

Item: 8

Education, Leisure and Housing Committee: 28 March 2018.

National Audit Report: Early Learning and Childcare.

Report by Executive Director of Education, Leisure and Housing.

1. Purpose of Report

To present the national audit report, Early Learning and Childcare, prepared by Audit Scotland.

2. Recommendations

The Committee is invited to note:

2.1

The national audit report, Early Learning and Childcare, issued in February 2018 by Audit Scotland, attached as Appendix 1 to this report.

2.2

The key messages contained within the national audit report, a summary of which is detailed in section 5 of this report.

2.3

That references to Orkney in the national audit report are limited but generally present a positive picture of actions taken by the Council in delivering 600 hours of Early Learning and Childcare.

3. Policy Aspects

The proposals in this report support the undernoted Council values:

- Promoting Survival – to support our communities.
- Promoting Sustainability – to make sure economic, environmental and social factors are balanced.

4. Background

4.1.

Attached as Appendix 1 to this report is the national audit report, Early Learning and Childcare, prepared by Audit Scotland. The overall aim of the audit was to answer the question:

- How effectively are the Scottish Government and councils working together to improve outcomes for children and support parents by expanding access to funded Early Learning and Childcare?

4.2.

In August 2014 entitlement for council-funded Early Learning and Childcare for three and four year olds and eligible two-year-olds rose from 475 to 600 hours. The Scottish Government is working towards increasing this entitlement to 1,140 hours per year by 2020 with the aim of improving outcomes for children.

4.3.

The national audit report sets out the following recommendations for the Scottish Government and councils:

- Delivering the 600 hours of funded Early Learning and Childcare in line with national policy.
- Planning for the expansion to 1,140 hours of funded Early Learning and Childcare by 2020 and reducing the risks of failing to deliver the expansion on time.
- Developing commissioning strategies that set out information on demand, capacity, cost, quality, flexibility and parental preference.

5. Key Messages

The national audit report's key messages are as follows:

5.1.

The Scottish Government's policy to increase funded Early Learning and Childcare is consistent with national strategic objectives around improving the lives of children and their families. The Scottish Government and councils have worked well together to expand provision. Parents are positive about the benefits of funded Early Learning and Childcare for their children.

5.2.

The Scottish Government implemented the increase in hours without comparing the cost and potential outcomes of alternative ways of expanding funded Early Learning and Childcare to achieve its aims of improving outcomes for children and parents. It has invested almost £650,000,000 of additional funding since 2014 to expand funded Early Learning and Childcare to 600 hours but it did not plan how to evaluate the impact of the expansion. This means it is not yet clear whether this investment is delivering value for money.

5.3.

In most councils the majority of children still have a part-day funded Early Learning and Childcare place in a council setting, although the range of options has increased. Parents in Audit Scotland's research said funded Early Learning and Childcare had a limited impact on their ability to work due to the hours available and the way in which those hours were provided.

5.4.

There are significant risks that councils will not be able to expand funded Early Learning and Childcare to 1,140 hours by 2020. In particular it will be difficult to increase the infrastructure and workforce to the levels required, in the limited time available. The Scottish Government should have started detailed planning with councils earlier, given the scale of the changes required.

5.5.

The Scottish Government expects the cost of delivering 1,140 hours of funded Early Learning and Childcare will be about £840,000,000 per year. Councils were required to prepare their initial plans for the expansion without some important information about how the system will operate from 2020. While councils' plans will change over time, initial estimates of the cost of funded Early Learning and Childcare following the expansion to 1,140 hours are about £1,000,000,000 per year, significantly higher than the Scottish Government's figure.

6. Implications for Orkney Islands Council

6.1.

The majority of implications are for Scottish Government. Inevitably however where Central government takes action in response to the recommendations there will be implications for local authorities.

6.2.

Paragraphs 49 and 50 of the national audit refer to commissioning strategies, indicating a number of factors that should be included. The national audit report goes on to note that no council has a comprehensive commissioning strategy.

6.3.

In Orkney no new commissioning has been necessary for the delivery of 600 hours early learning and childcare. In the local early learning and childcare delivery plan however, the Council has been careful to take account of the local island context and scenario plan around each of these factors.

6.4.

The local delivery plan also takes account of the risks set in relation to workforce planning, and the impact on the wider childcare sector, both of which are highlighted in the national audit report as issues for government and local authorities.

6.5.

Finally the national audit report raises the issue of cost (paragraphs 36, 41, 52 and 106 to 108). The Council submitted a financial template to the Scottish Government with the Delivery Plan. A further submission from all local authorities was subsequently requested and this was submitted at the beginning of March 2018.

6.6.

Exhibit 2 on page 16 of the national audit report indicates the relative cost per registration for funded early learning and childcare in 2015 to 2016. In the initial expansion (from 475 to 600 hours) the '6-session model' was introduced in the larger settings. This allowed parental wishes, for provision with the school day, to be accommodated and at the same time offer full day Early Learning and Childcare. The model is one which can be 'scaled up'. This has meant that it has been possible to include three full days as part of the 600 hours offer, which has met the needs of a number of parents as well as providing a quality experience for their children.

7. Human Resources Implications

There are no direct human resource implications arising from this noting report.

8. Financial Implications

There are no significant financial implications for the Council arising from this noting report.

9. Legal Aspects

The Council must make arrangements which secure best value.

10. Contact Officers

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11. Appendix

Appendix 1 – Early Learning and Childcare, Audit Scotland (February 2018).