

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

23 November 2023

Report by Clerk

NATIONAL EXTERNAL AUDIT REPORT – EARLY LEARNING AND CHILDCARE
PROGRESS DELIVERING THE 1140 HOURS EXPANSION

PURPOSE OF REPORT

1. To provide information on the Audit Scotland report, *Early Learning and Childcare - Progress Delivering the 1140 Hours Expansion*.

RECOMMENDATION

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

BACKGROUND

3. A copy of the Audit Scotland report, [Early Learning and Childcare - Progress on Delivery of the 1140 Hours Expansion](#), published in June 2023, has already been circulated to all Audit and Scrutiny Committee Members. Under the Committee's specialisation arrangements, the Member leading the review of this particular report is Councillor Wallace.

4. The Director of Education has provided comments on the report. A copy of that feedback is attached (see Appendix A).

RECOMMENDATION

5. 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 on [Early Learning and Childcare - Progress on Delivery of the 1140 Hours Expansion](#)

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EAST RENFREWSHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE23 NOVEMBER 2023Report by Director of EducationRESPONSE TO NATIONAL EXTERNAL AUDIT REPORT:
EARLY LEARNING AND CHILDCARE**PURPOSE OF THE REPORT**

1. To provide information on the Audit Scotland report, Early Learning and Childcare (June 2023) and to comment on such within the context of ELC in East Renfrewshire.

RECOMMENDATION

2. Elected members are asked to note the department's progress against the national position of delivering 1140 hours of ELC.

BACKGROUND

3. Audit Scotland published 3 reports as part of a series of audits on ELC. The [first report](#) was published on February 2018 and commented on the delivery of the expansion to 600 hours of funded Early Learning and Childcare (ELC). It also commented 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. This report was the subject of a paper to Audit and Scrutiny Committee in June 2018

4. The second Audit Scotland report on [Early Learning and Childcare](#) was published on March 2020 and was in two parts: Part 1 commented on the progress with delivering the expansion to 1140 hours of funded Early Learning and Childcare (ELC); Part 2 commented on the planning for the evaluation of the policy. This report was the subject of a paper to Audit and Scrutiny Committee in August 2020.

5. A third Audit Scotland report on [Early Learning and Childcare](#) was published in June 2023. Again this report was in two parts: Part 1 commented on the progress with delivering the expansion to 1140 hours of funded Early Learning and Childcare (ELC); Part 2 commented on the planning for the assessment of the impact of the expansion.

6. Audit and Scrutiny Committee may also be aware of numerous reports to East Renfrewshire's Education Committee, relating to the expansion to 1140 hours by August 2020. These are listed in the background papers.

REPORT

7. The Audit Scotland report (June 2023) sets out six 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 and councils did well to put in place 1140 hours of funded early learning and childcare (ELC) by August 2021, during the Covid-19 pandemic. Councils completed most of the infrastructure projects and had significantly expanded the workforce.*
2. *Take-up among three- and four-year-olds remains high and most parents are happy with the flexibility available. More two year-olds are now receiving funded ELC, but many more are estimated to be eligible. The Scottish Government and partners have made progress with data-sharing arrangements to allow councils to identify- eligible two-year-olds.*
3. *This is a flagship policy which underpins broader ambitions to reduce child poverty and to support economic transformation. Around £1 billion is invested in it annually. But the sector is fragile. Budget pressures and risks around workforce and the sustainability of funded providers, such as private nurseries and childminders, risk limiting flexibility and choice for families, which are important to achieving the intended policy outcomes.*
4. *In 2021/22, councils spent £956 million on pre-primary education, but apportioning spending specifically to the expansion is complex. The Scottish Government does not know how much has been spent in total by councils on phasing in the additional hours between 2018/19 and 2021/22. The Scottish Government plans to assess the policy's value for money by comparing the costs and outcomes of providing 600 hours of ELC in 2018/19 with the costs and outcomes of delivering 1140 hours in 2023/24.*
5. *There have been further delays in developing software needed to improve the management and monitoring of ELC services. Also, data gaps still exist around workforce movement and whether funded providers pay the living wage.*
6. *It is too early to assess whether the expansion has led to better outcomes for children and increased opportunities for their parents to work, study or train. The Scottish Government has developed plans to evaluate the impact of the expansion and collect the necessary data. The impact of Covid-19 on children's development and their families' economic circumstances will make the evaluation more challenging. Outcomes will be covered in our future audit work.*

The Expansion to 1140 hours for all eligible 2, 3 and 4 year olds in East Renfrewshire

7. The Scottish Government announced on Tuesday 31 March 2020 that as a result of the Covid-19 pandemic, the decision had been taken to remove the statutory duty on education authorities to make 1140 hours of early learning and childcare (ELC) available to each eligible child from August 2020.

8. The Education Department considered the implications of this decision, in particular the delay to our planned infrastructure programme and the impact on our 'grow our own' workforce completing their necessary qualifications and the likelihood that families were planning both their childcare and financial needs on the basis of 1140 hours early learning and childcare being available from August 2020.

9. In June 2020, Education Committee approved the department's proposal to continue to progress with plans to deliver 1140 hours of early learning and childcare for all eligible 2, 3 and 4 year old children from August 2020 albeit in a more limited way given the impact of Covid-19 on plans.

10. In December 2020 the Scottish Government confirmed its commitment to every eligible 2, 3 and 4 year old child receiving 1140 hours of free early learning and childcare, with a new implementation date of August 2021.

11. By August 2021, East Renfrewshire's children and families had been receiving the additional entitlement of 1140 hours of early learning and childcare for 1 year. The completion of infrastructure projects enabled increased flexibility, along with the free meal entitlement to be fully rolled out.

12. Almost all families of children aged 3 and 4 years in East Renfrewshire have taken up their increased entitlement to 1140 hours of ELC (94%). With currently 2200 children in ERC ELC provision, approximately 1800 in local authority settings and 400 funded to attend partnership nurseries and childminders.

13. From August 2020, Isobel Mair Family Centre exclusively provided places for children with Additional Support Needs, ensuring that all children were offered 1140 hours of ELC. Increased spaces within our Preschool Assessment and Development Unit (PSADU) in Carlibar and Carolside Primary Schools and the continuation of the satellite ASN provision in Arthurlie Family Centre enabled the department to fully meet needs of all eligible children and families.

14. A consultation was carried out with parents in autumn 2020 to seek their views on the increased provision available and to help shape the department's next steps. Eighty percent of respondents selected a positive response demonstrating a high level of overall satisfaction with the delivery of 1140 hours of ELC.

15. This was further illustrated through the comments where one of the most common themes was of gratitude and appreciation that East Renfrewshire Council was delivering 1140 hours despite the difficulties associated with the pandemic. Respondents were appreciative of the work being carried out in our settings. Families reported that the new hours suited their work and family life, relieving financial pressures and reducing the amount of time grandparents were being asked to provide childcare. They recognised the high quality of early learning and childcare that their children received in both local authority and funded provider settings where their children were thriving.

16. From August 2020 all eligible two year olds were offered 1140 hours of ELC.

17. The department continues to promote the entitlement of 1140 hours Early Learning and Childcare for all eligible 2 year olds in partnership with our colleagues including Health Visitors, Social Workers and Family First Workers who are fully aware of the eligibility criteria and encourage families to apply for places. Places are allocated through a Local Admissions Panel (LAP).

18. Although uptake of this entitlement in East Renfrewshire, has been positive (with an average of 21% of eligible children accessing this provision), until recently it has been challenging to identify those eligible. Identifying and offering places has relied on officer promotion, self-referral and existing strong relationships with colleagues in Department of Work and Pensions (DWP). However, this year the Scottish Government has introduced new data sharing arrangements, enabling officers to identify more eligible 2 year olds. Using this information, the department has recently written to all eligible families, offering

provision. Whilst it is non-statutory and parental choice to access a place, early signs are positive with families indicating an interest.

19. The number of deferral applications for those children born between the start of term in August and the end of December increased from 40 in 2022-23 to 64 in session 2023-24 representing 41% of all requests. This reflects the change in legislation that entitles these children to funded ELC, rather than this being discretionary, as in the past. A further 4 applications were made for children to defer whose birthday is before the start of term in August, 3 of these have been granted, with the other being allocated suitable school age provision.

20. Since August 2015 the Education Department has continued to increase incrementally the flexibility on offer to parents to support with childcare, training and work commitments.

21. The Education Department is continually evaluating provision, ensuring that models offered continue to meet the choice and flexibility needs of the children and families in East Renfrewshire. To support with this and to adhere to The Children and Young People (Scotland) Act 2014, the department consults with families on the provision of ELC every two years and updates its plan for ELC delivery.

22. In November 2022, Education Committee noted and commented on the results of the most recent consultation that had taken place through autumn 2022, and the changes to the offer to children and families. This included the introduction of further models of provision, again increasing flexibility and choice for families.

23. The Scottish Government planned to introduce a *Funding Follows the Child* (FFtC) policy from August 2020. This was postponed as part of the decision to delay the legislative requirement to deliver 1140 hours in full until August 2021. Interim guidance was issued which encouraged local authorities to continue to work towards the principles of *Funding Follows the Child*, within available resources. The principles of *Funding Follows the Child* are that parents can take some or all of their child's entitlement to funded early learning and childcare at a certain provider, they can expect to be able to do so provided that:

- the provider meets the National Standard
- the provider has a space available
- the provider is willing to enter into a contract with the local authority
- the provider is able to offer the funded hours in line with local ELC delivery plans

24. The Education Department fully adheres to the *Funding Follows the Child* policy (FFtC), supporting increased parental choice and flexibility. However, it means that local authorities can no longer set a specific budget for the number of places they buy from specific funded providers, as doing so would limit choice and flexibility. The department however still has to ensure best value for the Council and as such ensure that places are not funded where there is no physical or financial capacity to support.

25. To support with the implementation of FFtC, an admission policy with a set admission window was approved by Education Committee and is in place. All applications received within the application window from January to 31 May will be automatically funded. Any late applications would be considered on a case by case basis in accordance with the published priorities and within the physical and financial capacity available.

26. In the same spirit of FFtC, parental choice may extend to parents wishing to access their funded entitlement in another local authority. East Renfrewshire Council has

committed to a formal protocol with neighbouring authorities to allow us to support families wishing to access their ELC in this way. Again this has to be within the application window and take into consideration the physical and financial capacity of resident local authorities.

27. The recruitment and retention of high quality staff in the ELC sector has been reported as an issue nationally and both local authority and funded provider provision within ERC concur with this view.

28. A huge investment in Career Long Professional Learning is mitigating against some of the challenges and supporting staff across all provision to develop the skills and knowledge required to work in early years.

29. Throughout 2022-23 ELC practitioners have continued to make effective use of the '0-6 Pedagogy' online hub which was introduced in 2017/18 as part of the ELC expansion plan. This online resource provides staff in schools, local authority and funded provider settings with a wide range of high-quality learning materials created by practitioners and senior leaders across East Renfrewshire. Usage data continues to show a high level of engagement with the materials with 4,182 views in the past year bringing the total number of views to 11,124.

30. Middle leaders in ELC settings continue to be supported through leadership forums. These are positively evaluated by the Depute Heads of Centre and Senior Child Development Officers who attend. The forum enables leaders to consider national developments in ELC, share practice and support each other with effective self-evaluation.

31. Funding continues for a peripatetic ELC teacher to support all children who attend a Funded Provider nursery in East Renfrewshire. The teacher works flexibly with each setting to support them in delivering aspects of learning and teaching in line with their improvement plans. She also provides effective support and challenge for individual children, ensuring they are able to access the curriculum and make positive progress in their learning and development.

32. The Education Department, as guarantor of quality, closely monitors performance of funded providers, and where providers don't meet the National Standard, the department supports through a Service Improvement Period. The Care Inspectorate also offer an Improvement Programme, which is targeted via the Education Department as an additional level of support, however if evaluations from inspection do not improve, there is a risk to partnership status for the provider. To date, one provider has not improved during the Service Improvement Period, therefore partnership status was removed (session 2023/2024).

33. Quality is at the heart of the delivery of funded Early Learning and Childcare (ELC) entitlement. ELC settings are subject to scrutiny by two separate inspection bodies. Education Scotland and the Care Inspectorate.

34. Education Scotland (HMIe) recommenced their inspection regime in August 2022 and have visited 4 local authority settings and no funded providers. The reports have been published and shared with Education Committee separately for; Braidbar Nursery Class, Madras Family Centre, Crookfur Family Centre and Hazeldene Family Centre. The high quality of ELC provision in each setting was recognised by the inspection teams, Table 1 below indicates the grades awarded against each quality indicator inspected.

Table 1

Setting	Leadership of change	Learning, teaching and assessment	Ensuring wellbeing, equality and inclusion	Securing children's progress
Braidbar Nursery Class	Not assessed	Very Good	Not assessed	Very Good
Madras Family Centre	Good	Good	Very Good	Good
Crookfur Family Centre	Not assessed	Very Good	Not assessed	Very Good
Hazeldene Family Centre	Good	Good	Very Good	Very Good

35. In order to deliver funded places ELC settings are required to meet the National Standard which includes achieving grades of good or better across the range of criteria reported on by the Care Inspectorate. In recognition of the challenges posed by the pandemic, the Scottish Government provided some flexibility for providers, through publication of Interim Guidance on Funding Follows the Child and the National Standard which remains in place for session 2023/24.

36. The quality of ELC in our local authority settings exceeds the National Standard with most settings (88%) achieving evaluations of very good or better across all criteria. This compares favourably with data published by the Care Inspectorate which shows that nationally 60% of evaluations awarded up to 30 September 2022 were very good or better.

37. Almost all Funded Providers delivering funded ELC in East Renfrewshire also meet and, in some cases, exceed the National Standard requirement to achieve grades of good or better.

38. The [Local Government Benchmarking Framework](#), indicates that 91% of ELC provision is good or better in East Renfrewshire, with 89% recorded for the whole of Scotland. This has decreased since the introduction of 1140 hours (97.5% in 2019-20), and correlates with evidence of lower evaluations received by some funded providers during this period.

39. Elected members will be aware that each year, local financial returns (LFRs) are collated and reported as unit costs for the Local Government Benchmarking Framework. Nationally unit cost for an ELC place is recorded as £10,291 per pupil. ERC Council unit cost per ELC pupil is recorded as £10,269. This compares favourably to other local authorities, sitting 16 out of 32.

40. Historically, ELC costs were captured holistically with all pre-primary costs recorded. For 2022/23, there is also a requirement to capture 1140 hours as a subset of this total. As noted in the report, apportioning spending in this area is challenging given ELC captures children aged 0 – 5 year, yet 1140 hours is only available to eligible 2, 3 and 4 year olds.

41. With this caveat, the department spend for 2022/23 (for LFR purposes) was £13.7m on ELC/pre-primary education (this is net of around £8m in specific grant for 1140 expansion), with around 90% of that spend attributed to the delivery of 1140 hours to eligible children. The remaining 10% can be mainly attributed to discretionary places for vulnerable children and families who are not yet eligible and subsidised additional hours over and above 1140 hours that would support safeguarding and children's wellbeing.

42. Elected members will note the continued uncertainty around funding for ELC as we await confirmation of the total allocation for the years ahead.

43. From August 2023, the department removed its discretionary position of children receiving their ELC entitlement from their 3rd birthday, moving to the [national](#) position of the term after their 3rd birthday.

44. In reviewing the provision for 2023-24, the department continues to adopt the most efficient models within each establishment. Whilst it is anticipated that the number of children accessing funded ELC will rise in 2023-24 due to the changes to the entitlement for those seeking to defer, the department will look to minimise any significant increases to staffing levels. Existing staffing allocations will continue to be reviewed to ensure the most efficient deployment, whilst ensuring continued regulatory compliance, and minimise the need for significant additional recruitment.

45. Local authorities commission ELC places from funded providers. At present ERC commissions at a rate of £5.87 per hour for eligible children, as approved by Education Committee in August 2023. The Education Department is committed to reviewing this rate on an annual basis in line with the Scottish Government's financial sustainability health check and further reports will be brought to committee in due course.

46. In East Renfrewshire, the number of families choosing to access their 1140 hours funded entitlement with funded providers remains healthy, with many increasing provision within their settings to accommodate the high numbers. One provider has chosen to merge provision, closing one of its settings and moving all staff and children to a nursery that can accommodate the larger numbers.

47. Despite the challenges caused by the delay of SEEMIS early years, the department as continued to develop our digital capacity making improvements to the application process for ELC enabling parents to complete and submit their application online. This has supported the allocation of places, ensuring greater efficiency in service delivery.

48. In 2022 / 2023 as part of the West Partnership (Glasgow Regional Education Improvement Collaborative), research commenced into the impact of 1140 hours of ELC. The research aims to understand what impact the policy has had on children and families across the West Partnership, whilst also gathering insight into the experience of staff delivering the increased entitlement at a local authority level. Excellent progress has been made so far, with 97 ELC settings across 8 local authorities engaging with the research. In addition, the research team have reached out to the Scottish Government to offer support with the planned national evaluation.

49. In addition, a digital tool for tracking children's development and attainment throughout their nursery experience has been developed and improved by a group of early years professionals to make it more user friendly. As a result, this is now being routinely used by all local authority ELC settings to track children's progress, identify next steps and provide support or challenge for those children who need it. From August 2021 the data from the tracking tool was shared with primary schools ensuring progressive transitions in children's learning as they moved between sectors and through the early level of Curriculum for Excellence.

50. The audit report identified a list of recommendations for the Scottish Government:

- 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.

51. It also identified a further list that the Scottish Government and councils should do:

- 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.

52. Considering the recommendation detailed in paragraph 51 above, the Education Department believes it is well placed to meet this.

CONCLUSION

53. Audit Scotland's June 2023 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.

54. It also makes a number of recommendations, especially for the Scottish Government. Those pertinent to East Renfrewshire will be overtaken as we continue strive to improve Early Learning and Childcare and the implementation of 1140 hours for all eligible children.

RECOMMENDATION

55. Elected members are asked to note the department's progress against the national position of delivering 1140 hours of ELC.

Mark Ratter
Director of Education
November 2023

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Background papers

1. Audit Scotland Report: Early learning and Childcare, February 2018, March 2020 and June 2023.
2. Early Learning and Childcare, Audit and Scrutiny Committee, June 2018 and August 2020.
3. Early Learning and Childcare Expansion Plan, Education Committee, September 2017
4. Progress of the Expansion of Early Learning and Childcare, Education Committee, June 2018, May 2019, January 2020
5. Early Learning and Childcare Provision from August 2020, Education Committee, June 2020
6. Early Learning and Childcare Annual Report, Education Committee, May 2021, June 2022 and April 2023.

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