

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE
21 June 2018
Report by Clerk
NATIONAL EXTERNAL AUDIT REPORT
EARLY LEARNING AND CHILDCARE

PURPOSE OF REPORT

1. To provide information on the Audit Scotland report *Early Learning and Childcare*.

RECOMMENDATION

2. It is recommended that the Committee considers the report.

BACKGROUND

3. A copy of the Audit Scotland report *Early Learning and Childcare*, published in February 2018, has already been circulated to all Audit and Scrutiny Committee Members. Under the Committee's specialisation arrangements, the Members leading the review of this particular report are Councillor Gilbert and Councillor Ireland. The Director of Education has provided comments on the report and a copy of that feedback is attached (see Appendix A).

RECOMMENDATION

4. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

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Background Papers:-

1. Audit Scotland report *Early Learning and Childcare*

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EAST RENFREWSHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE21 June 2018Report by Director of EducationRESPONSE TO NATIONAL EXTERNAL AUDIT REPORT:
EARLY LEARNING AND CHILDCARE**PURPOSE OF REPORT**

1. To provide information on the Audit Scotland report, *Early Learning and Childcare* and to comment on such within the context of ELC in East Renfrewshire.

RECOMMENDATION

2. It is recommended that the Committee considers the report.

BACKGROUND

3. Audit Scotland published its report on [Early Learning and Childcare](#) in February 2018. The report is in two parts: Part 1 comments on the delivery of the expansion to 600 hours of funded Early Learning and Childcare (ELC); Part 2 comments on the planning for the expansion to 1140 hours of funded ELC for all 3 and 4 year olds and eligible 2 year olds by August 2020.
4. The report sets out key messages and recommendations for the Scottish Government and local authorities and this paper considers these and comments on the findings and implications for East Renfrewshire's delivery of 600 hours and the expansion plan for 1140 hours.
5. Audit and Scrutiny Committee may also be aware of numerous reports to East Renfrewshire's Education Committee, relating to the expansion to 600 hours by 2014 and 1140 hours by 2020. These are included as background papers.

REPORT

6. The Audit Scotland report sets out five key messages as listed below. This paper comments on these as pertinent to local authorities in general and East Renfrewshire in particular.

Key Messages

- (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.*

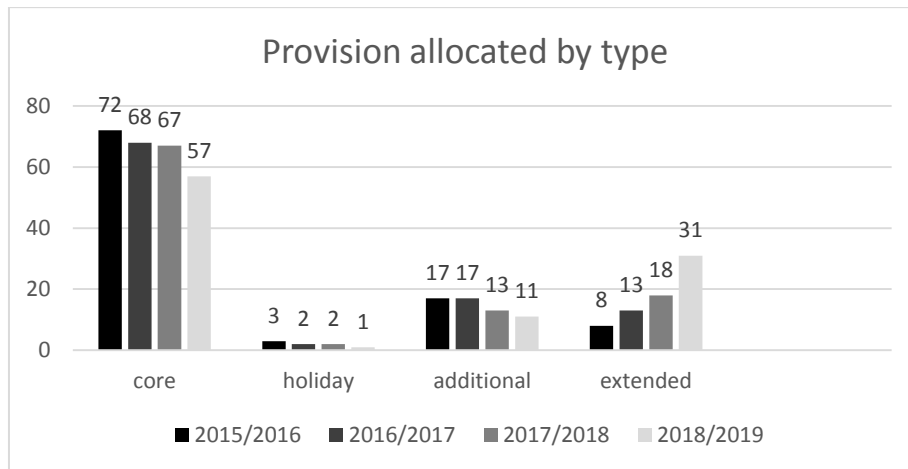
- (2) *The Scottish Government implemented the increase in hours without comparing the cost and potential outcomes of alternative ways of expanding funded ELC to achieve its aims of improving outcomes for children and parents. It has invested almost £650 million of additional funding since 2014 to expand 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.*
- (3) *In most councils the majority of children still have a part-day funded ELC place in a council setting, although the range of options has increased. Parents in our 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.*
- (4) *There are significant risks that councils will not be able to expand funded ELC to 1,140 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.*
- (5) *The Scottish Government expects the cost of delivering 1,140 hours of funded ELC will be about £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, initial estimates of the cost of funded ELC following the expansion to 1,140 hours are about £1 billion per year, significantly higher than the Scottish Government's figure.*

The expansion to 600 hours in East Renfrewshire

3 and 4 year olds

7. Audit Scotland's report suggests that the Scottish Government and local authorities worked well to expand provision and parents are positive about the benefits of funded ELC for their children. This finding chimes with our own delivery in East Renfrewshire.
8. East Renfrewshire offered parents 570 hours of ELC since the inception of the Council in 1996. As such the expansion to 600 hours required minimal change. We moved from 3 hour sessions morning / afternoon to sessions which were 3 hours and 10 minutes in the first year (2014). We then moved to introduce a range of options within a community approach, building the flexibility incrementally as new provision was introduced.
9. A paper was taken to and approved at Education Committee in November 2014: *Towards Flexibility in Early Learning and Childcare Provision* <http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=13105&p=0> This set out the way in which parents would be able to access whichever model suited their needs within communities of East Renfrewshire, with family centres at the heart of each ELC community offering the greatest level of flexibility. These options ranged from continuing to offer morning or afternoon sessions of 3 hours 10 minutes 5 days a week; sessions of 3 hours and the opportunity to use the additional 30 hours as wraparound (additional sessions or an hour before or two hours after each session); and a greater level of flexibility - an extended day where sessions would be a minimum of 4 hours and a maximum of 8 hours in any day, subject to a maximum of 600 hours funding in any year (additional hourly charges would be applied thereafter where there is capacity available). Parents apply for the type of provision they want in the community of their choice.
10. Continuous investment in the ELC estate has ensured that we have been able to offer the full range of options in all communities from August 2017.

11. Audit Scotland's report found that although the range of options had increased, children were still attending part-day funded places. We have carried out 3 surveys of parents over the past 5 years, enabling us to be responsive to family needs. The table below shows how parental choices / needs have changed over the past 4 years.



12. Audit Scotland's findings suggested that parents 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.

13. All East Renfrewshire ELC settings are open from 8 am till 6.00 pm, reflecting the normal working day with time on either side allowing parents to drop off children before and pick up after work. As we have built flexibility we have seen a growth in the percentage of parents opting for such.

14. As can be seen from the table above, the majority of parents continue to choose the familiar core hours option although this has decreased significantly since 2015. Parents opting for the flexibility offered by additional / holiday hours has also decreased. The forthcoming session has seen a significant increase in the number of parents (just under 600 or 31%) choosing our most flexible option, extended hours (full days). This option is most attractive to parents selecting the best childcare arrangements which suit their work commitments and lifestyle. As a result of our models of delivery, parent satisfaction has increased.

15. We have not tested whether or not parents are able to take up work, training or further education, although the analysis above would suggest that to be the case. As we carry out further surveys of parents we will gather such data to help continue to shape the delivery of ELC in East Renfrewshire.

16. Audit Scotland's report also suggests that communication with parents needs to be improved, helping to distinguish between flexibility and choice. This clarification would be welcomed as would clearer communication with parents on a national basis, which currently can lead to some believing local authorities have a duty to meet individual needs; which is unrealistic when delivering to circa 2,200 families on a two-yearly basis whose own circumstances can change within that period. However, it must be emphasised that the number of parents expressing such is very small.

17. As outlined above we have designed our delivery to ensure a range of options is available to parents and they make their choices based on what will meet their needs. This can be seen on the [ELC page](#) on East Renfrewshire's website.

Eligible 2 year olds

18. The Children and Young People's Act 2014 made the provision of ELC for eligible 2 year olds a statutory duty on local authorities. East Renfrewshire expanded its existing provision (Glen FC and McCready FC) to be able to also offer places in Madras FC in Neilston, Arthurlie FC and more recently in Cart Mill FC in Busby.

19. For a fourth consecutive year, the council was able to comfortably meet the demand for places for eligible 2 year olds with 64 children allocated places. As well as providing Early Learning and Childcare for eligible and vulnerable 2 year olds, where there was capacity to do so, we were also able to support working families with the offer to purchase nursery places. A further 38 children in this age group benefitted from this service.

20. Audit Scotland's report suggests there needs to be more work done on a national basis to increase the uptake of places for eligible 2 year olds and recommends that the Scottish Government should "Work with the Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC) to allow councils to receive information on eligible two-year-olds so they can more accurately target eligible families". We would welcome this development.

Partner Providers

21. We have continued to build the number of partner providers we commission places from, rising to 13 from August 2018. We amended our contract with partners to ensure they also delivered 600 hours of funded ELC from 2014, including for eligible 2 year olds, although to date no one has taken up this offer. The payment for each 3 and 4 year old place was increased to £2100 and £3420 for two year olds.

22. Audit Scotland recommends that councils should develop commissioning strategies for funded ELC that sets out information on demand, capacity, cost, quality, flexibility and parental preferences.

23. At present East Renfrewshire commissions places through a scrutiny panel using a criteria-based framework. In preparation for 2020 and the commissioning of 1140 hours, the Scottish Government is consulting on the introduction of a National Standard and Quality Criteria which when finalised will be mandatory for all local authorities. Until that is introduced East Renfrewshire will continue to use our current system which is reviewed annually.

Reporting on Outcomes

24. Although a key finding of Audit Scotland was that there were insufficient measures in place to report on the impact of the expansion on children and families nationally, in East Renfrewshire we have been able to record improvements in outcomes, through baseline assessments and developmental milestones. These have been reported annually to Education Committee since March 2016 and each year thereafter.

<http://www.eastrenfrewshire.gov.uk/ChttpHandler.ashx?id=16471&p=0>

25. These reports show that baseline assessment results have improved steadily: numeracy results have improved from 55% to 59%; literacy has been maintained at 60%; and developmental milestones assessments have indicated that 78% of children were reaching them from a base of 73% in 2015.

Planning for the expansion to 1140 hours in East Renfrewshire

26. Audit Scotland's report had 2 further findings relating to the expansion to 1140 hours by 2020:

- There are significant risks that councils will not be able to expand funded ELC to 1,140 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.
- The Scottish Government expects the cost of delivering 1,140 hours of funded ELC will be about £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, initial estimates of the cost of funded ELC following the expansion to 1,140 hours are about £1 billion per year, significantly higher than the Scottish Government's figure.

27. The Scottish Government published 'A Blueprint for 2020: The Expansion to 1140 hours of ELC' in March 2017. This detailed the requirement for local authorities to submit a detailed expansion and implementation plan. A financial template was issued early in September 2017 and a further 2 revised versions thereafter, with the last issued one prior to the submission date. The Scottish Government acknowledges this was less than ideal.

28. Our initial plan was approved by Education Committee in September 2017 and submitted along with our financial template to the Scottish Government by the due date of 29 September 2017. <http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=20993&p=0>

29. All local authorities met with representatives from the National Delivery Team to discuss their plans. Our meeting in October 2017 indicated that the National Financial Fund available was significantly lower than the local authorities' estimation costs. This led to the need for all local authorities to submit a fourth version of the financial template in March 2018.

30. In April 2018, COSLA leaders agreed the allocation and the funding mechanism. Local authorities were advised of their allocation for both capital and revenue later that month. The implications of East Renfrewshire's allocation are set out in the paper considered by Education Committee on 14 June 2018. <http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=22526&p=0>

31. Plans are underway for the capital programme related to the expansion and as such, although challenging, and thanks to the commitment of the Council, we consider that the infrastructure will be in place by August 2020.

32. The Education Committee paper, as indicated in Paragraph 30, outlines the steps taken to expand the workforce to meet the 2020 deadline. However, the levels required, limited time available and the shortfall in revenue funding will make this difficult to achieve.

33. Audit Scotland report recommends that the Scottish Government should update the statutory guidance following agreement on important aspects of 1,140 hours, such as funding follows the child and delivering flexibility. This is currently being consulted upon and

we will respond as a department to such and when finalised and will implement as appropriate.

34. The Audit Scotland report also recommends that the Scottish Government should:

- continue to develop the detail of how they will evaluate the expansion to 1,140 hours and ensure baseline data is available;

and that the Scottish Government and councils should:

- collect better information on the cost of different models of ELC and their impact on children's outcomes to allow them to better plan for the expansion;
- work with partner providers of both funded and non-funded ELC to understand the impact of decisions on the wider system of ELC and reduce the risk of unanticipated consequences for these providers.

35. East Renfrewshire officers are involved in some of this work and will be willing to support colleagues in the Scottish Government and local authorities to implement these recommendations as appropriate.

CONCLUSION

36. Audit Scotland's February 2018 report on Early Learning and Childcare identifies a number of key messages for the Scottish Government and local authorities, some of which are relevant to East Renfrewshire's delivery of ELC.

37. It also makes a number of recommendations, especially for the Scottish Government. Those for local authorities will be considered by the department as we continue to reflect and refine our expansion plan.

RECOMMENDATION

38. It is recommended that the Committee considers the report.

Mhairi Shaw
Director of Education June 2018

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Background Papers

1. Audit Scotland Report: Early learning and Childcare, February 2018
2. Towards Flexibility in Early Learning and Childcare Provision, November 2014
3. Early Learning and Childcare Expansion Plan, September 2017
4. Progress of the Expansion of Early Learning and Childcare, June 2018
5. Prefive Education and Childcare Annual Report, March 2016
6. Early Learning and Childcare Annual Reports, June 2017 & June 2018