

Scottish Childminding Association submission of 2 February 2023

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

SCMA is a national membership organisation, delivers ELC services for local authorities and undertakes an annual independent audit, for Scottish Government, on progress in including childminders in funded ELC.

ELC Expansion: Impact on Childminding Workforce

- the implementation of '1140 by 2020' has had a devastating effect on the childminding workforce which has declined by 34% since 2016 with the loss of 1926 childminding businesses and 11,363 childminding spaces for children/families;
- it is projected that, without intervention, this decline could reach 42% by July 2023, 50% by July 2024 and 64% by July 2026 - almost doubling these losses.

Contributory Factors

- national recruitment drive to support local authority nursery ELC expansion;
- recurring problems with childminders not being included equitably by local authorities in funded ELC -
 - local authorities have a conflict of interest – they are responsible for overseeing local ELC expansion while being a direct service provider within this. They are required to practice 'Provider Neutrality' (ELC founding principle), treating all providers equitably. While some manage this well and include childminders, too many haven't and have prioritised their own nursery provision. After six years of implementation activity only 4.3% of childminders deliver funded ELC for eligible two-year-

olds and 19.2% for three- and four-year-olds (this latter figure masks that 70% of these are doing so mainly on the basis of blended placements (split between a nursery and childminder) with some childminders just receiving fragments of hours after local authority nurseries take the bulk);

- recurring problems with local authorities not promoting childminding to parents equitably, alongside their own nursery provision, as an option for receiving funded hours;
- only 4 out of 32 local authorities have undertaken impact assessments of their expansion plans on local childminding businesses;
- significant increase in paperwork/bureaucracy affecting childminders disproportionately.

Comments on Petition

SCMA signed this petition not because we believe this provides the best solution, but as the current system isn't working for many and there is a need for national discussion and action to improve this.

While some childminders who haven't been treated equitably may welcome a direct parent-to-provider payment system, others are very concerned this could create problems requiring the following safeguards

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- **inequitable local authority promotion of childminding must be addressed so that childminding is visible to all parents, as an option for receiving funded ELC;**
- **funding provided to parents through an online account would have to be in a non-transferable form (e-payment/voucher) which could only be used to pay partner providers for funded ELC;**
- **guaranteed by appropriate contracts;** under the National Standard for ELC partner providers must demonstrate their business sustainability (including income projections); during COVID-19 when parental income was affected, many parents

stopped paying childminders; accompanying contractual commitments are essential for continuity;

- **payments need to be at a level which support providers' business sustainability and the Real Living Wage** - only 13% of childminders (including those receiving 'sustainable rates') are able to pay themselves the RLW;
- **additional paperwork/administration**; the significant increase in paperwork is now the main reason behind the declining childminding workforce; many childminders are working an additional half- to full-day every week, unpaid, to support this and couldn't undertake ANY additional work for a new system; the Scottish Milk & Healthy Snack Scheme also hasn't inspired confidence – childminder uptake remains low due to additional administration;
- **prompt payment is essential**: childminders are low-income small businesses requiring prompt payment. Some local authorities recognise this and don't have the capacity to process childminder payments. A local authority may only have to deal with one employee in a larger nursery for 100 children receiving funded ELC, but may have to deal with 30-50 childminders for a comparable number of children if childminders only have 2-3 funded children each. Consequently, SCMA currently undertakes childminder payment processing (ELC, Community Childminding) for six local authorities by request. Prompt payment is ensured. SCMA receives a service fee which, as a charity, we put back into supporting childminders. Other childminders continue to experience payment delays;
- **it is unclear how direct payment would work in blended placements and how these would be arranged**;
- **'eligible two-year-olds' uptake amongst vulnerable children could be adversely affected if parents have to arrange this themselves**: currently, vulnerable families are supported and benefit from having this arranged for them.

The Scottish Government recently commissioned SCMA to develop

Good Practice Principles for local authorities working with childminders. While this is constructive, the above shows that where actions aren't mandatory, local implementation can suffer. This will require strong backing.

Had a direct parent-to-provider system been implemented initially, this could have worked. Implementing this now could create problems. **We recommend, instead, that the Scottish Government and COSLA should enforce 'Provider Neutrality' in practice; alternatively, this should be replaced by nationally agreed local minimum provider mixes for ELC to support providers' business sustainability, as previously recommended (SCMA, 2019).**

Sources:

- [SCMA Childminding Evidence Paper, August 2022](#)
- [SCMA ELC Audit 2022, November 2022](#)
- [Childminding Cost Pressures & Business Sustainability, SCMA, January 2023](#)