



## Opportunities and challenges for the Early Learning and Childcare Sector in Scotland

10<sup>th</sup> March 2023

Dear Ms Forbes

Warmest congratulations on your nomination as a candidate to lead the Scottish National Party and become Scotland's new First Minister.

We are writing to you on behalf of the membership of [Care and Learning Alliance](#), [Early Years Scotland](#) and [National Day Nurseries Association](#). We represent PVI nurseries across Scotland. Collectively it is our aim to ensure that children and families have access to high quality, accessible and flexible childcare.

Around one million new neural connections form every second in the brains of children in the first five years of life.\* This is in response to their experiences, relationships and environments which will have an impact on each child's outcomes as an adult. As the proverb says 'It takes a village/community to raise a child.' As local and national third sector representatives of the sector, we want everyone in Scotland to be part of that community. We consider it crucial for there to be an equal opportunity to make a difference to ensure each and every child's right to achieve their full potential is upheld now and for our future generations.

By providing high quality early learning and childcare (ELC) PVI settings across Scotland can ensure that children have their rights met to develop and thrive in a safe, healthy and loving environment. The 1140 hours policy aims to lift families out of poverty, lower the attainment gap and make Scotland the best place to grow up.

As you will no doubt be aware, a considerable amount of work by Scottish Government and a wide range of expert stakeholders including current and past Ministers for Children and Young People, public, private and third sector over many years has gone into the very positive progress made to realising the ambitious expansion of ELC. All local authorities were required to secure 1140 hours of funded ELC for all three and four and eligible two year olds from August 2021. Examples of positive progress made include:

- 117,780 (97%) of three and four year olds accessing more than 600 hours ELC.\*\*
- 104,923 (87%) of three and four year olds accessing 600 hours funded ELC. \*\*
- Uptake by eligible two year olds is increasing year on year.\*\*
- 31% of provision is delivered by the private and voluntary sectors.\*\*
- Flexible hours and increased parental choice supporting more parents into or return to work.

- Children’s overall health and wellbeing is supported through provision of lunch.
- Where ELC is of nurturing high quality, this should over time, help to reduce the attainment gap particularly for those children from deprived backgrounds.
- Consultation and partnership working between sector providers including but not limited to Scottish Government ELC teams, Education Scotland, Care Inspectorate (CI), Care Inspectorate Review, Scottish Social Services Council (SSSC), COSLA, Education Review, Independent Review of Inspection, Scrutiny & Regulation (IRISR).

Progress made has demonstrated the will, tenacity and commitment of government, organisations and providers in partnership, particularly to overcome the many significant challenges during the pandemic.

There are however, a number of significant challenges, some of which have arisen as a result of the expansion of funded ELC which we feel require urgent collective action if we are to secure the long term intended beneficial outcomes of the policy.

### **Impact on children and families**

- There are ongoing challenges from the covid-19 pandemic, we are seeing the negative impact on the wellbeing, social and communication skills of our youngest children, and overall reduced parental confidence in parenting in general. [Mental Health, Happiness and Wellbeing Project | Early Years Scotland](#). This identified need requires to be appropriately resourced (albeit at a time of financially difficult circumstances). We need to help mitigate a lasting negative impact by prioritising investment with those best placed to deliver positive outcomes working in local communities with families now.
- Following pandemic challenges including children’s increased needs, and staffing challenges, morale across the sector in some areas is not as it once was. CALA have seen an increase in demand for quality assurance and practice support in urban, remote and rural areas in order to meet the required National Standard for ELC.
- Finally, it is crucial that moving forward to the proposed expansion of the 1140 hours ELC offer to a wider range of eligible one and two year olds it will be important that the challenges that are still present with the funding model and delivery of the 1140 hours for 3 – 5 year olds are resolved satisfactorily. To help achieve the intended successful outcome, the model for the one and two year old offer must be family focused and not simply a continuation of what is currently available. The Scottish Government must consult with the sector and its representatives on what will work to avoid repeating the challenges created with the 1140 hours offer. This will take time, and must not be rushed.

### **Fair work, Recruitment and Retention**

- A key factor in recruitment and retention for providers out with local authority is the lack of parity of pay. Given the current financial crisis, many practitioners including those working part time in School Age Childcare opt for the higher rate of pay and/or increased hours with local authority posts as they find themselves financially driven by necessity.
- In recent research alongside the Education Policy Institute<sup>i</sup>, NDNA looked at workforce challenges facing the sector. Respondents cited increased competition for staffing where local private and voluntary providers are unable to compete with local authority salaries on the sustainable rates they receive for funded children. There are continued issues around the PVI sector’s ability to pay the Real Living Wage for settings particularly as the RLW rate increases have not been matched by an increase in the sustainable rates in many local authority areas.

- Consultation across private, childminders and third sector has highlighted a number of factors which have led to a crisis in the recruitment and retention of practitioners eg. Systems for registration, level of inspection and quality assurance, lack of a single quality framework making this overly cumbersome and time consuming for providers and staff. This has contributed to a loss of over 30% of childminders in the run up to and since expansion and a loss of qualified, highly experienced practitioners who have left the sector. The current recruitment and retention crisis poses a significant risk to the future expansion for one and two year olds.

### Financial Sustainability

- Perhaps the most important challenge facing the PVI sector is the inequity around sustainable funding rates and the cost of providing funded childcare. NDNA found in an FOI investigation in 2022, looking at ELC budget allocation that on average councils reported that almost a third (30.2%) of their ELC delivery was through partner providers, rather than via council maintained nurseries, based on those who responded. However, they only spent an average of just over a fifth (21.5%) of their ELC budgets on these partner places.
- The prolonged period of the pandemic means that the financial issues settings are experiencing may still continue for a while yet. The pandemic and global supply issues has also led to an increase in other costs, such as higher energy costs and higher prices for food and other consumables used in nurseries. On top of this, ELC providers as employers are affected by Scottish and UK Government decisions such as paying the real living wage, statutory wage increase and national insurance contributions, all of which impact upon the running costs of the business. A survey carried out by NDNA found that 76% of providers believed they will operate at a loss or just break even.

We are fully committed to incorporation of the Children’s Rights Bill, family learning, and Getting it Right for Every Child to help achieve the best outcomes of children and families in our communities across Scotland. We wish you well in your bid to become our new First Minister and hope we can support your commitment to continuing to prioritise these crucial ‘early years.’

We welcome all opportunities to work with the government in solution focused partnership to be that ‘community’ to help inform thinking to overcome the above challenges, mitigate negative impacts and do all that we can to continue to support positive outcomes our children and families to be the best they can be. We would welcome further discussion with yourself on the issues facing the sector to help inform your campaign.

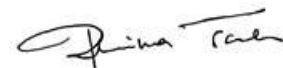
Yours sincerely



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We understand that the [Scottish Childminding Association](#) and the [Scottish Out of School Care Network](#) have also written to you separately. The five representative bodies work closely together to help achieve positive outcomes for children and families in Scotland.

## References

\*Source <https://developingchild.harvard.edu/science/key-concepts/brain-architecture/>

\*\*Source ELC Expansion Delivery Progress Report May 2022, Scottish Government Improvement Service

[NDNA \(2018\), Many Scottish Nurseries suffering real terms cut in ELC funding rates despite increased costs.](#)

<sup>1</sup> [SSSC, ELC Workforce Data from March 2019 – March 2022](#)

<sup>1</sup> [NDNA and EPI \(2021\) The Covid-19 Pandemic and the Early Years Workforce.](#)

<sup>1</sup> [NDNA and EPI \(2021\) The Covid-19 Pandemic and the Early Years Workforce](#)<sup>1</sup>  
<https://ndna.org.uk/news/private-and-voluntary-nurseries-expected-to-deliver-more-for-less/>

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