

Report

Report to:	Performance and Review Scrutiny Forum
Date of Meeting:	3 October 2023
Report by:	Executive Director (Education Resources)

Subject:	Accounts Commission – Early Learning and Childcare – Progress on Delivery of the 1140 Hours Expansion
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ inform the Forum of the findings of the report published by the Accounts Commission on 1 June 2023 on the progress of delivery of the 1140 hours expansion:-

<https://www.audit-scotland.gov.uk/news/early-learning-and-childcare-expansion-delivered-but-sector-fragile>

2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation(s):-

- (1) that the Accounts Commission report of 1 June 2023 on the progress made on the delivery of 1140 hours expansion of early learning and childcare be noted.

3. Background

- 3.1. As part of its “National Performance Audit” series of reports, the Accounts Commission published an assessment of progress on delivery of the 1,140 expansion on 1 June this year. This report presents a summary of the Accounts Commission’s findings and recommendations.
- 3.2. Early Learning and Childcare (ELC) refers to care and learning services that children receive before starting school. Children receive services in a range of settings, including nurseries in schools, standalone nurseries, early years centres, playgroups and childminders.
- 3.3. The landscape of Early Learning and Childcare (ELC) in Scotland has been undergoing transformative change through the 2014 Children and Young People (Scotland) Act. The annual entitlement increased from 475 hours to 600 hours, and then to 1140 hours for all three and four-year-olds, and those two-year-olds who are eligible. The funding model being one where monies follow the child.
- 3.4. The policy intent of the Scottish Government was to improve outcomes for children and also for their families. It is also aligned to the broader policy ambitions to reduce child poverty and support economic transformation.

- 3.5. The original plan by the Scottish Government was to implement the expansion to 1140 hours from August 2020, but as a result of the Covid-19 pandemic, the implementation date was delayed by a year, until August 2021.
- 4. Accounts Commission**
- 4.1. The overall aim of the audit by the Accounts Commission was to examine the progress made by the Scottish Government and local authorities to deliver the expansion of funded ELC and how to evaluate impact.
- 4.2. The focus of the assessment was based on:-
- i) what progress the Scottish Government and councils had made in addressing the main risks to expanding funded ELC
 - ii) what progress the Scottish Government had made with planning how to assess the effectiveness of the expansion
- 4.3. The Accounts Commission reported that, overall, local authorities have made good progress in many aspects of the policy implementation. Councils have completed most of the infrastructure projects and have staff in place. Most parents are happy with the flexibility available and councils and funded providers are offering the extra hours. The Scottish Government has allocated around £1 billion a year for funded ELC, but it does not know the total amount of money spent by councils on the expansion from 600 to 1,140 hours. In terms of South Lanarkshire Council, the total capital expenditure for the expansion to 1,140 hours was £36.1 million. For 2023/2024, the Council received Scottish Government revenue grant funding for the provision of 1,140 hours of £31.562 million.
- 4.4. Some risks have changed since the expansion came into effect in August 2021, posing a threat to the sustainability of progress. There are particular concerns about workforce, future funding for funded ELC and the sustainability of funded providers. There are also a number of data gaps making it harder to plan and manage services.
- 4.5. Overall, the quality of funded ELC settings is high, but risks remain. The Scottish Government emphasised the importance of quality in the expansion of funded ELC provision. The Scottish Government and COSLA jointly agreed the national standard which is intended to ensure that all children receive high-quality ELC regardless of where they get their funded place. All providers of funded ELC must have Care Inspectorate quality evaluations of good or better on key inspection questions that relate to quality of care and learning, staffing, management, leadership and environment. Where a setting fails to meet the required standards, this can ultimately result in a council removing their funded provider status.
- 4.6. In December 2021, 89 per cent of funded ELC providers had the grades required by the National Standard compared to 91 per cent of settings in December 2020. It continues a downward trend from 93 per cent of settings in 2014.
- 4.7. Fewer full inspections were carried out in 2020 and 2021 because routine inspections were suspended at times during the pandemic.
- 4.8. It is worth noting that, in South Lanarkshire during 2022/2023, 6 Early Years inspection reports were published, with associated evaluative grades for Quality Indicators. 5 of the inspections were inspections of nursery classes within primary schools with 1 inspection of a standalone nursery school. All received positive outcomes with a grade of good or above for all Quality Indicators.

4.9. Areas for Action

The Accounts Commission has identified many gaps in the data available on funded ELC. Appendix 1 (Exhibit 4) of its report sets out some examples of these and their potential impact.

4.10. Some of these gaps relate to areas where data is likely to be available at a local level but is not gathered consistently to provide a national picture. Although councils may be able to use this information locally to inform service planning, these gaps make it harder for the Scottish Government to plan national policies for local implementation. This perceived lack of consistency between councils is, to an extent, a result of the delay to the new software for councils to record more detailed administrative data on funded ELC through a standard approach.

4.11. The new software is being developed by SEEMiS, funded by councils, that provides education management information systems. The Scottish Government grant funded the development in 2019 and the limited liability partnership contracted with a third party to develop the software. This was intended to be in place by August 2020. However, as the Accounts Commission reported in March 2020, delays in signing a contract and technical issues meant the software was already delayed beyond August 2020. In February 2022, the limited liability partnership terminated the contract with the third-party developer. Ministers have agreed to a second grant to allow the limited liability partnership to develop the software in-house, with support from external parties, with final details still to be confirmed. Current estimates are for the software to be completed by March 2024 with the go live date still to be determined by councils.

5. Accounts Commission Recommendations and the Next Steps

5.1. The Accounts Commission has published the following recommendations:-

The Scottish Government and councils should:-

- ◆ work together to review data held locally by councils and plan how to gather data consistently to address the data gaps at a national level highlighted throughout the report. Data to improve planning and monitoring will help manage the risks highlighted in the report; in particular, data on:- the movement of the ELC workforce between the public, private and third sectors – demand for both funded ELC and childcare paid for directly by parents – the extent to which children with additional support needs are not accessing funded ELC, the reasons for this, and the extent of any unmet needs

The Scottish Government should:-

- ◆ work with councils and other stakeholders to develop long-term workforce plans for the sector to address the risks to sustainability and meet future demand
- ◆ work with councils to urgently put in place a process for monitoring progress with providers paying the living wage to staff delivering funded ELC. This information is crucial to inform future decisions on funding and workforce which are key risks to the sustainability of the sector
- ◆ capture and consider children's views as part of future evaluation of the policy, in line with Article 12 of the United Nations Convention on the Rights of the Child
- ◆ improve planning for, and implementation of, future policies by working with stakeholders to make plans to gather the necessary data for managing and planning services at an early stage. This should include plans to gather consistent data on the costs of delivering future policies, to help assess whether they are achieving value for money and delivering the intended outcomes

- 5.2. There are no specific points of action that are required immediately by the Council given the investment made to expand both our early and childcare infrastructure and workforce to meet, wherever possible, the needs of parents/carers and families across South Lanarkshire. Over 7500 children and their families are benefitting from the council's investment in early learning and childcare. The table below shows the comparison from June 2022 through to June 2023.

Nos of children in South Lanarkshire in early learning and childcare.

	Admissions Aug 2023 - June			Admissions Aug 2022 - June		
	LA	PP	Total	LA	PP	Total
N4/5	4,398	2,456	6,854	4,312	2,313	6,625
N3	567	6	573	506	14	520
N2	95	0	95	110		110
Total	5,060	2,462	7,522	4,928	2,327	7,255

6. Employee Implications

- 6.1. None

7. Financial Implications

- 7.1. Financial implications will be managed from within existing budgetary resources.

8. Climate Change, Sustainability and Environmental Implications

- 8.1. There are no implications for climate change, sustainability or the environment associated with this report.

9. Other Implications

- 9.1. There are no risk implications in terms of the information contained in this report.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. This report does not present a new strategy, policy or plan and is, therefore, not subject to equality impact assessment.
- 10.2. The ownership of this report lies with Audit Scotland and reference is made within it to the extent of engagement with a range of stakeholders.

Carole McKenzie

Executive Director (Education Resources Resources)

26 September 2023

Link(s) to Council Values/Priorities/Outcomes

- ♦ Education and learning: inspiring learners, transforming learning, strengthening partnerships

Previous References

- ♦ None

List of Background Papers

- ♦ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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