

Education, Children and Families Committee

10.00am, Tuesday, 7 November 2023

Early Years– Response to motion at Full Council 28 September 2023

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 The Education, Children and Families Committee is asked to:
 - 1.1.1 Note the information in this report, in response to Councillor McKenzie's approved motion at the Full Council Meeting on the 28 September 2023
Please click on link for the full details of the approved motion:
<https://democracy.edinburgh.gov.uk/ieListDocuments.aspx?CId=150&MId=7084&Ver=4>
 - 1.1.2 Note that a full report on Early Years, covering the wide range of services and provisions for children and families across Edinburgh, will be coming to committee in January 2024.

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Early Years– Response to motion at Full Council 28 September 2023

2. Executive Summary

- 2.1 The motion presented by Councillor McKenzie at full council committee on 28 September 2023 was agreed. This report is a response to the motion details of which are provided in appendix 1 of this report.

3. Background

Delivery of Early Learning and Childcare

- 3.1 The Education (Scotland) Act 1980 outlines the duties of the local authority to secure education for children under school age.
- 3.2 The local authority has a statutory duty to consult and plan on the delivery of early learning and childcare.
- 3.3 From August 2021, the council has had a statutory duty to provide all eligible children with 1140 hours of funded early learning and childcare. The principles of the delivery of these hours are Quality, Flexibility, Accessibility and Affordability.
- 3.4 The authority is required to consult with parents on the delivery of early years provision at least once every two years. The last consultation took place in November 2021 and was reported to the Education, Children and Families committee in March 2022. The consultation for November 2023 is currently live.

Funding for Early Learning and Childcare (ELC)

- 3.5 Councils receive funding for ELC from the Scottish Government through both core funding and a specific revenue grant. This reflects pre-existing arrangements where 600 hours was expected to be funded through core funding. A specific grant was introduced to fund the expansion from 600 to 1,140 hours.
- 3.6 Councils' total core funding covers a wide range of services. The Scottish Government calculates indicative spending assessments for each of these services, including ELC, with these assessments then informing the calculation of external grant support, taking account of anticipated revenues generated locally through Council Tax. Councils spend their total core funding in the way that best allows them to meet local needs and priorities, meaning that indicative core funding

for ELC does not need to be spent on funded ELC. In contrast, the specific grant is ring-fenced and must be spent on funded ELC.

- 3.7 The 1980 Act gives local authorities the power to provide discretionary early learning and childcare for children who do not meet the statutory eligibility criteria
- 3.8 Discretionary places are provided for our most vulnerable children where there are concerns regarding their safety or development.
- 3.9 Prior to June 2023, Heads of Early Years Centres had responsibility for the allocation of individual discretionary places. As referrals for discretionary places only went to a small number of early years centres, the Heads of these settings had greater responsibility and workload than other settings. They also did not have an overview of available places across the city, which meant that a gap in the co-ordination of the allocation of discretionary places creating lengthy waiting lists for our most vulnerable children to access a place.
- 3.10 To ensure our most vulnerable children can access a discretionary place as soon as possible and to reduce the workload of the Heads of Early Years Centres, senior officers in the central team, which includes the experience of two former Heads of Early Years Centres now have responsibility for this process as they have access to information on all applications for a discretionary place and details of the available places across the city.
- 3.11 Discretionary places are also allocated to 2 year olds who are homeless or living in temporary accommodation and those who have been supported through the Family Nurse Partnership service.

4. Main report

Delivery of Early Learning and Childcare

- 4.1 It is important to provide parents/carers with flexible options for the delivery of their funded hours and provide access to additional ELC that is accessible and affordable.
- 4.2 Feedback from our consultation with parents will help inform how we plan future delivery of early learning and childcare across the city.
- 4.3 The Strategic Programme Board which was formed to oversee the Medium-Term Financial Plan covering activity across the Council to deliver transformative savings over the next four years will also support our review of how early learning and childcare is delivered across the city.
- 4.4 This will ensure that we deliver our objectives of flexibility, affordability, quality and accessibility while ensuring that we meet the principles of best value

Funding for Early Learning and Childcare

- 4.5 Funding for 2022/23 was based on funding levels for 2021/22, with adjustments made to take account of:

- 4.5.1 changing circumstances, including more recent population data (lower numbers of eligible children than previously projected)
 - 4.5.2 change as a result of inflation
 - 4.5.3 Covid-19-related costs.
- 4.6 Using this approach, the Scottish Government calculated that the ELC budget needed would be at least £30 million less than allocated in the previous year. The Scottish Government therefore reduced funding for councils by £15 million compared with 2021/22 levels. It intended that councils use the remaining £15 million to support three priority areas as follows:
- 4.6.1 increasing the uptake of ELC by eligible two-year-olds
 - 4.6.2 mitigating the impact of Covid-19 on children eligible for funded ELC
 - 4.6.3 paying sustainable rates to funded providers (paragraph 73). £8.9 million of the £531 million specific revenue grant for ELC in 2022/23 was allocated to support the pilot of changes to deferring the start of school. This funding was distributed between the ten councils which were part of the pilot.
- 4.7 This combination of changed methodology, taking account of changes in population data, and less funding being available has impacted particularly on CEC and a small number of other councils, other council areas have benefited and now receive increased funding levels. The reduced funding levels for CEC are set out in the table below and were previously reported to committee in the Early Years Partner Provider – Hourly Rate for Funded Early Learning and Childcare Report on 27 April 2023

Early Years Ring Fenced Funding

2021/22	£46,433,668
2022/23	£41,313,984
2023/24	£40,405,000

- 4.8 In 2023/24, the Scottish Government has allocated £9.1 million less to councils for funded ELC than in 2022/23. This is based on its calculation of the funding necessary for the expansion by modelling the numbers of eligible children and uprating for increased staff costs and inflation.
- 4.9 COSLA has however reported its concern that the reduction in funding specifically for ELC, and other pressures facing councils' core budgets, may affect ELC service delivery in future. While acknowledging that the number of eligible children is lower than previously estimated, it considers that lower numbers of children will not always equate to a reduction in costs, because of staffing ratios and fixed costs of delivery.
- 4.10 Both the Scottish Government and councils are facing increasing financial pressures, which will impact decisions on priorities and spending on ELC going forward. The current cost-of-living crisis and the Covid-19 pandemic have added to

these pressures. This is creating more pressure on public sector budgets and the need to identify further savings in addition to the substantial savings that both councils and the Scottish Government have already made across public services more widely.

Discretionary Early Learning and Childcare

- 4.11 34 local authority early years settings provide places for children under the age of 3 years old.
- 4.12 Prior to June 2023 applications for discretionary early learning and childcare places for children under 3 years of age were made directly to only 11 early years settings. This limited access to places for children and often when an application was approved for a discretionary place the child remained on the waiting list until a place became available.
- 4.13 Under GIRFEC, the Children's Partnership were working to improve the information sharing protocol between services. Members of the Children's Partnership (including NHS, Education and Social Work) agreed to review the process for allocation of discretionary places to ensure children who have the greatest level of need can access a place as soon as possible.
- 4.14 The new process, in place since June 2023, ensures applications for discretionary places are made through the GIRFEC process and information is appropriately shared and stored.
- 4.15 The new centrally managed process for the allocation of discretionary places has provided greater benefits to vulnerable children through:
 - 4.15.1 Accelerating access: for example, when an application has been approved for a child to access early learning and childcare, but the setting requested is already full, we have been able to provide another setting with places for the child to start.
 - 4.15.2 Widening access: Parents can now access a place in any one of our 34 settings that are registered for children under the age of 3 years old.
 - 4.15.3 Reducing workload: for the Heads of the 11 settings that discretionary places were limited to.

5. Next Steps

Delivery of Early Learning and Childcare

- 5.1 The Strategic Programme Board will provide support to ensure the delivery of early learning and childcare across the city aligns with the councils Medium Term financial plan.

Discretionary Early Learning and Childcare

- 5.2 Officers will continue to monitor the impact of the process for allocating discretionary places to ensure our most vulnerable children have access to provision timeously to improve outcomes and provide support for parents/carers.

6. Financial impact

- 6.1 The funding available to CEC for early Learning and Childcare has been subject to significant reductions over the last three years and we are now in a position where it is not sufficient to sustain the current level of expenditure in this area.
- 6.2 In common with the rest of the authority and the wider public sector there will be a requirement to examine all areas of expenditure to ensure that expenditure is brought back into line with the available budget.

7. Equality and Poverty Impact

- 7.1 The local authority meets its duties under the Education (Additional Support for Learning) (Scotland) Act 2004 when providing funded and discretionary early learning and childcare to children with additional support needs.
- 7.2 Parents/carers of our most vulnerable children no longer need to meet the cost of travelling out with their own area to access discretionary early learning and childcare.

8. Climate and Nature Emergency Implications

- 8.1 There are no implications for the Climate and Nature identified as part of this report.

9. Risk, policy, compliance, governance and community impact

- 9.1 Citywide consultation with parents/carers on the delivery of early learning and childcare is undertaken at least every 2 years. The outcome of the current consultation will be shared with the Education, Children and Families Committee.
- 9.2 The recommendations in this report impact on the Council's Financial Strategy and Medium-Term Financial Plan as reported to the Finance and Resources Committee on 20 June 2023.

10. Background reading/external references

- 10.1 [Edinburgh Poverty Commission – The City of Edinburgh Council](#)
- 10.2 [7.3 - MTFP and Financial Update.pdf \(edinburgh.gov.uk\)](#)

11. Appendices

N/A