

## **Early Learning and Childcare Expansion Update and Admission Policy**

### **Report by Dr Mary Smith, Director, Education, Communities and Economy**

#### **1 Purpose of Report**

- 1.1** The purpose of this report is to provide an update on progress with the expansion in early learning and childcare (ELC) to 1140 hours, advise of an increase in the hourly rate paid to funded providers, advise of the council becoming a signatory to the national position statement on outdoor learning, and recommend a change in the council's admission policy with effect from academic year 2019/20 so that children born between March and August become entitled to a place from August.

#### **2 Background**

- 2.1** The Children & Young People (Scotland) Act 2014 increased the number of hours of free early learning and childcare provided to parents and carers from 475 hours per year to 600 hours and introduced an entitlement for certain 2 year olds, both in 2014. The further increase to 1,140 hours has not yet been set in legislation however the Scottish Government has committed to the expansion, to be fully implemented by August 2020. Previous reports to Cabinet and Council have set out the changes and challenges to the council in implementing the expansion as well the funding distribution to Midlothian from the Scottish Government, which was detailed in the paper 2020 Vision for Early Years, Early Learning and Childcare Expansion Plan presented to the June 2018 Council.

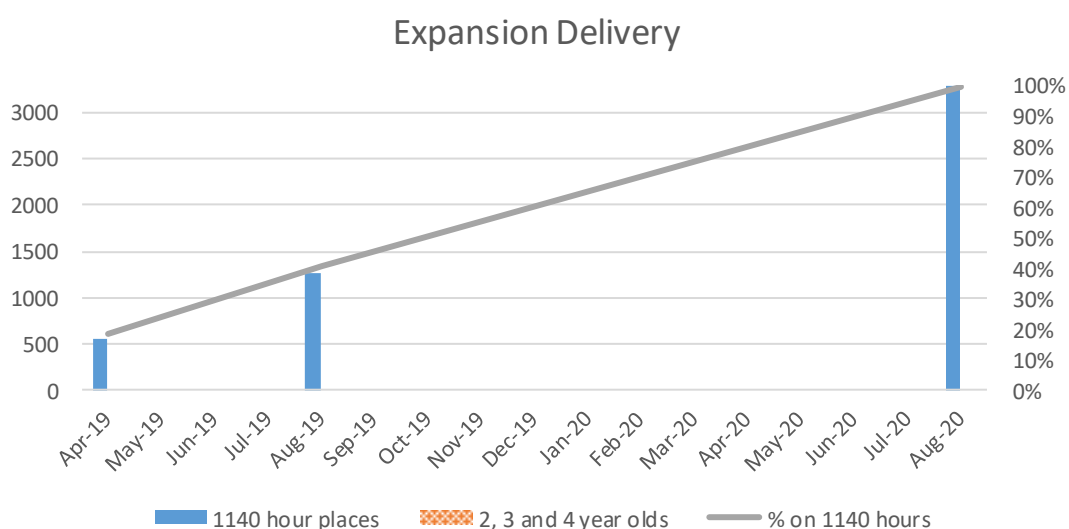
#### **3 1140 Hours Expansion Progress**

- 3.1** Planning for the expansion is embedded within the Learning Estate Strategy to ensure a joined-up approach and enable maximum efficiency, as well as aligning short term plans with long term strategy. Considerable progress has been made towards implementing the increase in hours, although much work remains to be done.
- 3.2** As the transition towards all places becoming 1140 hours progresses it is important that the impact of providing 1140 hour places at a council setting is considered in a wider context as the successful delivery of the expansion programme requires all funded providers: council settings; childminders; private and voluntary settings. The 1140 hour places are clearly attractive to parents who are or would have to pay for hours above the current 600, therefore care must be taken to balance the number of 1140 hour places across all types of ELC provider in an area to avoid all parents moving to, for example, a council setting resulting in a voluntary provider becoming financially unsustainable.

**3.3** The council is now in the fourth phase of piloting expanded hours places and the learning from each phase is shared with settings in the next phase to assist them in their preparations, as well as the support provided by the central early years team. In addition to expanded hours places at council settings, funded provider settings have been commissioned to provide 155 places and 18 children are topping up to 1140 hours with childminders. 1140 hour places are allocated in line with criteria which prioritise children in order of need.

**3.4** The table and graph below set out progress towards implementation in Midlothian, detailing the number of places that will be delivered by April 2019 and the number planned to be delivered in August 2019. This is in line with the Scottish Government's expectation that if they are on track towards successfully delivering the expansion, local authorities should have achieved 40% of places as 1140 hours by August 2019.

	<b>April 2019</b>	<b>August 2019</b>
<b>Children receiving ELC</b>	<b>2,995</b>	<b>3,145</b>
<b>1140 hour places - council</b>	<b>392</b>	<b>946</b>
<b>1140 hour places – funded provider settings and childminders</b>	<b>169</b>	<b>328</b>
<b>% of places which are 1140 hours</b>	<b>19%</b>	<b>41%</b>



**3.5** There are constraints that limit the ability to make more 1140 hour places available during academic year 2019/20, including:

- At sessional council settings, one 1140 hour place replaces two 600 hour places
- The legislative requirement to have 600 hour places available remains
- A number of projects are in progress which will deliver additional physical capacity from 2020 (Burnbrae Early, St Mary's, Danderhall and Sacred Heart Primary Schools etc.)
- The lead in time to change a council setting from sessional to all year – consultation with staff, recruitment etc.
- The expansion in funded providers' capacity enabled by the capital grants scheme projects will be delivered through the year
- The Modern Apprentices training and staff recruitment is phased in (in line with the capacity to deliver training and mentoring)
- Ongoing work to bring more childminders in to partnership with the council
- The funding provided by the Scottish Government

- 3.6** The capital grant scheme for funded providers is due to be launched very shortly. This will make £1.5m available to providers to expand their capacities in readiness for 2020.
- 3.7** Preparations are ongoing for the first two council outdoor early learning and childcare settings. The first will be opened in Vogrie Country Park and sites being explored for the second in the west of the county. The General Services Capital Plan (GSCP) includes a provisional budget of £200k for each outdoor setting and reports for each project will be submitted to Council for full approval in the GSCP.
- 3.8** It is intended to implement central administration of admissions to ELC with effect from August 2020. This will enable the allocation of places and hence staffing to be done centrally to achieve effective resource planning for the year as well as enhancing the information available to parents on the availability of delivery models and places in their area. Rather than the rolling application and waiting list process that is currently in place, parents will register by a certain point in the year for the children coming in to ELC the following year, similar to the process for Primary 1 registration.
- 3.9** The hourly rate paid to funded providers in Midlothian for 3 and 4 year old places has remained at £3.70 for a number of years. In addition to the impact of inflation since this was last revised, one of the conditions to become a funded provider is that all staff delivering 1140 hours must be paid at least the real living wage. During the transition to full implementation parents may move their children to settings where 1140 hour places are available and this may reduce the number of hours parents pay for, which will impact upon the business model of providers. In recognition of these factors and the need to ensure the sustainability of funded provider settings and childminders during the transition to full 1140 hours, this rate will be increased to £4.50 per hour.
- 3.10** All providers of funded early learning and childcare will be subject to the same National Standard and must receive inspection ratings of Good or above from the Care Inspectorate. As a result, parents can be assured that their children will receive the same quality of ELC no matter which provider they choose. This is an important message for parents as, with the reduction in the number of children who can be accommodated in many council settings as a result of the increase in hours, children will transition in to Primary 1 from a variety of funded providers. The traditional expectation of children attending a school setting for their pre-school year will no longer apply as parents will be choosing a provider for the model of delivery that best suits their needs.
- 3.11** In the financial template submitted to the Scottish Government the council's own population projections were used to estimate the number of children entitled to places and hence the cost of expansion. The paper 2020 Vision for Early Years, Early Learning and Childcare Expansion Plan presented to Council 26 June 2018 set out the funding distribution from the Scottish Government as a result of the financial template. This distribution is less than the council's estimate due to the Government's use of National Records for Scotland's population forecast for Midlothian. The additional funding for the implementation of 1140 hours is ring-fenced but it is expected that when 1140 hours becomes "business as usual" it will become part of the Grant Aided Expenditure (GAE) process by which the Scottish Government distributes revenue funding to local authorities.

- 3.12** GAE is the needs-based methodology used to allocate the pre-determined Spending Review funding totals equitably amongst local authorities. It is important to note that the individual service GAE allocations are not budgets or spending targets, but are simply an allocation methodology designed to distribute the overall levels of resources to be made available. They are not intended to be used by local authorities to allocate resources. The decisions about the amounts allocated to individual services are made entirely by the local authority on the basis of local needs, having first fulfilled its statutory obligations and the jointly agreed set of national and local priorities.
- 3.13** The figures calculated for each local authority by the GAE changes each year in response to changes in local authorities' characteristics including demographics and population. The data used is the most recently available which means that there is a delay in changes having an impact upon the GAE calculation.
- 3.14** The GAE and the Special Islands Needs Allowance feed in to the calculation of the final General Revenue Grant (GRG) amount which is given to local authorities. The GRG includes a funding floor which protects against large year on year changes. This funding floor limits the drop in funding to local authorities which would receive less under the GAE, but as a corollary it limits the increase to local authorities which would receive more. As a result local authorities where circumstances change which would increase their funding, such as an increase in level of deprivation or a growing population, will have the rate of funding increase slowed down and spread over a number of years.

## 4 Entitlement Start Date

- 4.1** Legislation sets out that children become entitled to early learning and childcare, broadly speaking, from the term following their third birthday, or second birthday for those eligible for a Good Time to be 2 (GTTB2) place. To be eligible for a GTTB2 place the child must either be looked after or their family has a low income, such as being in receipt of Universal Credit. The table below is from the mygov.scot website and includes information on the number of terms of ELC children are entitled to.

### Start and end dates

The date you can start claiming funded early learning and childcare depends on your child's birthday.

If your child's birthday is on or between these dates	They will be eligible from these school terms	Total number of terms for 3 and 4 year olds	Your child will start school at this age
1 March – 31 August	August (autumn term) that year	6 terms	5 years and 0-6 months
1 September -31 December	January (spring term) following their birthday	5 terms (you can request another 3 terms in a deferred year)	4 years and 8-11 months or, 5 years and 8-11 months if deferred
1 January – last day February	March/April (summer term) following their birthday	4 terms (you are entitled to another 3 terms in a deferred year if requested)	4 years and 6-7 months; or, 5 years and 6-7 months if deferred

- 4.2** The statutory guidance to the Children and Young People (Scotland) Act 2014 provides local authorities with discretionary powers to bring forwards children's start dates. It encourages commencing closer to children's third birthdays to support longer term aims to increase the amount of ELC where there is capacity within the system.
- 4.3** Following challenges by parents on the length of time some children have to wait after their third birthday before they can start ELC, e.g. if a child becomes 3 years old in September they may not start until January, CMT decided in October 2015 to change Midlothian's Pupil Administration Policy:  
*To offer commencement dates to children from the month after their 3rd birthday where there is capacity to do so.*
- 4.4** This means that children eligible to start ELC do not have a delay in doing so for longer than two months, apart from time over the summer break. It also reduced the number of children starting at one time, for example only three months' birthdays started in August rather than 6 under the legislation. The education service budget provided for full staffing within council ELC settings therefore for places within council settings the additional demand was met within the existing service budget. The admission policy is available on the council's website:  
[https://www.midlothian.gov.uk/download/downloads/id/950/admissions\\_to\\_early\\_learning\\_and\\_childcare.pdf](https://www.midlothian.gov.uk/download/downloads/id/950/admissions_to_early_learning_and_childcare.pdf)

## **5 Expansion to 1140 Hours**

- 5.1** The expansion to 1140 hours will require more staff and physical capacity across all providers, whether they be council, private or voluntary, and these are two of the key challenges and risks to the council's successful implementation of the expansion to 1140 hours. In order to deliver the expansion the council is recruiting staff, increasing the capacity of settings and working with funded provider settings and childminders to increase their capacity. All local authorities across Scotland are recruiting staff at this time in order to build their workforce for the expansion.
- 5.2** The policy of granting places from the month following a child's birthday throughout the year grants children born in March and April a place during the academic year prior to their legislative entitlement. This is at the point in the year when the greatest number of children are receiving ELC and as a result increases the number of staff and physical capacity that is required.
- 5.3** As a rough guide, there are 1,200 children of each year of age in Midlothian, or 100 born in each month. The "month following" policy granting places to March and April birthdays equates to 200 additional children being entitled in May and June. Under 1140 hours this will require 200 additional registered places and 25 additional staff across all ELC providers. This would incur additional expenditure which is not included in the Scottish Government's funding for expansion. Currently around 80% of children take up places at council settings. If this continued under 1140 hours building an additional 160 council places would require £2.784m (using the same assumptions as the Financial Template) and 20 additional Childcare Development Workers would require £0.546m per annum (staff to child ratio is 1:8 for sessions of more than 4 hours).

- 5.4** Granting entitlement to March and April birthdays from the month following therefore increases the challenge to successful implementation of the expansion and increases the risk that the council will be unable to meet its legislative duty.
- 5.5** For the remainder of the year granting places from the month following does not increase the capacity or staff required at council settings as staff are employed on permanent year-round contracts. It also slightly reduces the disparity in the number of sessions that children receive, based on their birthday month.
- 5.6** At funded providers the position is more complex. The month following start date results in additional children receiving funded ELC throughout the year, at a cost to the council. In terms of the peak number of children and hence staffing and capacity requirements, some of these children will already be at the provider, paid for by their parents, so the additional staff and capacity is not clear-cut.

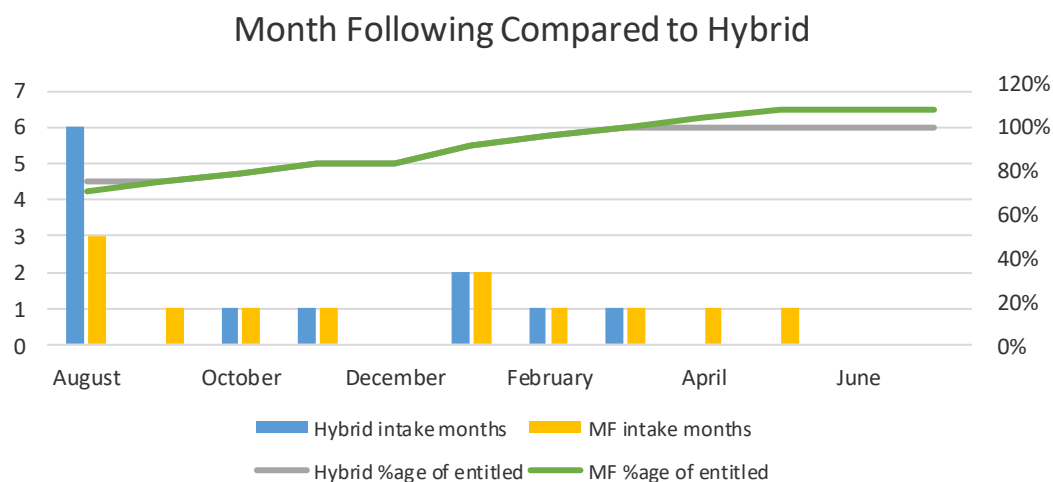
## **6 Hybrid Start Date**

- 6.1** It is recommended that the admission policy is revised with effect from academic year 2019/20 so that children turning 3 from March to August start from August and that the rest of the year continue with the month following. Two year olds would remain month following for the whole year: these are children from more disadvantaged backgrounds therefore retaining the month following policy throughout the year aligns with the Community Planning Partnership's key priority to reduce the gap in learning outcomes.
- 6.2** 3 and 4 year olds born from March to August would be entitled to 6 sessions of ELC: their legislative entitlement. It would, however, reduce the peak number of children at council settings, therefore reducing the physical capacity that must be added as part of the expansion and reducing the number of additional staff that must be recruited and trained.

<b>Birth date</b>	<b>Total number of terms for 3 and 4 year olds</b>		
	Legislation	Month following	Hybrid
1 March – 30 April	6 terms	6+ terms	6 terms
1 May – 31 August	6 terms	6 terms	6 terms
1 September – 31 December	5 terms	5+ terms	5+ terms
1 January – last day February*	4 terms	4+ terms	4+ terms

\* These children can start school aged 4½

- 6.3** The delay in ELC start date for March and April birthdays would apply to funded provider places too. All Good Time to be 2 children receive their ELC through funded providers rather than council settings, therefore a delay in commencing their entitlement to a 3 year old place will mean they continue to be entitled to a GTTB2 place for longer, for which a higher hourly rate is paid. As a result the net effect of changing the start date to the recommendation is relatively balanced as the reduction in payments due to the later start of three year olds will be offset by Good Time to be 2 children remaining for longer, although the precise balance will be impacted by the take up rate of two year olds which is variable.
- 6.4** The hybrid start date will increase the number of children commencing ELC in August and as a result ELC providers will need to enhance their transition planning and consider extending the period over which children phase in to ELC.
- 6.5** The following graph compares the month following start date policy with the hybrid policy. It shows the number of birthday months commencing ELC through the year as columns (left axis) and the percentage of legislatively entitled children taking up a place as lines (right axis). Where the month following line goes above 100% this is the point at which additional capacity and staff are required, over and above that required by the legislation.



## **7 Start Dates: the National Picture**

- 7.1** Of the 27 other local authorities where the 2 year old entitlement start date policy could be found, only one starts March and April birthdays prior to August. This is Angus Council where children born between the first of March and the last day of the Easter holiday start on the first day of the summer term (after Easter).
- 7.2** The start date policies for 3 year olds was found for all 31 other local authorities and only two start March and April birthdays prior to August. They are Angus, where the policy is the same as for 2 year olds, and Glasgow where children start from the beginning of the term in which they turn 3.
- 7.3** This analysis demonstrates that reverting to starting children turning 3 in March and April in August will align Midlothian with the policies of almost all other local authorities in Scotland.



## **8 Scotland's Outdoor Play & Learning Coalition Position Statement**

- 8.1** The Scottish Government and Inspiring Scotland, along with a range of organisations, have signed up to a national position statement to make playing and learning outdoors an everyday activity for Scotland's children and young people. The statement asserts the health, wellbeing and educational benefits of playing and learning outdoors and commits signatories to help widen access to natural and communal spaces and to enriching urban spaces for children and families to play in.
- 8.2** The position statement sets out principles that align with the ethos of Midlothian Council's Early Years therefore the council has become a signatory to the position statement.

The press release about the statement is here:

<https://www.inspiringscotland.org.uk/news/tv-presenter-signs-outdoor-play-pledge-play-guide-launched/>

And the position statement itself is available here:

<https://www.inspiringscotland.org.uk/wp-content/uploads/2019/03/Scotlands-Coalition-for-Outdoor-Play-and-Learning-Position-Statement.pdf>

## **9 Financial Information**

- 9.1** The funding provided by the Scottish Government for the implementation of 1140 hours was detailed in the paper 2020 Vision for Early Years, Early Learning and Childcare Expansion Plan to Council 26 June 2018. The expenditure discussed in this paper will be funded through this.

## **10 Resource Implications**

- 10.1** The resource implications are discussed earlier in this paper.

## **11 Risk**

- 11.1** The increase in the hourly rate paid to funded provider settings and childminders will strengthen their sustainability during the transition to 1140 hours, reducing the risk that the council is unable to meet its legislative requirement to have 600 hour places available in 2019/20 and 1140 hour places in 2020/21.
- 11.2** The recommendation to alter Midlothian's admission policy will reduce the risk to the successful implementation of 1140 hours.

## **12 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



## **13 Key Priorities within the Single Midlothian Plan**

The expansion is relevant to all of the GIRFEMC outcomes for 2017/18 to 2019/20:

- Children in their early years and their families are being supported to be healthy, to learn and to be resilient
- All Midlothian children and young people are being offered access to timely and appropriate support through the named person service
- All care experienced children and young people are being provided with quality services
- Children and young people are supported to be healthy, happy and reach their potential
- Inequalities in learning outcomes have reduced

### **a. Impact on Performance and Outcomes**

The expansion will impact upon all five of the GIRFEMC outcomes.

### **b. Adopting a Preventative Approach**

The provision of high quality, flexible, accessible and affordable Early Learning and Childcare is by its very nature preventative, and sets the foundation upon which future outcomes for the children as they grow up and progress through the education system and then onto adulthood are based.

### **c. Involving Communities and Other Stakeholders**

The change in policy will be communicated to stakeholders through the early years and expansion newsletters as well as being embedded in the publicity that will be undertaken as part of the change to central administration of admissions, giving all parties the greatest possible notice of the change. As the recommendation is to change the policy with effect from academic year 2019/20 the publicity will be timed to avoid any confusion for parents of children who turn three in March and April 2019 and will be entitled to ELC in April and May 2019, prior to the policy change coming in to effect.

### **d. Ensuring Equalities**

An Integrated Impact Assessment has been carried out and found that the hybrid start date will have a greater negative impact upon a small number of single parents, who are predominantly female, who have children born in March and April, however it will comply with the legislation on entitlement start date and will reduce the risk of the council not complying with the requirement to implement 1140 hours. Continuing with the month following policy for Good Time to be 2 will reduce this small number of parents negatively impacted as those with lower incomes will be entitled to a GTTB2 place and will continue to be entitled until their 3 year old place starts.

### **e. Supporting Sustainable Development**

The current policy of month following start dates applies an additional demand upon the council resources, capacity and staffing that is not required by the legislation. The recommendation will remove this additional demand and support more sustainable implementation of the expanded hours.

The increase in hourly rate paid to funded providers for 600 hour places during academic year 2019/20 will support their sustainability and development as the transition to 1140 hours progresses.

- f. **IT Issues**  
No IT implications.

## **14 Recommendations**

It is requested that Cabinet:

- a. Note the progress towards implementation of the expansion to 1140 hours of early learning and childcare.
- b. Note the increase in hourly rate for 3 and 4 year old 600 hour places at funded provider settings and childminders to £4.50 from August 2019.
- c. Revise the admission policy to the hybrid model with effect from academic year 2019/20, whereby children who turn three between March and August become entitled to an early learning and childcare place from August and children born in the remaining months (with the exception of November, who start in January) become entitled from the month following their birthday.
- d. Note that Midlothian Council has become a signatory to Scotland's Outdoor Play & Learning Coalition Position Statement.
- e. Pass this report to Council for noting.

**Date: 27 March 2019**

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**Background Papers:**

Admission to Early Learning and Childcare for 3 and 4 year olds  
Amendment to Pupil Administration Policy - CMT – 20151028

2020 Vision for Early Years, Early Learning and Childcare Expansion Plan presented to Cabinet on 10 October 2017

2020 Vision for Early Years, Early Learning and Childcare Expansion Plan presented to Cabinet 10 March 2018

2020 Vision for Early Years, Early Learning and Childcare Expansion Plan to Council  
26 June 2018