPENDIX B

Expenditure, budget and funding for Early Learning and Childcare 2020/21 and 2021/22

	2020/21	2021/22
Expenditure		
Setting staff	£ 10,529,219.92	£ 11,078,086.88
Core staff	£ 1,593,034.99	£ 1,640,826.04
Lunches	£ 1,140,519.36	£ 1,996,000.00
Running costs	£ 1,075,000.00	£ 1,075,000.00
Funded Providers	£ 5,473,695.00	£ 6,102,420.00
LA TSF	£ 149,500.00	
Critical Childcare	£ 762,000.00	
Total expenditure	£ 20,722,969.27	£ 21,892,332.92
Budget/funding		
Core setting staff budget	£ 5,025,537.32	£ 5,176,303.43
Core staff budget	£ 1,669,099.02	£ 1,219,171.99
Funded Provider 600 budget	£ 2,007,286.00	£ 2,007,286.00
SG expansion funding	£ 12,124,000.00	£ 13,524,000.00
2019/20 Carry Forward	£ 3,000,000.00	
Total budget/funding	£ 23,825,922.34	£ 21,926,761.42
Net	£ 3,102,953.07	£ 34,428.50

