



6 August 2020

THE END OF THE PERIOD FOR CONTINUING FUNDED ELC PAYMENTS TO SETTINGS WHICH ARE CLOSED

To all registered childcare providers delivering funded ELC,

On 24 March, in response to the COVID-19 pandemic, the Scottish Government and COSLA committed through our joint communication to continuing the payments for funded Early Learning and Childcare (ELC) to providers for the duration of the closure period.

This commitment, reaffirmed in the Joint Delivery Board Letter of 8 July has supported providers and protected capacity in the sector while closures where necessary. The last four months of closure, delivery of critical childcare and planning for sector recovery has led to unprecedented challenges for everyone involved in ELC. The continued payments that local authorities have provided to their funded providers through this period, while settings remained closed, has helped ensure financial sustainability in the sector.

Progress to date

All registered childcare settings have been able to reopen from 15 July if they chose to do so; and the evidence suggest that there are many who have decided to reopen with more expected to follow alongside the beginning of the school term.

On 16 July, the First Minister and Deputy First Minister confirmed the Scottish Government's intention to ease the current measures requiring children in ELC to be cared for in consistent small groups and to remove the restriction on children attending more than one childcare setting (known as blended childcare).

This reflects progress made in suppressing the COVID-19 virus in Scotland since the previous guidance was produced. The publication of revised suite of safe reopening guidance issued on the 30 July, and takes effect from 10 August.

Funded hour payments to ELC settings

In consideration of the above and as the sector moves deeper into the recovery phases we believe that it is important to provide clarity for the sector, particularly where settings remain closed, on when local authorities should no longer be required to make funded hour payments to these ELC settings.

Therefore, a communication from the Minister for Children, Maree Todd, MSP and the COSLA spokesperson for Children and Young People, Councillor Stephen McCabe issued today to all local authorities confirming an agreed date of 10 August from which local authorities will no longer be required to continue these payments. A copy of this letter is attached.



This decision aligns with the start of term time provision, and takes account of the updated public health guidance on the safe reopening of ELC settings. It will also coincide with the anticipated increase in many more settings planning to reopen at, or near to, this date, and with the cessation of the disregard of the statutory duty on local authorities to provide 600 hours of funded ELC to eligible children. If there are periods of required closure locally or nationally which affect childcare providers, further communications will be issued to establish the requirements on local authorities in respect of their statutory duties and funding for providers in those circumstances following consultation with the relevant authorities.

What does this mean for settings that remain closed?

All registered childcare services have been able to reopen from 15 July as part of phase 3 of Scotland's recovery from the coronavirus crisis, on 30 July we published [updated guidance](#) for all ELC services which will take effect from 10 August.

From 10 August, local authorities will no longer be required to continue these payments. Local authorities should now begin the process of discussing how to support this decision locally as the continued payments come to an end.

Funding Follows the Child and the National Standard – Business Sustainability Criteria

Quality is at the heart of the delivery of funded Early Learning and Childcare (ELC) entitlement.

To ensure that funded ELC entitlement is delivered in high quality settings, the sector has been working towards the introduction of Funding Follows the Child. This was to have been introduced alongside the statutory roll out of 1140 hours of funded ELC entitlement in August 2020.

On 30 July, we published [interim guidance](#) on the requirements for ELC settings and local authorities regarding the delivery of Funding Follows the Child and the National Standard from August 2020, in particular the commitment to pay sustainable rates to funded providers in the private, third and childminding sectors. This includes guidance on the Business Sustainability criteria of the National Standard.

The impact of COVID-19 has resulted in concerns for many providers regarding their financial sustainability. Upon reopening, it is expected that many providers will have issues as:

- increased costs of delivery in order to meet the public health guidance requirements;
- income from private sources may be below business as usual levels (due to potential restrictions on capacity as a result of the public health guidance, and anticipated lower levels of parental demand);
- current financial and business support schemes will start to be wind down or be removed (in particular the Coronavirus Job Retention Scheme).

As set out in the interim guidance on the implementation of Funding Follows the Child and the National Standard, lower volumes of payments for the funded hours than had been expected will have implications for the sustainability of some private and third sector settings. To support sustainability, we encourage local authorities to work with their funded providers to commission provision beyond the 600 hours statutory minimum where possible, and provided this is within current budgets. Local authorities will also need to continue to work in partnership with their funded providers to reach agreement on sustainable local funding rates that reflect the current costs of delivery.



Transitional Support Fund

As well as other sources of continuing business support provided to the childcare sector by the UK and Scottish Governments, the Scottish Government have provided further financial support to aid the safe reopening of the sector through the Transitional Support Fund.

Further information on the detail of the Transitional Support Fund was provided on 31 July. The grants to private and third sector providers registered as day care of children services will be provided to meet the costs associated with implementing the public health guidance. A condition of receiving funding through the Transitional Support Fund is that a setting has reopened, or confirms that it will have reopened, by 7 September.

The Fund will provide one-off grants to eligible settings. Grant amounts vary according to the number of Care Inspectorate registered places in setting. The Fund will be administered by local authorities and we are working to make the application process as straightforward as possible through a standard application form. The Fund will open for applications by the end of August 2020 with the last date for submitting a grant application will be 9 October.

Further details on the work underway to develop the approach to administration of the fund were shared with Directors of Finance and Education on 4 August 2020.

The Scottish Government are also currently working with SCMA to agree further funding support to childminders, taking account of the demand for the CWSF and the range of additional pressures which childminders may face as a result of the public health guidance. More information about that support will be published in the coming weeks.

Further support and information

Remember to keep an eye on Twitter where we will keep you updated on the latest changes; answer your questions; share ideas and best practice; and celebrate the fantastic efforts of the childcare sector to support Scotland's children and families. Follow us @ELCScotGov for early learning and childcare and @OSCSotGov for out of school care.

If you have any questions in relation to this communication please send them to:
ELCPartnershipForum@gov.scot

We will continue to keep you updated with important information and updates through the Care Inspectorate and through the childcare sector representative bodies.

Ellen Leaver
Head of Parents, Providers and Workforce Unit
Early Learning and Childcare Directorate



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Directors of Finance
Directors of Education

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6 August 2020

Dear Directors of Finance and Directors of Education.

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On 24 March, in response to the COVID-19 pandemic, the Scottish Government and COSLA committed through our joint communication to continuing the payments for funded Early Learning and Childcare (ELC) to providers for the duration of the closure period.

This commitment, reaffirmed in the Joint Delivery Board Letter of 8 July has supported providers and protected capacity in the sector while closures where necessary. The last four months of closure, delivery of critical childcare and planning for sector recovery has led to unprecedented challenges for everyone involved in ELC. The continued payments that local authorities have provided to their funded providers through this period, while settings remained closed, has helped ensure financial sustainability of the sector.

All childcare settings have been able to reopen from 15 July if they chose to do so; and the evidence suggest that there are many who have decided to reopen with more expected to follow alongside the beginning of the school term.

On 16 July, the First Minister and Deputy First Minister confirmed the Scottish Government's intention to ease the current measures requiring children in ELC to be cared for in consistent small groups and to remove the restriction on children attending more than one childcare setting (known as blended childcare), subject to the continuing suppression of the virus. The publication of revised suite of safe reopening guidance was issued 30 July and comes into effect from 10 August.

In consideration of the above and as the sector moves further towards reopening we believe that it is important to provide clarity to the sector on when local authorities should no longer be required to make funded hour payments to ELC settings that remain closed.

In this regard, from 10 August local authorities will no longer be required to continue these payments.

Taigh Naomh Anndrais, Rathad Regent, Dùn Èideann EH1 3DG



This decision aligns with the start of term time provision, and takes account of the updated public health guidance on the safe reopening of ELC settings. It will also coincide with the anticipated increase in many more settings planning to reopen at, or near to, this date, and with the cessation of the disregard of the statutory duty on local authorities to provide 600 hours of funded ELC to eligible children. If there are periods of required closure locally or nationally which affect childcare providers, further communications will be issued to establish the requirements on local authorities in respect of their statutory duties and funding for providers in those circumstances following consultation with the relevant authorities.

Business sustainability

It will be important that local authorities now begin the process of discussing how to support this decision locally as the continued payments come to an end.

On 30 July, we issued interim guidance on the implementation of Funding Follows the Child and the National Standard that highlights the key aspects of the framework that local authorities will still from August 2020, in particular the commitment to pay sustainable rates to funded providers in the private, third and childminding sectors. This includes guidance on the Business Sustainability criteria of the National Standard.

The impact of COVID-19 has resulted in concerns for many providers regarding their financial sustainability. Upon reopening, it is expected that many providers will have issues as:

- increased costs of delivery in order to meet the public health guidance requirements;
- income from private sources may be below business as usual levels (due to potential restrictions on capacity as a result of the public health guidance, and anticipated lower levels of parental demand);
- current financial and business support schemes will start to be wind down or be removed (in particular the Coronavirus Job Retention Scheme).

As set out in the interim guidance on the implementation of Funding Follows the Child and the National Standard, lower volumes of payments for the funded hours than had been expected will have implications for the sustainability of some private and third sector settings. To support sustainability, local authorities are encouraged to work with their funded providers to commission provision beyond the 600 hours statutory minimum where possible, and provided this is within current budgets. Local authorities will also need to continue to work in partnership with funded providers to reach agreement on sustainable local funding rates that reflect the current costs of delivery.

Transitional Support Fund

As well as other sources of continuing business support provided to the childcare sector by the UK and Scottish Governments, the Scottish Government have provided further financial support to aid the safe reopening of the sector through the Transitional Support Fund.

The Transitional Support Fund will provide grants to private and third sector providers registered as day care of children services to meet the costs associated with implementing the public health guidance for the sector. A condition of receiving funding through the Transitional Support Fund is that a setting has reopened, or confirms that it will have reopened, by 7 September.



The Fund will provide one-off grants to eligible settings. Grant amounts vary according to the number of Care Inspectorate registered places in setting. The Fund will be administered by local authorities and we are working to make the application process as straightforward as possible through a standard application form. The Fund will open for applications by the end of August 2020 with the last date for submitting a grant application will be 9 October.

Further details on the work underway to develop the approach to administration of the fund were shared with Directors of Finance and Education on 4 August 2020.

Next steps

The Scottish Government will also be writing to the representative bodies and the providers across the ELC sector to inform them that the closure payments for ELC funded places will no longer be required to be made by local authorities from 10 August.



Maree Todd, MSP
Minister for Children and Young People



Councillor Stephen McCabe
COSLA Spokesperson for Children and Young People

Tha Ministearan na h-Alba, an luchd-comhairleachaidh sònraichte agus an Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh www.lobbying.scot

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

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