

National Day Nurseries Association submission of 17 November 2022

PE1970/B: Create an online account for parents to manage the 1140 hours of Early Learning and Childcare funding

About NDNA

National Day Nurseries Association (NDNA) is the national charity representing private, voluntary and independent (PVI) children's nurseries across the UK.

The 1140 hours policy

The Funding Follows the Child (FFC) and National Standard for Early Learning and Childcare Providers: Operating Guidanceⁱ states that the FFC approach “places choice in parents’ and carers’ hands allowing them to access their child’s funded entitlement from any setting, in the public, private or third sector including a childminder – who meets the National Standard, has a place available and is willing to enter into a contract with their local authority”.

The guidance for local authorities setting a sustainable rateⁱⁱ encourages:

- A rate that includes profit or surplus for reinvestment into the business
- A rate that is evidence based
- A rate that covers all the costs of delivery.

We know from members that the rates being set across Scotland are not meeting these aims.

Research using FOI dataⁱⁱⁱ from councils showed that on average councils have 30% of their ELC provision delivered by PVI providers but only spend 21.5% of their budgets with the sector, highlighting

the discrepancy in funding between council run settings and other providers.

NDNA Childcare Passport

The suggestion of an online account for parents was raised in the 2017-2018 Blueprint Action Plan ^{iv} with action point 17 calling for a feasibility study to be carried out.

NDNA proposed the concept of a Childcare Passport in 2017 and explored the opportunity of bidding for this funding at the time with the Scottish Government and worked in partnership with a technology company to develop modelling which could be used for their Childcare Passport. However, the funding available for this feasibility study was not enough to cover the cost of working with their partner or the modelling that had been developed. As part of the bid NDNA were offering to run a pilot however the tender amount was too small to do justice to the piece of work required.

However, this point in the Blueprint was not actioned and the exploration of a childcare account was not carried out.

NDNA's Childcare Passport offers a model which means funding will truly follow the child as the family can work directly with providers to choose places for their children which best suit their needs. The Childcare Passport makes sense for parents, providers and taxpayers, providing an efficient solution that delivers childcare choice, flexibility and affordability for parents. There is an opportunity to develop Childcare Passports by building on the Tax-Free Childcare Accounts or a similar bespoke system. Moving to a Childcare Passport system would improve efficiency and maximise the spending power of government investment in early learning and childcare. It would also address low take up of funded childcare, especially among disadvantaged families, and Tax-Free Childcare accounts.

There are many challenges facing the sector, however at the heart of these issues is the dysfunctional funding model. Currently local authorities are clearly struggling to meet the rising costs of the delivery of the 1140 hours. In the Education, Children and Young People Committee of 25 May

2022 the COSLA representative acknowledged that there were issues with the funding model and the policy itself. This was reiterated by council officers on 26 October 2022 at another hearing of the EC and YP Committee. The issues raised were that it is difficult for local authorities to be both funder and provider, which leads to the point raised around inequity being built into the policy allowing for more funding to be allocated to local authority settings. We raised the mismatch of funding in our own FOI investigation^v.

The current funding model is not sustainable for the PVI sector. At present there is no consistent funding model applied across Scotland resulting in a lack of equity between the different providers of the 1140 hours funded ELC.

This needs to be addressed quickly in order to ensure the 1140 hours policy remains sustainable. Currently parents are not getting provider neutral choice because there is no parity between different providers. NDNA's Childcare Passport would be a viable option for parents to ensure that they can access their childcare choices as required.

NDNA urge the Scottish Government to revisit this action and would be willing to re-examine work that has already been carried out and how this could be updated to provide a model for delivering the Childcare Passport.

ⁱ A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland. Funding Follows the Child and the National Standard for ELC Providers: Operating Guidance. 18 December 2018

<https://www.gov.scot/publications/funding-follows-child-national-standard-early-learning-childcare-providers-operating-guidance/>

ⁱⁱ Funding Follows the Child and the National Standard for Early Learning and Childcare: Guidance for setting sustainable rates from August 2020. <https://www.gov.scot/publications/funding-follows-child-national-standard-early-learning-childcare-providers-guidance-setting-sustainable-rates-august-2020/>

ⁱⁱⁱ <https://ndna.org.uk/news/private-and-voluntary-nurseries-expected-to-deliver-more-for-less/>

^{iv} <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2017/03/blueprint-2020-expansion-early-learning-childcare-scotland-2017-18-action/documents/00515637-pdf/00515637-pdf/govscot%3Adocument/00515637.pdf>

^v <https://ndna.org.uk/news/private-and-voluntary-nurseries-expected-to-deliver-more-for-less/>