

PE2112/A: Conduct an independent review of childcare costs and availability in Scotland

Scottish Government written submission, 23 August 2024

Existing support for early learning and childcare from the Scottish Government

High quality early learning and childcare that is flexible, accessible and affordable plays a critical role in our society. It is vital to giving children the best possible start in life, to supporting families to thrive, and to ensuring that parents and carers can work, train or study. That is why the Scottish Government has nearly doubled the hours of funded early learning and childcare (ELC) for eligible children, from 600 hours to 1,140 hours per year.

Scotland is the only part of the UK to already offer 1,140 hours a year of funded ELC to all three and four-year-olds and eligible two-year-olds regardless of their parents' working status – putting children first. This offer has been in place since August 2021 and equates to 30 hours per week term time, or 22 hours per week if used all year round. If families paid for our funded ELC offer themselves, it would cost them more than £5,500 per eligible child per year. The nearly £1 billion the Scottish Government is investing in 2024-25 in high quality ELC includes funding for councils to make the ELC offer available to around 25% of families with a two-year-old who stand to benefit most.

Funding Follows the Child is a provider neutral approach to delivery of 1140 which places choice in the hands of parents and carers, allowing them to access their child's entitlement from any setting in the public, private or third sector, including from a childminder – who meets the National Standard, has a place available and is willing to enter into a contract with their local authority. Independent research has shown that 97% of parents with a three- to five-year-old were satisfied that they could access funded ELC in a way that meets their needs.

Since 1 August 2023, all children who defer starting primary school have also been able to access an additional year of funded ELC, allowing families to make decisions for their child without the financial barrier of ELC costs. This legislative change aligns the funded ELC entitlement more closely with the existing right to defer for children in this age group.

Wider Support for Childcare Costs

There are currently reserved benefits that support families with childcare costs and are operated by the UK Government. Tax-free Childcare allows you to get up to £500 every 3 months (up to £2,000 a year) for each of your children to help with the costs of childcare. You may also be able to claim back up to 85% of your childcare costs if you're eligible for Universal Credit childcare.

The Scottish Government has also taken steps to create new benefits to support families without limited devolved welfare powers. Scottish Child Payment helps

towards the costs of supporting your family. This is a weekly payment of £26.70 that you may be able to get for every child under 16 years of age, this payment is received every 4 weeks if the application is successful. Scottish Child Payment is one of the 5 family payments you may be able to get from Social Security Scotland, along with Best Start Grant and Best Start Foods

Development of new childcare offers

The Scottish Government's first priority is eradicating child poverty, and in the context of a cost of living crisis in recent years we recognise that access to childcare remains a key concern for many families across Scotland. That is why, on 22 May 2024, the First Minister announced new investment of £16 million over two years within six Early Adopter Community (EAC) projects to tackle poverty and help families give their children the best start in life by expanding access to childcare services.

We are already delivering innovative school age childcare services to around 600 children from 500 families through EAC projects in Glasgow, Inverclyde, Clackmannanshire, and Dundee through the Early Adopters. Over the next two years, we will continue to build on these projects – expanding into new communities in Fife and Shetland and supporting families with children from the early years to the end of primary school.

Through the EACs, we will explore the childcare needs of families in these communities to inform local systems of funded childcare for families who need it most. This includes engaging with families to understand the challenges they face in accessing and affording suitable childcare. The EACs will be a leading source of evidence, data, insights and evaluation relating to the impact, approach, and economic outcomes associated with place-based, people-centred systems of childcare.

We have also doubled our investment in 2024/25 to a further £4 million to continue funding the 'Extra Time Programme' which is a joint initiative with the Scottish Football Association that is supporting 31 local football clubs and trusts to provide before school, after school, and holiday activity clubs for targeted primary school children from low income families.

The Extra Time Programme is providing around 3,000 children and families across Scotland each week with access to vital services, to support them entering and sustaining employment, training and study, as well better understanding the impact of reducing inequalities of access to children's activities for those most at risk of living in poverty.

To test innovative models of school age childcare for families most at risk of poverty, we are continuing to support 8 projects this financial year through the Access to Childcare Fund. The Scottish government has funded over £4.5 million through the Access to Childcare Fund since its inception in 2020 to deliver a range of activities, childcare, food and family support for children.

Last financial year, these 8 projects supported a total of 706 children from 591 families. These projects have provided low cost or free childcare for families on low incomes, targeted towards the six priority family types identified in the Tackling Child

Poverty Delivery Plan. The ACF projects are providing school age childcare services and wider family support which benefit families most in need.

Call for an independent review

The Scottish Household Survey already provides ministers with data annually on overall childcare costs for families in Scotland. The 2022 Survey found that 37% of households with at least one child aged 0-11 years old found it very easy to afford childcare, 16% found it easy and 24% found it neither easy nor difficult. 9% found it difficult to afford childcare and 5% found it very difficult. The Scottish Government also regularly reviews independent data and reports on the availability and affordability of childcare e.g. the annual Coram Childcare Survey.

With regard to the 1140 entitlement, a robust evaluation strategy is in place and research currently underway which will report in 2025. The evaluation strategy is outcomes-based with a primary focus on measuring outcomes for children, parents and carers families as a whole. A key part of the evaluation is to consider the accessibility, flexibility, affordability, quality and take up of funded ELC. More information is available in our [published 1140 evaluation strategy](#).

Over the remainder of this Parliament the Scottish Government is focused on delivering the ambitious childcare policies and commitments we have already made, within the very challenging financial circumstances we are facing as a result of budget decisions made by the UK Government. We will draw on the learning from the 1140 evaluation due in 2025 and continue to review other key sources of information about what families want and need to inform our work but are not currently planning to commission a further external review.

A wider review of the financial support provided to families with childcare costs through the benefits system would be for the UK Government to take forward as this is a reserved matter.

Directorate for Children and Families