

# A BLUEPRINT FOR 2020: THE EXPANSION OF EARLY LEARNING AND CHILDCARE IN SCOTLAND

EARLY LEARNING AND CHILDCARE SERVICE MODEL FOR 2020:  
CONSULTATION PAPER



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## FOREWORD



We know that the earliest years of life are crucial for every child, and the evidence tells us that if our early learning and childcare offer is to help give children the best start in life and contribute to closing the poverty-related attainment gap, it has to be of high quality.

The approach to delivering the expansion to 1140 hours will therefore ensure all settings providing the funded entitlement deliver high quality early learning and childcare for children, regardless of whether they are in the public, private or third sectors.

To enable this, as part of the national roll-out of 1140 hours in 2020, a new Funding Follows the Child approach will be introduced. This will prioritise and safeguard high quality provision, whilst enabling more choice for parents and carers.

The approach will be underpinned by a new National Standard for Funded Early Learning and Childcare Provision. This sets out the clear and consistent criteria that all providers who wish to deliver the funded entitlement will have to meet. Alongside this there is also a commitment to simplifying the process for providers who wish to deliver the funded entitlement.

A Service Models Working Group was established in June 2017, which brought together local authority, COSLA and Scottish Government representatives, with the responsibility for developing the Funding Follows the Child approach and setting out the supporting National Standard. We are very grateful to the members of the Working Group for their efforts in developing this new approach.

The Working Group has taken a collaborative approach in developing the new service model and has had a strong focus on hearing the views of a range of providers and stakeholders.

We would like to take the opportunity to thank all those who participated in the programme of events the Working Group ran from October 2017 to March 2018. These events were very constructive and invaluable to the development of the new service model and we are very grateful to those who gave up valuable time to attend and participate in the events.

The move towards a Funding Follows the Child approach, and the introduction of the National Standard, will represent a significant change for parents and carers, providers, and local authorities.

We are committed to continuing to develop this approach collaboratively and ensuring that everyone in the sector can provide their views on the new model.

That is why we are now consulting on the National Standard.

The consultation will be supported by a programme of engagement, including with providers and parents and carers, to enable us to capture a range of views on the detailed approach set out in this consultation document.

We very much look forward to working with you as we continue to develop and deliver the new model, and we would encourage you to participate in the consultation.



**Maree Todd**  
**Minister for Childcare and Early Years**



**Cllr Stephen McCabe**  
**COSLA Children and Young People**  
**Spokesperson**

**March 2018**

## INTRODUCTION

We recognise that the earliest years of life are crucial to a child's development and have a lasting impact on outcomes in health, education and employment opportunities later in life. It is widely acknowledged that the provision of universally accessible and high quality early learning and childcare can play a vital role in helping to close the poverty-related attainment gap.

This is why the Scottish Government, and Local Authorities, are committed to making an unprecedented level of investment in early learning and childcare through the near doubling of the funded entitlement from 600 to 1140 hours per year from August 2020 for all 3 and 4 year olds, and eligible 2 year olds.

This will be high quality, flexible early learning and childcare that is accessible and affordable for families.

Evidence from both UK and international evaluations and studies of early learning and childcare programmes support the fact that all children, and especially those from more challenging backgrounds, can benefit in terms of social, emotional and educational outcomes from attending early learning and childcare. However a key finding from research is that if children are to benefit, early learning and childcare must be of high quality. Poor quality provision is shown to have detrimental effects on children.

The quality of early learning and childcare provision in Scotland is already high. Care Inspectorate data show that, in 2016, 91.5% of all settings<sup>1</sup> providing funded early learning and childcare achieved Care Inspectorate grades of good or better on all four themes: Quality of care and support; Quality of staffing; Quality of management and leadership; and Quality of environment. 45.8% achieved grades that were very good or excellent across all themes.

But we want to see quality enhanced further still. The Quality Action Plan<sup>2</sup>, which contains 15 actions to further embed and strengthen quality in early learning and childcare, builds on this. The Quality Action Plan was developed in close consultation with a Quality Reference Group made up of key stakeholders who best understand what drives high quality provision.

In order to ensure that the funded early learning and childcare entitlement is delivered in high quality settings we will introduce a new, and more progressive, service model in 2020. This will be built on a Funding Follows the Child approach, a key aspect of which will be a 'National Standard' that all providers wishing to deliver the funded entitlement will have to meet.

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<sup>1</sup> Nurseries, playgroup and children and family centres. The figure does not include childminders who are delivering the funded hours but we know that quality of childminding provision overall is also good.

<sup>2</sup> <http://www.gov.scot/Publications/2017/10/9506>

The Scottish Government, COSLA and local authorities have worked in partnership, through a Service Models Working Group, to develop the details of this new model. This has included engagement with providers and key stakeholders since October 2017 so that we can ensure that this new model works for everyone in the sector and helps to improve the early learning and childcare experience for our young children.

This paper sets out the Funding Follows the Child approach and seeks views on the proposed National Standard that underpins it.

The introduction of this new approach represents a substantial change for the early learning and childcare sector in Scotland. Whilst the Service Models Working Group has engaged extensively in designing the new approach, we understand that not everyone will have been able to input to this exercise.

We want to ensure that everyone in the sector, including families, can provide their views on the new model. We want to hear these views and that is why we are now consulting on the proposed National Standard.

## PROGRESS IN DELIVERING THE BLUEPRINT FOR 2020 ACTION PLAN

In March 2017 we published A Blueprint for 2020: 2017-18 Action Plan<sup>3</sup>. This set out the policy vision and framework for delivering the expansion of the early learning and childcare (ELC) entitlement. It also committed us to a series of actions, to be delivered by the end of March 2018 to ensure that the expansion of ELC is rooted in a high quality experience for our children, and; to support our delivery partners in building additional capacity.

Since the publication of the 2017-18 Action Plan we, along with delivery partners, have made significant progress including:

- publishing a widely welcomed Early Learning and Childcare **Quality Action Plan** in October 2017, which will act as a driver for improving children's outcomes through the expansion;
- local authorities have developed **expansion plans** setting out how they intend to deliver the expanded entitlement;
- Skills Development Scotland published a **Skills Investment Plan** for the sector in January 2018;
- working with the Care Inspectorate to produce **Your Childminding Journey**, an online learning and development resource for both prospective and registered childminders;
- taking forward plans to implement our commitment to provide an **additional graduate** in nurseries in Scotland's most deprived communities from August 2018, which will see an extra 435 graduates working directly with children;
- commissioning Children in Scotland to administer our new £2 million **inclusion fund** to support specialist training and equipment to enable staff to support children with additional support needs or disabilities;
- publishing guidance on delivering the **Daily Mile** in early learning and childcare settings;
- establishing a multi-disciplinary **delivery support team** which is working with local authorities to provide additional service innovation and redesign capacity to meet the challenges arising from the expansion;
- taking forward our commitment to increase the number of early learning and childcare **modern apprenticeships** by 10% year on year up to 2020;

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<sup>3</sup> <http://www.gov.scot/Publications/2017/03/8937>

- successfully launching phase one of our national workforce recruitment marketing campaign **Shape their worlds, Shape your career** to positively promote careers in early learning and childcare;
- working with Skills Development Scotland to produce updated **guidance for careers advice organisations** on career opportunities in early learning and childcare;
- publishing **Space to Grow**, a new good practice design guide for early learning and childcare, which promotes innovative design for both indoor and outdoor space, and;
- announcing funding for Inspiring Scotland to encourage and support **greater use of outdoor learning** in early learning and childcare, including working with eight local authorities to deliver outdoor learning opportunities and producing a 'how to' guide for practitioners, with practical advice on how to access outdoor spaces.

The 2017-18 Action Plan also committed us to establishing a **Service Models Working Group** in partnership with local authorities to:

- develop the details of the new Funding Follows the Child model; and
- produce a National Standard for a more open process to becoming a funded provider.

This paper sets out the outputs of the intensive work that the Service Models Working Group has taken forward since its first meeting in June 2017.



## **A New Service Model that Guarantees Quality and Unlocks Choice**

The 2017-18 Action Plan highlighted that in order to deliver our policy vision for the expansion, a more progressive service model would be introduced from 2020.

We use the term Service Model to refer to the overarching delivery model which determines:

- how and where parents and carers access their child's funded early learning and childcare entitlement;
- the criteria that providers will be required to meet in order to become eligible to deliver the funded early learning and childcare entitlement;
- how the funded entitlement is delivered in a way that is reflective of the underpinning principles for the expansion (quality, flexibility, accessibility and affordability); and
- the support that will be available to the early learning and childcare sector to help settings to meet the criteria for becoming a funded provider.

The Service Model for delivering funded early learning and childcare entitlement from 2020 will:

- prioritise and safeguard high quality provision;
- offer parents and carers a choice of settings in accessing their child's early learning and childcare funded entitlement;
- increase overall levels of flexibility to provide parents and carers with more choice in the pattern of how they access this provision;
- be provider neutral;
- ensure financially sustainable provision across the early learning and childcare sector; and
- promote and encourage fair work practices, including enabling payment of at least the 'real' living wage to all childcare workers delivering the funded early learning and childcare entitlement.

To deliver this we will introduce a new Funding Follows the Child approach in 2020. This will be underpinned by a new National Standard for Funded Early Learning and Childcare Provision ("the National Standard").

From 2020 any provider delivering the funded ELC entitlement must meet the requirements of this new National Standard. This means that regardless of whether the funded hours are provided by a setting in the public, private or third sectors, or through provision offered by childminders, families will have assurance that their child will have a high quality experience.

### **Service Models Working Group**

A Service Models Working Group, which is co-chaired by Local and Scottish Government, was established in June 2017 with the responsibility for developing the new service model. The remit of the Service Models Working Group was to:

- develop the details of the new Funding Follows the Child model, and provide a clear statement on operation;
- produce the National Standard for a more open process to becoming a funded provider and;
- inform delivery of the Living Wage commitment for childcare workers delivering the funded entitlement in providers in the private and third sectors, and develop a guidance note to support implementation of the commitment.

The group has a core membership comprising:

- Scottish Government – Alison Cumming (co-chair), Susan Wallace, Euan Carmichael and Sasha Maguire
- ELC Delivery Team – Craig Clement
- COSLA – Jane O'Donnell, Lauren Bruce
- Local Authority Finance representative – Laura Friel (North Ayrshire)
- Local Authority Early Years representatives – Bill Alexander (Highland Council and co-chair), Janice MacInnes (Edinburgh), and Lesley Gibb (Dundee)
- Local Authority Resources representative – Simon Mair (East Dunbartonshire)
- Legal/Administrative – Afsi Barekat (Scottish Government Legal Directorate)
- Procurement expertise – Susan Craig (Scottish Government Procurement), Andrew Richmond (Scotland Excel), and Carlo Grilli (Local Authority Procurement - East Lothian)

The development of the National Standard criteria has been informed by input from local authorities, providers, and a range of stakeholders.

In developing the National Standard, the Service Models Working Group:

- carried out a scoping exercise of the current approaches across local authorities to contracting organisations and individuals to deliver the funded early learning and childcare entitlement;
- considered what aspects of the current approaches could be incorporated into a National Standard and developed the key aspects for a National Standard;
- worked with representatives of the Quality Reference Group to develop the national quality criteria;
- hosted a stakeholder event with funded providers from the private and third sectors in October 2017, to hear from providers and provider bodies with regards to their experience of becoming funded providers, and;
- ran a programme of stakeholder events, from January to March 2018, across the country to work with providers and local authorities to get input on the key elements of the draft National Standard and in particular how providers envisage the system working under the new service model.

## **NEXT STEPS**

The move towards a Funding Follows the Child approach will represent a significant change for parents and carers, providers, and local authorities. We are committed to developing this approach collaboratively and ensuring that there is support in place to ensure a smooth transition to the new model in 2020.

As part of the consultation process, which will run until the 29<sup>th</sup> June 2018, we will run a further series of engagement events across Scotland which will allow us to hear directly from parents and providers on the approach set out in this paper.

More details on these events will be available on the Scottish Government web site.

## **Transitional Support and Operating Guidance**

Following consideration of the consultation responses we will set out the final version of the Funding Follows the Child approach in Autumn 2018.

To support providers and local authorities in implementing the new model, and to ensure that families have clear information, we will work closely with delivery partners (in particular through the Service Models Working Group) to develop a suite of operational guidance and supporting information to be published alongside the final version of the model in Autumn 2018.

## SECTION 1: FUNDING FOLLOWS THE CHILD

### Overview

The Funding Follows the Child approach will increase choice for families whilst providing them with the certainty that those settings delivering the Early Learning and Childcare (ELC) entitlement are offering high quality provision.

The key aspects of the Funding Follows the Child approach:

- Getting It Right for Every Child will be placed clearly at the centre of our approach to improving the Early Years' experience of our children;
- it is underpinned by a National Standard, which all providers who wish to deliver the funded entitlement will have to meet from the full statutory roll out of 1140 hours of funded ELC entitlement;
- families will be able to access high quality funded ELC with the provider of their choice if that provider meets the criteria set out in the National Standard, wishes to deliver the funded entitlement, and is able to offer the entitlement in-line with local ELC delivery plans (subject to the setting's overall capacity);
- local authorities will retain the statutory responsibility for ensuring that funded ELC entitlement is available to all eligible children in their area, and will be the primary guarantors of quality and key enablers of flexibility and choice - ensuring that there is a range of options for families in their area;
- funding to deliver the funded ELC entitlement continues to be channelled through local authorities – it will not go directly to providers or to families<sup>4</sup>;
- there is a commitment to simplifying the process for, and reducing the burden on, providers who wish to deliver the funded entitlement and all providers will face the same National Standard for becoming, and continuing to be, a funded provider;
- local authorities will set a rate locally that is paid to funded providers to deliver the ELC entitlement which is sustainable and reflects national policy priorities, including funding to enable payment of the 'real' living wage to all childcare workers delivering the funded entitlement;
- funded providers who agree to deliver the funded ELC entitlement will agree to pay the 'real' living wage to all childcare workers delivering the funded entitlement; and
- it is 'provider neutral' - a guaranteed standard of high quality early learning and childcare in all funded settings who meet the criteria in the National Standard.

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<sup>4</sup> As highlighted in the *Blueprint for 2020 Action Plan* we are currently taking forward a feasibility study to consider the costs and benefits of introducing an ELC account at an appropriate time in the future.

## **What do we mean by Provider Neutral?**

The Funding Follows the Child approach allows for service delivery to be provider neutral.

For children and their families, this means:

- a guaranteed standard of high quality funded early learning and childcare across all settings who meet the criteria in the National Standard;
- all children will have access to staff with the right level of skills, within a setting with the right resource to support them with any additional support needs;
- choice of settings where parents/carers can access their child's funded ELC entitlement and choice in the pattern of how they access this provision;
- parents and carers can expect to access their child's statutory hours free at the point of access.

For providers this means:

- a sustainable funding rate, set at a local level for providers that reflects the cost of delivery in a setting and allows for delivery of national priorities including payment of the 'real' living wage to all childcare workers delivering the funded entitlement;
- fair payment practices meaning receiving payments for delivering these hours from local authorities as early as is practically possible;
- staff across all settings will receive the appropriate level of support to deliver a high quality ELC experience for children.

## **A Financially Sustainable Sector**

The publication 'Financial Review of early learning and childcare in Scotland: the current landscape'<sup>5</sup> highlighted that under the current system, the funding rate paid to around 40% of funded providers does not cover their costs for delivering the funded hours (i.e. the rate does not reflect the cost of care).

As we move towards a provider neutral approach from 2020, it will be essential that provision is financially sustainable in order to ensure that providers across all sectors are willing and able to deliver the funded entitlement. The Scottish Government is committed to delivering a funding package to local authorities for the expansion which supports sustainable provision across all sectors.

In order to determine what a sustainable rate in 2020 might be, it is important to have a shared understanding of the cost of care in delivering funded ELC. This will support local authorities to establish an affordable and sustainable rate for delivery of funded ELC across all settings.

### **Next Steps:**

Through the Service Models Working Group, and working with providers, we will develop a set of principles, supported by guidance to support local authorities and providers to establish affordable and sustainable rates for delivery of the funded hours. This will be published in Autumn 2018 as part of a suite of operating guidance and supporting material for providers and local authorities.

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<sup>5</sup> <http://www.gov.scot/Resource/0050/00506140.pdf>

## **Process for becoming a Provider of the Funded Entitlement**

Local authorities are responsible for ensuring provision of ELC in their local area, including utilising services from private and third sector providers. Local authorities in Scotland have a statutory duty to deliver all of their services, including ELC, under Best Value as set out by the Local Government in Scotland Act 2003.

There are variations across local authorities as to how and when they procure funded ELC services from providers. For example, some authorities operate a continually open framework agreement - where providers who meet local criteria go onto the framework at any point in the year and can then deliver the funded entitlement. Others operate a similar framework system but on an annual or three year basis meaning that providers must wait until the process opens to become a funded provider.

When a setting enters into partnership with a local authority, an agreement or contract will be established setting out the terms and conditions required for partnership, including potential termination of the agreement.

Our on-going engagement has highlighted a need to simplify and wherever possible standardise the approach to establishing how an eligible provider becomes a funded provider. This has led to the development of three key stages for any potential funded provider:

- (1) meet the criteria within the National Standard, as assessed by the local authority;
- (2) receive the offer of the locally-set sustainable funding rate from the local authority; and
- (3) sign a contract to become a funded provider.

Each local authority will continue to be responsible for implementing these steps locally, retaining flexibility around the local process. As we move towards the new system being implemented, the Service Models Working Group will support local authorities as they share the knowledge and best practice for their local areas in establishing funded ELC services from providers in the private and third sector.

### **Next Steps:**

Guidance, including key principles, and templates to promote simplicity in the approach to become or continue to be funded provider to be published in Autumn 2018.

**Question 1:** What factors should be considered in developing a simple, standardised yet flexible process for becoming a funded provider?



## Partnership Working

Under the Funding Follows the Child approach local authorities will continue to have the statutory responsibility for ensuring that funded ELC entitlement is available to all eligible children in their areas. With the exception of inspection gradings, local authorities will also be responsible for assessing and monitoring compliance with the National Standard, as part of their contract management arrangements and in their role as guarantors of quality. It will be for local authorities to decide how to fulfil this responsibility.

It is expected that local authorities and providers will work together meaningfully and in genuine partnership in delivering flexible ELC provision, while continuing to ensure a high quality experience for the child is maintained and accessible to all children. There are already good examples of partnership working between authorities and providers, which all authorities and providers are encouraged to build on.

The National Standard sets out the requirements for both providers and local authorities. However, whilst there is, rightly, a high expectation on providers delivering the funded ELC entitlement, providers should also have high expectations on the support that they receive in delivering this service.

Under a 'provider neutral' approach there should be a clear and consistent level of support that providers across all settings can expect from local authorities. The approach is built on partnership, and by entering into agreements with providers to deliver the funded entitlement, local authorities will be accepting the expectations on them to support providers through – in particular, but not limited to:

- a sustainable funding rate that reflects the cost of delivery in a setting and allows for delivery of national priorities including payment of the 'real' living wage to all childcare workers delivering the funded entitlement;
- fair payment practices for both parents/carers and providers;
- staff across all settings receiving the appropriate level of support to deliver a high quality ELC experience for children;
- providing clarity on support (e.g. through Quality Improvement Officers) and how this support is reflected in the rate.

There may be circumstances in which enhanced improvement support is required. This will include circumstances in which the withdrawal of a setting's funded provider status would have a significant impact on children's ability to access statutory ELC within their local area.

Providers will also have access to improvement support from the Care Inspectorate. The Care Inspectorate has a duty, under the Public Services Reform (Scotland) Act 2010 (Section 44(1)), not only to inspect settings but also to support settings with quality improvement.

Equally, under a provider neutral approach, there should also be a clear and consistent level of service delivery that providers across all settings should be expected to maintain, including continuing to meet the criteria set out in the National Standard. This will not only ensure the proper use of public funds, but will also guarantee consistency of high quality provision across all provider types.

By entering into an agreement with local authorities to deliver the funded entitlement, providers will be accepting the expectations on them to comply with certain requirements. The detailed requirements will be agreed with the local authority when entering into partnership and should include:

- a guaranteed standard of high quality Early Learning and Childcare for children;
- a commitment to pay the 'real' living wage to staff delivering the funded ELC entitlement;
- a commitment to work within the parameters of the local authority's model of delivery;
- attending local provider network meetings or equivalent;
- a commitment to ongoing and constructive communication with the local authority, including compliance with local authority quality monitoring arrangements; and
- open and regular communication with parents.

**Question 2:** What are the key shared principles which should underpin an effective and positive partnership between local authorities and funded providers?

## What does Funding Follows the Child mean for Local Authorities, Providers and Families?

### 1) Local authorities

- **Quality** - As the primary guarantors of quality, local authorities will retain statutory responsibility for ensuring that high quality funded ELC, as defined by the National Standard, is available to all eligible children in their area, and will receive funding from Scottish Government to enable them to discharge this responsibility.
- **Child Outcomes** – Getting It Right for Every Child will be placed clearly at the centre of our approach to improving the Early Years' Experience of our children. The approach is underpinned by eight indicators of wellbeing: safe, healthy, achieving, nurtured, active, respected, responsible and included. These indicators represent the basic requirements that all children need to grow and develop and should be considered in the planning process for any child receiving funded ELC to ensure the best possible outcomes for children.
- **National Standard** – local authority settings will have to meet the criteria set out in the National Standard.
- **Sustainable Rate** - Local authorities will set a sustainable rate and work in partnership with providers in the private and third sectors who want to deliver the funded entitlement. These rates will be set to reflect local needs as well as reflect national policy priorities, including payment of the 'real' living wage.
- **Fair work Practices** – local authorities should continue to ensure that they are adopting fair work practices, including a fair and equal pay policy.
- **Flexibility** – As key enablers of flexibility and choice, local authorities will enable a system that is provider neutral with the focus on the settings best placed to deliver quality outcomes for children. Local authorities will engage with their local communities to determine how to deliver flexibility in line with local need, taking into account the view of parents who wish to work, train or study. Flexibility will be delivered through both their own settings and through their use of funded providers.
- **Affordability** - Local authorities will retain statutory responsibility for ensuring that funded ELC entitlement is available to all eligible children in their area, free at point of access. The delivery of ELC services at a local level should improve affordability for parents alongside creating a financially sustainable service model for all sectors.

## 2) Providers

- **Quality** – Children will have access to high quality ELC experience regardless of where they access their entitlement: whether in local authority, private, voluntary/third sector nurseries or through provision offered by childminders. This will help ensure that regardless of setting, the funded ELC experience helps to give children the best start in life and contributes to their health, wellbeing and cognitive development.
- **Child Outcomes** - Getting It Right for Every Child will be placed clearly at the centre of our approach to improving the Early Years' Experience of our children. The approach uses eight indicators of wellbeing: safe, healthy, achieving, nurtured, active, respected, responsible and included. These indicators represent the basic requirements that all children need to grow and develop and should be considered in the planning process for any child receiving funded ELC to ensure the best possible outcomes for children.
- **National Standard** - Providers will face a more open and proportionate approach for delivering the funded entitlement. The criteria for becoming a funded provider will be clear and consistent.
- **Sustainable Rate** - Funding will be provided in a way that is consistent with a provider neutral approach. It will reflect the cost of service delivery, regardless of which sector is delivering the funded hours, but recognising that funding will still flow via local authorities, who will ensure the rate is sustainable for funded providers. Key characteristics of a sustainable rate include:
  - The rate will support delivery of a high quality experience for all children regardless of setting;
  - It will be a rate that more accurately reflects the cost of provision, and the delivery of national policy objectives, regardless of setting;
  - The rate will generate investment in the setting – staff, resources and physical environment; and
  - It will enable payment of the 'real' living wage, for those delivering the funded entitlement.
- **Fair work Practices** - The single most important driver of the quality of a child's early learning and childcare experience is a high quality diverse workforce. The promotion of fair work practices, including ensuring that staff are fairly remunerated, have secure regular employment, and are able to undertake training and career-long professional learning, is a key way of supporting a high quality workforce. Providers will be required to adopt fair work practices, including a commitment to supporting the 'real' living wage for those, as a minimum, delivering the funded ELC entitlement in their settings.

- **Flexibility** – Providers will continue to offer parents/carers increased flexibility of how the funded entitlement is accessed, which will support more parents/carers to work, train or study.
- **Affordability** – Funding provided by local authorities to funded providers for delivery of the statutory hours will be at a sustainable rate, which more accurately reflects the costs of delivery. Therefore, settings will not charge families in respect of the statutory funded hours or require the parent/carer to pay in advance and receive a refund later. A sustainable rate should also remove the pressures on some providers to increase the hourly rate charged to families accessing non-funded hours.

### 3) Families:

- **Demand** - Local parental demand will be the primary driver of local flexibility, but within a system which safeguards high quality provision.
- **Choice** - Families will be able to access funded ELC in the provider of their choice if that provider meets the criteria set out in the National Standard, is able to offer the entitlement in-line with local ELC delivery plans and has a place available.
- **Quality** - The key aspiration for offering 1140 hours of funded ELC is to deliver the best possible outcomes for children. For that reason, only the best quality providers will be able to offer the funded hours. Families across Scotland can expect a high quality funded ELC experience regardless of where they access their entitlement: whether in local authority, private, voluntary/third sector nurseries or through provision offered by childminders. This will help ensure that irrespective of setting, the funded ELC experience helps to give children the best start in life and contributes to their health, wellbeing and cognitive development and works towards ending the poverty attainment gap<sup>6</sup>.
- **Affordability** - Funded hours will be free at point of access, regardless of whether the funded hours are provided by the public, private or third sectors or through provision offered by childminders. Parents/Carers will not be charged in advance for statutory hours and no top-up fees will be charged to parents/carers relating to the statutory 1140 hours. However, there may be circumstances in which parents opt to pay additional costs for additional services e.g. snacks, wrap-around hours.
- **Dedicated and Highly-Qualified Workforce** - We know that the most important driver of quality in ELC is a dedicated, highly skilled and well-qualified workforce. More workers in the ELC sector being paid the 'real' living wage should increase staff retention rates, strengthening the benefits for children and families by allowing practitioners to build up strong, trusted relationships through consistent contact time. A strong focus on professional learning and development within the National Standard will also contribute to the quality of the workforce.

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<sup>6</sup> It will still be possible for all ELC settings to deliver non-statutory, unfunded childcare to parents as part of a private contractual arrangement. The fact that the Care Inspectorate has considered a setting competent to deliver day-care of children services should give parents, who are purchasing ELC themselves, adequate assurance about quality. Care Inspectorate gradings are available to parents to balance quality against other considerations such as the setting's pricing structure and the convenience of the location of the setting.

## **SECTION 2: NATIONAL STANDARD FOR FUNDED EARLY LEARNING AND CHILDCARE PROVISION**

### **Overview of the National Standard**

To ensure the delivery of a provider neutral approach, the National Standard applies to **all** providers regardless of whether the funded hours are provided by a setting in the public, private or third sectors or through provision offered by childminders.

The National Standard is aligned to the guiding principles, as set out in the Blueprint for 2020: 2017/18 Action Plan, for the expansion to 1140 hours:

- **Quality** – At the heart of the National Standard is national quality criteria to ensure a high quality experience for all children, which complements other early years and educational activity to close the attainment gap, and recognises the value of those we entrust to give our children the best start in life.
- **Flexibility** – Greater choice of provider and patterns of provision, delivering this in a way that ensures a high quality experience for the child.
- **Accessibility** – ELC capacity is sufficient and is as conveniently geographically located as possible – particularly in areas of higher deprivation and in rural communities – while also appropriately meeting the needs of children who require additional support.
- **Affordability** – Increased access to funded, flexible and high quality ELC regardless of circumstances, removing affordability barriers which may have existed until now.

### **Improving the Early Years' Experience of our Youngest Children**

Getting It Right For Every Child is the national approach aimed at improving outcomes for all children and young people in Scotland. It is underpinned by the recognised need for shared principles and values and a common language among practitioners who provide services for children and families. It recognises the rights of children and young people, focuses on developing and supporting wellbeing and builds on the good practice evident in services across Scotland.

The wellbeing of children and young people is at the heart of Getting It Right For Every Child. We want all our children and young people to be fully supported as they grow and develop. The Quality Action Plan made it clear that the most important driver of quality is an ELC profession that is dedicated to the care, learning and development of our youngest children. The quality of children's day-to-day experience of our ELC offer, and the potential to use that offer to improve longer-term outcomes for children, depend primarily on the quality of human interaction that they have with those working in the sector.

The Getting It Right For Every Child approach is reflected throughout the Funding Follows the Child model, and underpins the National Standard.

## **KEY CRITERIA**

### **Summary**

The proposed criteria focus on what children and their families should expect from their ELC experience, regardless of where they access their entitlement: whether in local authority, private, or voluntary/third sector nurseries.

This should help ensure that, as part of the provider neutral Funding Follows the Child model, there is consistency of high quality provision across all provider types.

The National Standard criteria is grouped under the following requirements:

- Quality;
- Accessibility;
- Business Sustainability;
- Fair work Practices;
- Payment Processes; and
- Food.

In developing the National Standard a key consideration has been to ensure that the requirements are proportionate and appropriate for all providers, including childminders.

Whilst the National Standard requirement groupings are relevant for all providers, in order to ensure that the assessment criteria is fair and proportionate, we are proposing that there are some variations in this criteria for childminders to recognise the nature of the services they provide.



## **THE NATIONAL STANDARD FOR ALL PROVIDERS DELIVERING FUNDED EARLY LEARNING AND CHILDCARE ENTITLEMENT**

### **QUALITY**

The evidence tells us that if our early learning and childcare offer is to help give children the best start in life and contribute to closing the poverty-related attainment gap, it has to be of high quality.

The 2017 NHS Health Scotland evidence review on Childcare Quality and Child Outcomes<sup>7</sup> highlighted a number of structural and process indicators of quality including: higher qualified staff; an experienced, competent and confident workforce; good working conditions (which include continuous development and fair pay); and an age-appropriate curriculum. The ELC Quality Action Plan published in October 2017 also highlights the benefits of outdoor learning and play for young children, appropriate and stimulating learning, care and development environments and a focus on self-evaluation, quality assurance and improvement. All of these indicators are reflected in the quality criteria of the National Standard.

A key focus of the proposed quality criteria are Care Inspectorate inspection gradings. This will strengthen the use of externally assessed measures of quality in the commissioning decisions made by local authorities and ensure that these gradings are used in a consistent way. However, for many settings providing the funded hours, inspections will take place only once every three years (depending on the Care Inspectorate's risk assessment and the setting's existing grades). The inspection gradings are therefore supplemented with other measures that can be objectively assessed by local authorities on a more regular basis.

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<sup>7</sup> <http://www.healthscotland.scot/publications/rapid-evidence-review-childcare-quality-childrens-outcomes>

## **CRITERIA 1- Staffing, leadership and management**

The setting must satisfy the Local Authority that they have provision in place to maintain good quality of staffing, management and leadership. This will require them to demonstrate the following:

### **ALL PROVIDERS (EXCLUDING CHILDMINDERS):**

- Sub-criteria 1.1 - Inspection gradings are good or better on themes that relate to quality of staffing, management and leadership<sup>8</sup>.
- Sub-criteria 1.2 - Sustainable staffing structures are in place which meet the recommended adult: child ratios<sup>9</sup>.
- Sub-criteria 1.3 - All practitioners and all lead practitioners/managers working in the setting must have either obtained the benchmark qualification for their role or, if they are still within their first 5 years of registering with the SSSC, have started to work towards this.
- Sub-criteria 1.4 - All SSSC registered staff in the setting are achieving a minimum of 12 hours per year of Continuous Professional Development<sup>10</sup>.
- Sub-criteria 1.5 - Staff new to delivering funded ELC within the last year are familiar with the content of the most up-to-date version of the national induction resource<sup>11</sup>.

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<sup>8</sup> The Care Inspectorate and Education Scotland are currently developing a shared inspection framework and revised inspection methodology for all ELC settings (funded and unfunded). This will be used by both organisations when working individually or together and draw together best practice from both organisations. The wording of this criteria will be finalised once the details of the new framework are known later in 2018.

<sup>9</sup> The existing ratios will be maintained: for two year olds as 1:5; and for those aged 3 and over as 1:8 where children attend for more than 4 hours per day, and 1:10 if they attend for less than 4 hours per day.

<sup>10</sup> The SSSC registration requirements is that workers in day-care of children services complete 10 days or 60 hours of post registration training and learning over their five year registration period.

<sup>11</sup> See Action 3 of the [ELC Quality Action Plan](#) which states that we will prepare a national induction resource to ensure that staff new to delivering funded ELC are supported in developing the skills and understanding they need in their role. A first version of this induction resource will be available later in 2018.

## CHILDMINDING BUSINESSES:

- Sub-criteria 1.1- Inspection gradings are good or better on themes that relate to quality of staffing, management and leadership.
- Sub-criteria 1.2 - The staffing structure in the business is adequate to meet the recommended adult: child ratios<sup>12</sup>.
- Sub-criteria 1.3 - From the implementation of the full roll-out of 1140 hours, childminders delivering the funded entitlement must be qualified to SCQF Level 7 or, if they are still within their first 5 years of delivering the funded hours, be working towards achieving this qualification
- Sub-criteria 1.4 - All childminders delivering the funded entitlement are achieving a minimum of 12 hours per year of Continuous Professional Development.
- Sub-criteria 1.5 - All childminders newly registered to deliver ELC within the last year have undertaken appropriate induction.

### **Box 1: Potential Qualification Requirement for Childminders**

The Blueprint for 2020 Action Plan highlighted that whilst childminders are already delivering high quality provision the introduction of a minimum qualification requirement could provide reassurance, in respect of quality of provision, for parents who are facing choices over the best option for childcare. However, if such a requirement were to be introduced it is vital that the necessary infrastructure, including flexible training options and financial support arrangements, is in place before this could be implemented.

**Question 3a:** We are proposing that the National Standard includes a qualification requirement for childminders delivering the funded entitlement to be qualified to or working towards the same qualification level as is required for an ELC practitioner (SCQF level 7). What are the advantages of including this criteria?

**Question 3b:** Are childminders able to access adequate funding to pay for training to SCQF level 7? Are childminders able to access training to SCQF level 7 in a way that is flexible enough to allow them to continue to run their businesses?

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<sup>12</sup> The existing ratios will be maintained as: 1:6 children under 12 years of whom 1:3 under school age and only 1 under one year.

## **CRITERIA 2 – Development of children's cognitive skills, health and wellbeing**

### **ALL PROVIDERS**

The setting must satisfy the Local Authority that they are able to support the development of children's cognitive skills, health and wellbeing. This will require them to demonstrate the following:

- Sub-criteria 2.1- Inspection gradings are good or better on themes that relate to quality of care and learning experience.
- Sub-criteria 2.2 - The setting must have a framework to support children's learning that is consistent with the values, purposes and principles of 'Building the Curriculum 2: Active Learning in the Early Years' and other national guidance (including Pre-birth to Three), that is appropriate to support individual children's development and learning through play.

## **CRITERIA 3 – Physical Environment**

### **ALL PROVIDERS**

- Sub-criteria 3.1 - Inspection grading of good or better on themes that relate to quality of environment.
- Sub-criteria 3.2 - Children have access to outdoor play and they experience outdoor learning in a range of environments as part of their funded ELC offer.

**Question 4:** Our aspiration is to see outdoor learning and play becoming a defining feature of funded ELC in Scotland.

- Does criteria 3 capture this ambition? If not, how could it be strengthened in a way that is sustainable for providers?
- What challenges, if any, exist for funded ELC providers to ensure children have access to outdoor play? How can these challenges be overcome?

## **CRITERIA 4 – Improvement Planning**

### **ALL PROVIDERS**

- Sub-criteria 4.1 - Inspection grading of good or better on themes that relate to improvement planning.
- Sub-criteria 4.2 - The ELC setting uses the national guidance on self-evaluation (currently being developed jointly by Education Scotland and the Care Inspectorate) to self-evaluate and support improvement and has a clear plan, developed in line with national practice guidance<sup>13</sup>, to continuously improve the quality of provision and outcomes for children and families.

## **CRITERIA 5 - Accessibility**

As the Funding Follows the Child approach offers more flexibility and increased choice for families, it is vital to ensure that provision remains accessible for all children.

ELC provision must be delivered in a way that ensures equality of access for, and accounts for the varying needs of, all children. These needs can vary depending on a number of factors, including whether a child is disabled or has additional support needs (ASN); is from an ethnic minority background; where English is the Second or Other Language; where parents request ELC through the medium of Gaelic; or lives in a deprived area.

### **LOCAL AUTHORITIES**

Education Authorities in Scotland have a statutory duty to identify, provide for and review the additional support needs of their pupils, including children in funded ELC. This extends to funded ELC being provided by private and the third/voluntary sector. Local Authorities are required to comply with the Education (Additional Support for Learning)(Scotland) Act 2004. Guidance is provided on this in the Supporting Children's Learning Code of Practice<sup>14</sup>.

### **ALL PROVIDERS**

With the support of the local authority, the setting will be willing to make reasonable adaptations to the care and learning environment and provide appropriate support to ensure that children's additional support needs do not provide a barrier to them accessing the full range of experiences on offer, and ensure that their individual needs are met.

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<sup>13</sup> The new single framework will take account of HGIOELC and Care Inspectorate frameworks. Clear guidance will be developed for settings.

<sup>14</sup> <http://www.gov.scot/Resource/Doc/348208/0116022.pdf>

## **CRITERIA 6 - Business Sustainability**

A financially sustainable business is important for the benefits of the child. Consistency in setting and staff is key to a child's development. When young children come into an ELC setting they need a happy, secure environment, rich in opportunities which promote learning and physical activity which at the same time are calm, comforting and responsive. Providing stability and continuity in provision will allow practitioners to build up strong relationships with children through consistent contact time, in a familiar and safe environment.

### **ALL PROVIDERS (EXCLUDING CHILDMINDERS):**

Settings wishing to deliver the funded entitlement must be financially viable organisations and be able to produce a business proposal and financial forecast/budget/accounts:

- **Existing settings** delivering the funded entitlement must ensure that they are able to demonstrate – when required – that their business model continues to be financially viable through the provision of annually audited accounts and forward looking financial forecasts/budgets. A Business Continuity Plan must also be in place before payments of funds for early learning and childcare can be made.
- **New settings** wishing to deliver the funded entitlement must ensure that they are able to provide a detailed business proposal including financial planning along with documentary evidence to show the business has access to sufficient working capital to keep the business operational in the initial stages until the income stream builds up.
- **Existing local authority settings** will deliver their ELC services in a manner that improves affordability for parents/carers and makes the most effective use of public funds, within the Best Value requirement of the Local Government in Scotland Act 2003.

### **CHILDMINDING BUSINESSES:**

- Childminders wishing to deliver the funded entitlement will be expected to have a contingency plan in place, detailing arrangements for the children in their care should they stop providing the service e.g. if the service was temporarily unavailable due to illness or the service was closed permanently.

### **Next Steps:**

Guidance will be published in Autumn 2018 to support providers meet this requirement and will provide further detail on what is expected by: (a) current funded providers; (b) new providers wanting to deliver the funded ELC, and; (c) existing providers who are not currently funded providers but who want to deliver the funded ELC entitlement.

## **CRITERIA 7 - Fair Work Practices, including Payment of the Living Wage**

The single most important driver of the quality of a child's early learning and childcare experience is a high quality workforce. The promotion of fair work practices, including ensuring that staff are fairly remunerated, is a key way of supporting a high quality workforce.

The Scottish Government believes that employers whose staff are treated fairly, who are well-rewarded, well-motivated, well-led, have access to appropriate opportunities for training and skills development, and who have a diverse workforce are likely to deliver a higher quality of service. This can be supported by the adoption of fair work practices across the sector.

As part of the national roll-out of 1140 hours from 2020 the Scottish Government is committed to providing sufficient revenue funding to allow local authorities to set sustainable hourly rates for funded providers in the private and third sectors that enables them to pay the 'real' living wage to care workers providing the funded entitlement.

Section 3 of this consultation sets out more detail on the Living Wage commitment.

### **ALL PROVIDERS (EXCLUDING CHILDMINDERS):**

Providers should describe how they will commit to fair work practices for workers engaged in the delivery of the funded ELC entitlement in their setting. In addition to committing to payment of the 'real' living wage, all settings will be able to demonstrate at least one of the following:

- a fair and equal pay policy across their setting, (including a commitment to supporting the 'real' living wage);
- ELC managers/lead practitioners have clear managerial responsibilities to nurture talent and help individuals fulfil their potential;
- promoting equality of opportunity and developing a workforce which reflects the population of Scotland in terms of characteristics such as age, gender, religion or belief, race, sexual orientation and disability;
- security of employment and hours of work, avoiding exploitative employment practices such as unfair zero hours contracts, or pregnancy and maternity discrimination;
- consideration of patterns of working (including for example part-time working and/or term-time working) and support for family friendly working and wider work life balance; and
- support progressive workforce engagement, including trade union membership or alternative arrangements to give staff an effective voice, for example regular staff meetings where possible.

## **CHILDMINDING BUSINESSES:**

Where childminders employ staff they should describe how they will commit to fair work practices for workers engaged in the delivery of the funded ELC entitlement in their setting. In addition to committing to payment of the 'real' living wage, childminder settings where staff are employed will be able to demonstrate at least one of the following:

- a fair and equal pay policy across their setting, (including a commitment to supporting the 'real' living wage);
- Employers have clear responsibilities to nurture talent and help individuals fulfil their potential;
- promoting equality of opportunity and developing a workforce which reflects the population of Scotland in terms of characteristics such as age, gender, religion or belief, race, sexual orientation and disability;
- security of employment and hours of work, and where possible avoiding exploitative employment practices such as unfair zero hours contracts, or pregnancy and maternity discrimination;
- consideration of patterns of working (including for example part-time working and/or term-time working) and support for family friendly working and wider work life balance; and
- support progressive workforce engagement, including trade union membership or alternative arrangements to give staff an effective voice, for example regular staff meetings where possible.



## **CRITERIA 8 - Payment Processes**

Scottish Government policy is for all 3 and 4 year olds, and eligible 2 year olds, to have access to 1140 hours per year of funded ELC from 2020.

Legislation prevents local authorities from charging parents for pre-school education which they provide under the statutory duty and the expectation is for this duty to be extended to funded providers through partnership agreements.

The Children and Young People (Scotland) Act 2014, Early Learning and Childcare, Statutory Guidance states:

“Under section 33(1) of the 2000 Act, the entitlement to mandatory early learning and childcare should be provided without the payment of fees, including where this is delivered through partner providers under a section 35 arrangement.”

### **ALL PROVIDERS**

Settings delivering the funded entitlement must ensure that access to the statutory hours are free at point of access to the child and no top-up fees are charged in relation to the statutory hours. The setting must ensure that:

- Parents are not asked to make any upfront payment, or any other payment, in respect of the statutory hours, thus ensuring that funded hours are free at the point of access.
- No top-up fees are charged to parents relating to the statutory hours.
- Additional charges to parents relating to the statutory hours should be limited to for example, snacks, costs of outings or extracurricular activities such as music classes.

### **LOCAL AUTHORITIES**

In order to support all providers meet this criteria the Local Authority will:

- comply with the Legislation which prevents local authorities from charging parents for pre-school education which they provide under the statutory duty.
- extend this legal obligation to funded providers through partnership agreements, to ensure funded hours are free at point of access to the child.
- set a sustainable rate for funded providers to deliver the statutory hours, including payment of the ‘real’ living wage.
- continue to ensure that funded providers receive payments for the statutory hours in a prompt and efficient manner.

## CRITERIA 9 - Food

### ALL PROVIDERS

Early learning and childcare settings provide children with an important opportunity for maximising healthy eating and establishing healthy eating habits in the earliest years.

Through the sustainable rate for delivery of the funded hours, providers will:

- provide each child with a free meal during their session, as appropriate<sup>15</sup>. This can be provided either as a breakfast, lunch or an early evening meal. This can either be prepared by the funded provider, delivered by the local authority or purchased by an external provider (directly by the funded provider).
- provide each child with milk and/or a snack during their ELC session.

All meals and snacks must meet the most up-to-date nutritional guidance provided for ELC (currently included in 'Setting the Table').

**Question 5a:** Will the criteria set out in the draft National Standard:

- ensure that high quality, accessible, flexible and affordable Early Learning Childcare is delivered in all funded provider settings?
- support increased choice for parents and carers?

**Question 5b:** Is there any criteria not included in the National Standard that is required to ensure a high quality service is provided to all children?

**Question 5c:** Do the proposed criteria within the National Standard seem fair and proportionate for all? Do the proposed variations for some criteria seem fair and proportionate for childminders?

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<sup>15</sup> Guidance on the provision of free school meals and snacks in ELC will be developed in due course.

## **SECTION 3: IMPLEMENTING THE EARLY LEARNING AND CHILDCARE LIVING WAGE COMMITMENT**

### **ELC Living Wage Commitment**

There are few more important jobs than caring for, and educating, our youngest children.

Scotland already has a dedicated and highly qualified early learning and childcare workforce, but we know that we can do more to change perceptions about a career in ELC and to ensure it's an attractive and long-term career choice.

The Scottish Government believes that employers whose staff are treated fairly, who are well-rewarded, well-motivated, well-led, have access to appropriate opportunities for training and skills development, and who are a diverse workforce are likely to deliver a higher quality of service. This can be supported by the adoption of fair work practices across the sector, which includes ensuring that staff are fairly remunerated.

Public sector staff working in ELC settings already receive at least the 'real' Living Wage. However, the Financial Review of Early Learning and Childcare in Scotland, published in September 2016, found that around 80% of practitioners and 50% of supervisors in private and third sector settings delivering the funded entitlement were being paid an hourly rate below the 'real' living wage.

Relatively low levels of pay can present a barrier to some people entering the sector, resulting in recruitment challenges (in particular in private and third sector providers), and can also higher levels of staff turnover. This could have potential implications for continuity of care.

It is therefore important that the gap between average earnings in local authorities and funded provider settings is narrowed.

As part of the expansion to 1140 hours the Scottish Government is committed to promoting and encouraging fair work practices, including enabling payment of at least the 'real' living wage to all childcare workers delivering the funded early learning and childcare entitlement.

To enable this the new Funding Follows the Child approach will ensure financially sustainable provision across the ELC sector.

The Scottish Government is committed to providing local authorities with additional funding to allow them to set rates with providers in the private and third sectors that enables them to pay all childcare workers delivering the funded early learning and childcare entitlement the 'real' living wage from August 2020.

Box 2 provides an overview of the ELC Living Wage commitment.

### **Box 2: Overview of ELC Living Wage Commitment**

- The commitment will be introduced from August 2020 as part of the national statutory roll-out of 1140 hours and the introduction of the Funding Follows the Child approach.
- The National Standard which will underpin the Funding Follows the Child approach includes criteria on fair work – with payment of the ‘real’ living wage a key determining factor of providers ability to demonstrate that they are meeting this criteria.
- The commitment covers all early learning and childcare workers, i.e. those staff providing direct care to children receiving funded early learning and childcare, regardless of age, qualification and of the setting in which they are employed.
- The Scottish Government will provide sufficient additional revenue funding to allow local authorities to set rates for funded providers in the private and third sectors that enables them to pay the ‘real’ living wage to childcare workers providing the funded entitlement.
- The funding does not cover the hours that staff spend delivering non-funded ELC in these settings, either as wraparound care or to children who are not eligible for the funded entitlement.
- The funding to pay the ‘real’ living wage will be reflected in the sustainable hourly rate paid to funded providers to deliver the funded entitlement.
- It is estimated that up to 8,000 staff currently working in around 960 partner provider settings could benefit from this commitment *if* the living wage was paid to all workers in these settings.

## **The Living Wage**

The 'real' living wage should not be confused with the National Minimum Wage (including the "national living wage" for those aged 25 and over) which is the legal minimum an employer must pay an employee and is set by the UK Government.

The Scottish Government considers the payment of at least the 'real' living wage to be a significant indicator of an employer's commitment to delivering security of employment and income. Payment of the 'real' living wage, particularly when adopted as part of a wider package of fair work measures is one of the clearest ways that an employer can demonstrate that it takes a positive approach to its workforce.

The real living wage is a voluntary wage rate of pay which is calculated by the Resolution Foundation and overseen by the Independent Living Wage Commission. These figures are calculated annually and announced in October/November.

The 'real' living wage calculation takes into account the Joseph Rowntree Foundation Minimum Income Standard (MIS) research in which members of the public identify what is needed for a minimum income standard of living. This is then combined with an analysis of the actual cost of living, including essentials like rent, council tax, childcare and transport costs for different family types to produce the hourly Living Wage figure, sufficient to ensure that the recipient may enjoy an acceptable standard of living.

The 'real' living wage applies to all employees aged 18 and over in recognition that young people face the same living costs as everyone else. However real Living Wage accreditation does not require employers to pay the 'real' living wage to volunteers, apprentices or interns.

## **Supporting Delivery of the ELC Living Wage Commitment**

The Scottish Government is committed to supporting local authorities and funded providers implement the Living Wage commitment as part of a positive approach to fair work practices.

We acknowledge that implementing this commitment may present a number of challenges for both providers and for local authorities.

However, these need not be prohibitive and there are a number of options which should be considered to enable implementation of the Living Wage commitment. The purpose of this commitment is to recognise the contribution workers in early learning and childcare make to improving the quality of the experience for children. It is an opportunity to invest in early learning and childcare as a career of choice by addressing one aspect of the recruitment and retention challenge in the sector.

The implementation of fair work practices across the sector, including fair and equal pay, training, development, and broader terms and conditions etc. will influence and underpin early learning and childcare as a quality career option.

A workforce paid the 'real' living wage, could increase staff retention rates at funded providers, contribute to higher productivity and reduce the number of sick days.<sup>16</sup> An increase in retention rates would also strengthen the benefits for the child by allowing practitioners to build up strong relationships with children through consistent contact time.

Providing a sustainable funding rate, through the Funding Follows the Child approach, for the funded hours should ensure that delivery of the funded entitlement does not put pressures on a provider's business model.

Within a private or third sector setting childcare workers are likely to split their time between delivering funded and non-funded hours. The sustainable rate is to ensure that the provider receives a rate that is more closely aligned with their delivery costs (and includes funding for payment of the 'real' living wage). It is therefore a business decision for providers as to whether they provide the additional resource to uplift the salaries for all childcare workers, including those not engaged in delivery of the funded ELC provision, to the 'real' living wage.

A sub-group of the Service Models Working Group has been established to look specifically at implementation of this commitment, and they are drawing on lessons from the Adult Social Care sector where a Living Wage commitment has been delivered since October 2016.

We are currently working closely with delivery partners to prepare technical guidance to support this. This will form part of the suite of operating guidance and information documents to be published alongside the final version of the National Standard in Autumn 2018.

### **Next Steps:**

The Scottish Government will work with delivery partners to produce technical guidance to support local authorities and providers in the private and third sectors and relevant childminding organisations to implement the 'real' living wage commitment, across all of the ELC sector in Scotland.

**Question 6:** What areas would you look to be addressed in the technical guidance note for supporting implementation of the ELC Living Wage commitment?

<sup>16</sup> <http://scottishlivingwage.org/what-is-the-living-wage/benefits-of-the-living-wage>

## **SECTION 4: NEXT STEPS AND THE TRANSITION PERIOD TO 2020**

### **Transitional Arrangements**

Existing funded ELC providers will be expected to meet the National Standard from the full statutory roll out of entitlement to 1140 hours. If they are unable to demonstrate that they meet the criteria, their funded provider status will be withdrawn. Existing ELC providers who are not currently offering the funded hours but wish to start offering them, will be eligible to apply only if they meet the National Standard.

Newly established ELC settings will receive a full inspection from the Care Inspectorate within 12 months of being registered. The Care Inspectorate's advice is that, provided they have been approved through the Care Inspectorate registration process as fit to deliver a daycare of children service, settings need not wait for their first inspection before being able to apply for funded provider status. The rigour of the registration process should provide reassurance that the setting is able to deliver funded ELC on a probationary basis, pending the outcome of their first inspection, provided the local authority is assured that they meet all other aspects of the National Standard.

Allowing new settings to deliver the funded hours on a probationary basis, will be important for improving accessibility of funded provision. In some areas, especially in remote and rural areas, new ELC settings may not be financially viable without being able to offer funded provision from the outset. This exception will also be important in encouraging new innovative provision, including outdoor nurseries and provision developed by community enterprises.

Funded providers who drop below the required quality criteria will be given a fair 'service improvement period' in which to address this before their funded provider status is removed. For example, where an existing funded provider falls below 'good' gradings, they will be inspected again within 6 to 12 months (focusing on aspects of the service that require to improve). Provided the Care Inspectorate is satisfied that the setting is still fit to operate, the provider will have until that next inspection to return its gradings to good. (Note that service improvement period will not apply to new settings who were given probationary status.)

### **Next Steps:**

Guidance to support transitional arrangement for providers and local authorities will be developed as part of the suite of operating and support guidance to be published in Autumn 2018.

**Question 7:** Should newly established ELC settings be able to deliver the funded hours on a probationary basis, pending the outcome of their first inspection, provided they meet all other aspects of the National Standard? Are there any particular challenges or issues that may arise from this approach?

**Question 8:** What support will service providers require to prepare for the introduction of the National Standard and meet the criteria and delivery of the new service model?

### **Next Steps**

Through the Service Models Working Group, and working with providers, we will publish, as part of a suite of operating guidance and supporting material for providers and local authorities, in Autumn 2018:

1. a set of principles, supported by guidance to support local authorities and providers to establish affordable and sustainable rates for delivery of the funded hours.
2. guidance, including key principles, and templates to promote simplicity in the approach to become or continue to be a funded provider.
3. guidance to support transitional arrangements for providers and local authorities.
4. guidance to support providers meet the business sustainability criteria and will provide further detail on what is expected by: (a) current funded providers; (b) new providers wanting to deliver the funded ELC, and; (c) existing providers not currently funded providers but who want to deliver the funded ELC.
5. technical guidance to support local authorities and providers in the private and third sectors and relevant childminding organisations to implement the 'real' Living Wage commitment, across all of the ELC sector in Scotland.



## Consultation Questions

**Question 1:** What factors should be considered in developing a simple, standardised yet flexible process for becoming a funded provider?

**Question 2:** What are the key shared principles which should underpin an effective and positive partnership between local authorities and funded providers?

**Question 3a:** We are proposing that the National Standard includes a qualification requirement for childminders delivering the funded entitlement to be qualified to or working towards the same qualification level as is required for an ELC practitioner (SCQF level 7). What are the advantages of including this criteria?

**Question 3b:** Are childminders able to access adequate funding to pay for training to SCQF level 7? Are childminders able to access training to SCQF level 7 in a way that is flexible enough to allow them to continue to run their businesses?

**Question 4:** Our aspiration is to see outdoor learning and play becoming a defining feature of funded ELC in Scotland.

- Does criteria 3 capture this ambition? If not, how could it be strengthened in a way that is sustainable for providers?
- What challenges, if any, exist for funded ELC providers to ensure children have access to outdoor play? How can these challenges be overcome?

**Question 5a:** Will the criteria set out in the draft National Standard:

- ensure that high quality, accessible, flexible and affordable Early Learning Childcare is delivered in all funded provider settings?
- Support increased choice for parents and carers?

**Question 5b:** Is there any criteria not included in the National Standard that is required to ensure a high quality service is provided to all children?

**Question 5c:** Do the proposed criteria within the National Standard seem fair and proportionate for all? Do the proposed variations for some criteria seem fair and proportionate for childminders?

**Question 6:** What areas would you look to be addressed in the technical guidance note for supporting implementation of the ELC Living Wage commitment?

**Question 7:** Should newly established ELC settings be able to deliver the funded hours on a probationary basis, pending the outcome of their first inspection, provided they meet all other aspects of the National Standard? Are there any particular challenges or issues that may arise from this approach?

**Question 8:** What support will service providers require to prepare for the introduction of the National Standard and meet the criteria and delivery of the new service model?

## **Responding to this Consultation**

We are inviting responses to this consultation by Friday 29<sup>th</sup> June 2018.

Please respond to this consultation using the Scottish Government's consultation platform, Citizen Space. You view and respond to this consultation online at <https://consult.gov.scot/children-and-families/service-model-for-2020>. You can save and return to your responses while the consultation is still open. Please ensure that consultation responses are submitted before the closing date of Friday 29<sup>th</sup> June 2018.

If you are unable to respond online, please complete the Respondent Information Form (see "Handling your Response" below) to:

Susan Wallace  
Early Learning and Childcare  
Scottish Government  
Area 2B-South  
Victoria Quay  
EH6 6QQ

## **Handling your response**

If you respond using Citizen Space (<http://consult.scotland.gov.uk/>), you will be directed to the Respondent Information Form. Please indicate how you wish your response to be handled and, in particular, whether you are happy for your response to be published.

If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form attached included in this document. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

## **Next steps in the process**

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at <http://consult.scotland.gov.uk>. If you use Citizen Space to respond, you will receive a copy of your response via email.

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us. Responses will be published where we have been given permission to do so.

### **Comments and complaints**

If you have any comments about how this consultation exercise has been conducted, please send them to [ELCexpansionconsultation@gov.scot](mailto:ELCexpansionconsultation@gov.scot).

### **Scottish Government consultation process**

Consultation is an essential part of the policy-making process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.

You can find all our consultations online: <http://consult.scotland.gov.uk>. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Consultations may involve seeking views in a number of different ways, such as public meetings, focus groups, or other online methods such as Dialogue (<https://www.ideas.gov.scot>)

Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.



## A BLUEPRINT FOR 2020: THE EXPANSION OF EARLY LEARNING AND CHILDCARE IN SCOTLAND

### EARLY LEARNING AND CHILDCARE SERVICE MODEL FOR 2020: CONSULTATION PAPER

#### RESPONDENT INFORMATION FORM

**Please Note** this form **must** be completed and returned with your response.

Are you responding as an individual or an organisation?

- Individual  
 Organisation

Full name or organisation's name

Phone number

Address

Postcode

Email

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name  
 Publish response only (without name)  
 Do not publish response

#### Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- Yes     No



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