

Briefing for the Citizen Participation and Public Petitions Committee on petition [PE1970](#): ‘Create an online account for parents to manage the 1140 hours of Early Learning and Childcare funding’, lodged by Sharon Fairley on behalf of the Scottish Private Nursery Association

Brief overview of issues raised by the petition

The petition is concerned about the method of distribution and level of funding for private, voluntary or independent (PVI) providers of funded early learning and childcare (ELC).

[Eligible children](#) are entitled to up to 1,140 hours of Early Learning and Childcare. Local authorities are responsible for securing the funded ELC for families. Local authorities have a dual role of being an ELC provider and a commissioner of ELC services from private voluntary and independent (“PVI”) nurseries and childminders. Currently around 30% of this provision is met by PVI providers.

Local authorities [have a statutory duty](#) to “secure that the mandatory amount of early learning and childcare is made available for each eligible pre-school child belonging to its area.” This can be through local authority provision or by entering into an arrangement with a third party, such as a PVI provider, or another local authority. [Section 3 of the Standards in Scotland’s Schools etc. Act 2000](#) provides for a duty on local authorities to “endeavour to secure improvement in the quality of school [and ELC] education”. This includes ELC where the local authority has an arrangement with another provider.

Local authorities hold the budget for funded ELC for children in their area. The number of statutory hours a child is entitled to increased from 600 to 1,140 hours in August 2021. The Scottish Government provides ringfenced money to local authorities for the expanded 540 hours, the other 600 hours are funded through the local authorities’ core budgets. The total spend on ELC is around £1 billion per year.

The policy intention is that parents/carers would have a high degree of choice in where and how their children would access funded ELC. The delivery of the expansion is underpinned by the “Funding Follows the Child” approach and the “National Standard”. The Funding Follows the Child approach is intended to be “provider neutral”. Families should be able to choose their preferred ELC setting, subject to availability, that setting meeting the National

Standard, agreeing the rate with the local authority, and providing the place in line with the local ELC delivery plan.

The National Standard is intended to ensure that the ELC provided in any setting is of a high quality, with suitably trained staff and that staff are paid at least a real living wage.

Local authority rates of funding for PVI providers are set at the local level. The Scottish Government published [guidance for local authorities to set sustainable rates in August 2019](#)¹. The guidance does not set out a particular rate local authorities ought to pay. Rather it sets out approaches local authorities may wish to take in determining the local rate, which includes engaging with local PVI providers and ensuring the process is transparent.

In August 2021, the government published the rates paid to PVI providers by different local authorities, covering the period 2020-21 and 2021-22. Rates vary from one local authority to another and can depend on the age of the child and other factors, such as additional support needs and how the free meal entitlement is administered. For 3-5 year olds, rates paid range from £5 per hour (Orkney) to £6.40 per hour (West Lothian). Different rates applied for 2 year olds and for some local authorities, different rates were paid to childminders.

[Submissions to the Education, Children and Young People Committee](#) in May 2022 argued that some PVI providers' funding from local authorities was not meeting the full cost of the place².

A key driver of the costs of delivering ELC is staffing. The National Standard required all providers to pay the real living wage. Local authority workers' pay and conditions fall under local government national bargaining and there can be a substantial difference between the terms and conditions of local authority staff and equivalent PVI staff.

The petitioner's proposal would remove the funding of statutory ELC from local authorities. Rather this funding would sit with the parent/carer to spend on the ELC provider of their choice. This is similar to the payment process for [tax-free childcare vouchers](#) and would mean that PVI providers would be funded at the same level per place as local authority settings.

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5 October 2022

The purpose of this briefing is to provide a brief overview of issues raised by the petition. SPICe research specialists are not able to discuss the content of petition briefings with petitioners or other members of the public. However, if you have any comments on any petition briefing you can email us at spice@parliament.scot

¹ [Further guidance was issued to LAs in May 2022](#) on setting the rates from August 2022.

² See for example, the [NDNA Scotland submission](#).

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