
AUDIT SCOTLAND REPORT: EARLY LEARNING AND CHILDCARE

1.0 EXECUTIVE SUMMARY

1.1 Audit Scotland published a report on Early Learning and Childcare on 15th February 2018. The report outlines Audit Scotland findings on current and future implementation of funded ELC. The report is organised in two parts:

- Part One – Delivering the Expansion to 600 Hours of Funded ELC, and
- Part Two – Planning for the Extension to 1140 Hours of Funded ELC

1.2 The report provides recommendations for the Scottish Government and for Councils to improve existing systems and processes, as well as improve plans for the expansion of ELC in order to reduce risk and ensure implementation by 2020.

2.0 RECOMMENDATIONS

It is recommended that the Community Services Committee:

- 2.1
- Note Audit Scotland report on Early Learning and Childcare;
 - Note steps taken by the Council to action relevant Audit Scotland recommendations;
 - Note Audit Scotland warning of significant risks around workforce, infrastructure and finance for councils within the expansion of ELC by 2020;
 - Endorse the positive steps the Service has taken in implementing the early stages of the Argyll and Bute ELC Delivery Plan, and
 - Request that the Head of Education: Lifelong Learning and Support bring forward progress updates in relation to the Expansion of Early Learning and Childcare to future meetings of Community Services Committee.

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3.0 INTRODUCTION

Audit Scotland published a report on Early Learning and Childcare on 15th February 2018. The report outlines Audit Scotland findings on current and future implementation of funded ELC. The report is organised in two parts:

- Part One – Delivering the Expansion to 600 Hours of Funded ELC, and
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- 3.1 The report provides recommendations for the Scottish Government and for Councils to improve existing systems and processes, as well as improve plans for the expansion of ELC in order to reduce risk and ensure implementation by 2020.

4.0 RECOMMENDATIONS

It is recommended that the Community Services Committee:

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- Note Audit Scotland report on Early Learning and Childcare;
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 - Note Audit Scotland warning of significant risks around workforce, infrastructure and finance for councils within the expansion of ELC by 2020;
 - Endorse the positive steps the Service has taken in implementing the early stages of the Argyll and Bute ELC Delivery Plan, and
 - Request that the Head of Education: Lifelong Learning and Support bring forward progress updates in relation to the Expansion of Early Learning and Childcare to future meetings of Community Services Committee.

5.0 DETAIL

- 5.1 The Scottish Government's policy to increase funded early learning and childcare (ELC) is consistent with national strategic objectives around improving the lives of children and their families. The Scottish Government and councils have worked well together to expand provision. Parents are positive about the benefits of funded ELC for their children.

- 5.2 The Scottish Government implemented the increase in hours without comparing the cost and potential outcomes of alternative ways of expanding funded ELC to achieve its aims of improving outcomes for children and parents. It has invested almost £650 million of additional funding since 2014 to expand funded ELC to 600 hours but it did not plan how to evaluate the impact of the expansion. This means it is not yet clear whether this investment is delivering value for money.
- 5.3 The Scottish Government is planning better to be able to evaluate the impact of the expansion to 1140 hours of funded ELC. It has developed an evaluation framework, and published some baseline indicators, in advance of implementing the policy. The report recommends that the Scottish Government should continue to develop the detail of how they will evaluate the expansion to 1140 hours and ensure baseline data is available.
- 5.4 Parents in Audit Scotland research said funded ELC had a limited impact on their ability to work due to the hours available and the way in which those hours were provided. Although the range of options has increased, in most councils the majority of children still have a part-day funded ELC place in a council setting. The report recommends that councils develop commissioning strategies for funded ELC that set out information on delivering flexibility and on parental preferences. It has also been recommended that the Scottish Government updates the statutory guidance to clarify what is meant by flexibility, to help ensure councils understand what is required and parents understand what they can reasonably expect from their council.
- 5.5 There are significant risks that councils will not be able to expand funded ELC to 1140 hours by 2020. In particular it will be difficult to increase the infrastructure and workforce to the levels required, in the limited time available. The Scottish Government should have started detailed planning with councils earlier, given the scale of the changes required. Audit Scotland recommended that the Scottish Government and councils urgently finalise and implement plans for changes to the workforce and infrastructure to address the significant risks of not being able to deliver on time.
- 5.6 The Scottish Government expects the cost of delivering 1140 hours of funded ELC will be around £840 million per year. Councils were required to prepare their initial plans for the expansion without some important information about how the system will operate from 2020. While councils' plans will change over time, their initial estimates of the cost of funded ELC following the expansion to 1140 hours are significantly higher than the Scottish Government's figure.

6.0 AUDIT SCOTLAND RECOMMENDATIONS – 600 HOURS

6.1 The Scottish Government should:

- Improve systems to allow councils to receive information on eligible two year olds so they can more accurately target eligible families, and
- Update the statutory guidance to clarify the distinction between flexibility and choice.

6.2 The Scottish Government and Councils should:

- Develop better links between the increase in funded hours and programmes to support parents into work, training or study, and
- Provide clearer information for parents to help them understand how funded ELC is provided locally.

6.3 Councils should:

- Develop commissioning strategies for funded ELC that set out information on demand, cost, capacity, quality, flexibility and parental preferences.

6.4 **Steps Taken to Action Audit Scotland Recommendations**

- Members of the Early Years team will provide one-to one support to all ELC providers to improve Family Learning provision and to strengthen links with local partners and agencies;
- Update 'A Parent's Guide to ELC' with current information;
- Update ELC web page on council website with current information, and
- Work with the Commissioning Team to improve current ELC commissioning processes to reflect Audit Scotland recommendations.

7.0 **AUDIT SCOTLAND RECOMMENDATIONS – 1140 HOURS**

7.1 The Scottish Government should:

- Update the statutory guidance following agreement on important aspects of 1140 hours, such as funding follows the child and delivering flexibility, and
- Continue to develop the detail of how they will evaluate the expansion to 1140 hours and ensure baseline data is available.

7.2 The Scottish Government and councils should:

- Urgently finalise and implement plans for changes to the workforce and infrastructure to address the significant risks of not being able to deliver on time;
- Collect better information on the costs of different models of ELC and their impact on children's outcomes to allow them to better plan for the expansion, and
- Work with partner providers of both funded and non-funded ELC to understand the impact on decisions on the wider system of ELC and reduce the risk of unanticipated consequences for these providers.

7.3 Steps Taken to Action Audit Scotland Recommendations

- An updated version of the ELC Financial Template was submitted to the Scottish Government on 8th March 2018;
- The ELC Delivery Plan is being updated with data from the latest version of the ELC Financial Template;

- An initial phasing of 1140 hours within 8 partner provider and local authority ELC settings and 4 childminding services has provided the Service with the opportunity to test different models of ELC and evaluate impact on children's outcomes;
- Childminder and Partner Provider network sessions have been held in each locality to ensure partners are consulted on developments and potential impact on their sustainability.

8.0 CONFIRMATION OF SCOTTISH GOVERNMENT MULTI-YEAR FUNDING

- 8.1 Local authority multi-year revenue and capital allocations have been confirmed following agreement of a multi-year funding package for the expansion of early learning and childcare (ELC) by Scottish Ministers and COSLA Leaders. The agreement is based upon refreshed finance templates submitted by local authorities in March 2018, as reviewed by the ELC Finance Working Group and subject to adjustments agreed by Scottish Ministers and COSLA Leaders on 27th April 2018.
- 8.2 This funding is allocated as a specific grant to ensure that it is protected for investment in early learning and childcare. Authorities will be required to report to the Scottish Government on how this funding has been applied. The intention is for this to be light touch, integrated with an agreed annual review of revenue funding, and we will consult with COSLA and the ELC Finance Working Group on these arrangements.
- 8.3 Argyll and Bute will be allocated a total of £9,389,000 in revenue funding by 2020 and £6,790,000 in capital funding, which will support the implementation of 1140 hours of funded ELC by 2020, as set out in the Argyll and Bute ELC Delivery Plan. It has been recognised by the Scottish Government that reduced funding allocations made in 2018-19 may impact on local authority phasing plans, but increased funding in 2019-2020 and 2020-2021 will facilitate increased phasing activity.

9.0 CONCLUSION

- 9.1 Audit Scotland has made key recommendations to both Scottish Government and Councils in relation to current and future delivery of ELC.
- 9.2 The Council has already made progress in ensuring Audit Scotland recommendations are implemented.
- 9.3 Audit Scotland warns of significant risks around workforce, infrastructure and finance for councils within the expansion of ELC by 2020. Delays in agreeing a multi-year funding settlement add to these risks.

10.0 IMPLICATIONS

10.1	Policy	Comply with Children and Young People Act (Scotland) 2014
10.2	Financial	Expansion dependent on capital and revenue funding from the Scottish Government and its protection within a local context
10.3	Legal	None
10.4	HR	Consultation and support from HR in expanding the workforce
10.5	Equalities	None
10.6	Risk	Without sufficient funding there is a risk that implementation will not be complete by 2020
10.7	Customer Service	None

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APPENDICES

Appendix 1
Audit Scotland Report: Early Learning and Childcare