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The Expansion of Early Learning and Childcare: Evaluation Report 2017



CHILDREN, EDUCATION AND SKILLS



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Executive summary

Background and aims

The Children and Young People (Scotland) Act 2014 (“the 2014 Act”) expanded the entitlement to government funded early learning and childcare (ELC) from 475 to 600 hours per year, as well as to eligible two year old children. In 2016, the Scottish Government published ‘A Blueprint for 2020: Expansion of Early Learning and Childcare in Scotland’; a public consultation document setting out its commitment to almost double the hours of funded ELC to 1140 hours per year by 2020.

The primary objective of this expansion is to support children’s development, especially children from the most disadvantaged backgrounds, and the second key objective to support more parents into work, study or training, especially parents from the most disadvantaged backgrounds. To achieve both these objectives, further aims for the expansion are that ELC is high-quality, accessible, affordable and flexible.

This first evaluation report of the ELC expansion policy:

- a. Explores the impact of the expansion to 600 hours and eligible two year olds after the 2014 Act;
- b. Provides learning to help the implementation of the ELC expansion to 1140 hours as it is being rolled out;
- c. Provides an evidence-based picture of how things stand at the moment to provide a baseline for monitoring and evaluating the extent to which the expansion to 1140 hours is achieving its aims as it is rolled out.

Because the expansion of funded ELC to 1140 hours by 2020 is still being implemented, this evaluation report focusses primarily on the shorter-term objectives of building capacity for the increased ELC entitlement; providing high-quality, accessible, affordable and flexible ELC; and encouraging use of the entitlement by parents. The longer term aims of improved outcomes for children and parents will be explored in future reports.

Key findings

Building capacity for the increased ELC entitlement

- Comparing the delivery of funded ELC before and after the 2014 Act, it is estimated that between 2013 and 2016 the number of funded ELC hours delivered across Scotland increased by around 30%. This reflects both the expansion from 475 to 600 hours, and the extension of the funded entitlement to eligible two year olds.
- Over the same period the number of funded ELC capacity places for children increased by 4%, which was primarily created by an increase in capacity amongst local authority ELC providers and less so by increasing the number of funded places delivered through partner providers.

- There were differences between local authorities, with most showing an increase in capacity places and nine showing a decrease.
- Of the parents who don't use the entitlement for their eligible 2, 3 or 4 year old children, 17% gave as a reason in the 2017 ELC parent survey that there are no available providers near them (0.3% of all eligible parents).
- The total workforce in settings delivering funded ELC in terms of full-time equivalents grew by around 6% between 2013 and 2016.
- The number of full time equivalent (FTE) GTCS registered teachers in ELC settings providing the funded entitlement decreased from 1,032 in 2015 to 915 in 2017. While teacher numbers decreased, teachers are not the only staff members working in the ELC sector with specialist qualifications. There were 2,316 FTE graduates with relevant degree level qualifications working in settings providing funded ELC in 2017 (information collected for the first time in 2017), such as the BA in childhood practice introduced in 2009.

Flexibility

- Since the 2014 Act, which required local authorities to deliver more flexibility for parents, there has been a trend of increased flexibility of opening hours during the day. The percentage of places in local authority settings which operate before, during and after school hours increased from 19% in 2013 to 30% in 2016.
- Nonetheless, in 2016, more than half (56%) of places in local authority settings across the country were in a setting operating during school hours only.
- The percentage of funded places in local authority settings which operate during school holidays increased from 18% in 2013 to 23% in 2016.
- Private partner providers offer more flexibility for funded ELC than local authority providers. This is true for both operating hours during the day (in 2016, 66% of places in private partner providers were in a setting operating before, during and after school hours) and even more so for holiday provision (96% of places in partner providers were in a setting operating during school holidays, an increase of over 16 percentage points from 79% in 2013.).
- There is considerable variation across local authorities in the extent to which flexibility in operating hours and holiday provision is offered. Many, though not all, local authorities which offer limited flexibility are more rural or remote authorities. Whilst in most local authorities the percentage of places in settings providing funded ELC which operate before, during and after school hours increased between 2013 and 2016, in seven local authorities there was a decrease.
- In the 2017 ELC parent survey, most parents (71%) said they would prefer to use the future 1140 hours annual entitlement every or almost every week of the year as opposed to during school term-time only.
- Most parents (65%) also would prefer to use the 1140 hours in longer sessions on fewer days per week as opposed to shorter sessions spread over more days per week.
- In addition, there is considerable variation in the exact pattern in which parents would like to use the 1140 hours, and parents' preferences may change over time due to e.g. changing work requirements or older siblings

starting school, which suggests that fully flexible provision would also include the option for parents to easily change their patterns of use.

Accessibility

Geographical accessibility of ELC:

- The large majority (85%) of parents with children eligible for funded ELC live within 15 minutes of their main ELC provider. 13% travels between 15-29 minutes and 3% travels for 30 minutes or more. There were no significant differences for parents living in rural areas or in different SIMD (deprivation) areas.
- These travel time findings are similar across most parent groups, including parents living in urban and rural areas and parents living in different SIMD (deprivation) areas.

Awareness of the entitlement to funded ELC:

- Over a fifth of parents (22%) with eligible children who do not take up their current entitlement gave not being aware of the availability of funded childcare as a reason (0.4% of all eligible parents).
- Around half of all parents with children below 6 have definitely heard of the expansion to 1140 hours, and around a quarter had not heard of it. Lack of awareness is significantly higher amongst lower income parents and younger parents.

Accessibility for children with additional support needs:

- Although a relatively small proportion of parents of eligible children with additional support needs indicated that they are dissatisfied with their access to suitable ELC (17%), nearly half of all parents of eligible children with additional support needs mentioned having experienced one or more difficulties accessing suitable provision (48%).

Affordability

- 69% of parents with eligible children said they experienced some (52%) or significant (18%) affordability difficulties paying for ELC for their pre-school aged children in the past 12 months.
- Parents who pay for at least some of their ELC are estimated to spend an average of £494 per month for all children below school age.
- Estimates for the average cost to parents of purchasing an hour of ELC range from around £3.87 to around £4.45. In real terms, prices have been relatively stable over recent years.
- 52% of parents with eligible children who use the funded ELC entitlement also use paid ELC. This suggests that the expansion is likely to give considerable financial benefits to those parents.
- The net financial benefits may on average be lower for parents with lower incomes than those with higher incomes. This is because proportionately fewer parents with lower household incomes pay for childcare; and those who do on average spend less. Moreover, some of the benefits of the increased ELC entitlement for low-income households may be offset by the withdrawal of working tax credits which are partially linked to childcare expenditure and to income.
- Nonetheless, parents who pay for childcare in lower income groups on average spend a higher proportion of their income on childcare, and

proportionately more of them report difficulties affording childcare. In addition, if parents with lower incomes use the increased ELC hours to start paid employment or work more hours, this could reduce the difference in average net financial benefits for parents in higher and lower income groups.

Quality

- Overall, quality of funded ELC provision in Scotland is rated highly, and has remained broadly stable over the past 4 years, since before and after the expansion following the 2014 Act. In 2016, 92% of providers of funded ELC were graded good or better on all Care Inspectorate quality themes, compared to 93% in 2013.
- ELC providers providing the funded entitlement on average receive higher quality ratings than those not providing funded entitlement, of whom 71% were graded good or better on all quality themes in 2016. This followed a drop from 79% to 71% between 2014 and 2015 for providers not offering funded entitlement. More analysis would be needed to better understand the causes of this drop.
- There are no significant differences in the overall quality ratings of ELC providers between urban and rural areas, or different SIMD areas.
- The large majority of parents are satisfied with the quality of their main current provider of funded ELC.

Use of the funded ELC entitlement

Registrations for funded ELC

- Since 2012, almost all eligible 3 and 4 year old children have been registered to use their funded ELC entitlement (99%), but estimates suggest that just over a third of eligible 2 year olds are.
- A considerable proportion of the eligible parents who do not use funded ELC say this is because they don't want to, but another proportion say they were not aware of the entitlement, don't know how to apply, or are not able to access available or sufficiently flexible providers.
- Since 2012, around three quarters of ELC registrations have been with a local authority provider and around a quarter with a partner provider. Most parents with eligible children use a nursery with proportionately small numbers using a childminder, playgroup or other form of ELC.

Average hours of ELC used

- Comparing the six months immediately before and after the expansion to 600 hours in 2014, the average number of funded ELC hours parents report using for their 4 year old child increased by just over 1.5 hours per week.
- It is estimated that currently, parents who use the funded entitlement on average use 29 hours per week of regular childcare for 3 and 4 year olds (14 funded, 7 paid and 8 informal), and 25 hours per week for 2 year olds (13 funded, 3 paid and 9 informal).
- Around half of 3 and 4 year olds and around a third of eligible 2 year olds are reported to currently use 30 hours or more of regular childcare (including funded, privately paid and informal childcare).

- Around three quarters of parents with eligible children use funded ELC in combination with paid and/or regular informal provision. Only 16% of eligible parents use funded ELC only.

Expected use of the 1140 hours funded entitlement

- 75% of parents with children below six say they would use all or almost all of the future 1140 hours for a 3 or 4 year old if it offered the flexibility they needed, and 67% for a 2 year old.
- On average, expected use of the future 1140 hours is highest amongst parents who currently already use 30 hours or more per week, who currently pay for ELC, who currently experience difficulties affording ELC, and two-earner households.
- The most commonly mentioned reason why parents said they would use the 1140 hours was to work or look for work (mentioned by 78% of all parents who said they would use the increase in funded ELC if it were available now and provided the flexibility they needed).

1. Introduction

The expansion of funded early learning and childcare: background

In 2016, the Scottish Government published 'A Blueprint for 2020: Expansion of Early Learning and Childcare in Scotland'; a public consultation on its commitment to almost double the hours of government funded ELC to 1140 hours per year by 2020.¹ This increase follows a number of smaller expansions in the past decade. Parents and carers² in Scotland have had the opportunity to use funded ELC since 2002, though it was then called 'pre-school education'. This was initially 412.5 hours per year and increased to 475 hours in 2007. In 2014 the term 'early learning and childcare' (ELC) was formalised through the Children and Young People (Scotland) Act 2014 ('the 2014 Act'), and funded ELC increased to 600 hours per year for all three and four year olds and two year olds whose parents are in receipt of certain out of work benefits or on low pay, as well as two year olds who are Looked After.³ The 'Blueprint' consultation document set out the largest expansion of the ELC entitlement thus far by increasing it to 1140 hours per year by 2020.

The expansion of early learning and childcare: aims

The primary long-term aim of the expansion to 1140 hours of funded ELC is:

1. To support children's cognitive, social and emotional development, especially the most disadvantaged children.

A secondary aim of the expansion is:

2. To support more parents and carers in work, training or study, especially the most disadvantaged parents.

The Blueprint document set out four important further principles for the expansion:⁴

- *Quality*: The expansion should 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 ELC practitioners.
- *Flexibility*: The expansion should support parents and carers in work, training or study, and patterns of provision should be better aligned with working patterns whilst delivering this in a way that ensures a high quality experience for the child.
- *Accessibility*: ELC capacity should be sufficient and as conveniently geographically located as possible – particularly in areas of higher deprivation

¹ Scottish Government, *A Blueprint for 2020: Expansion of Early Learning and Childcare in Scotland Consultation*, 15 October 2016, <http://www.gov.scot/Publications/2016/10/1665>.

² In this report the shorthand 'parents' is used, but this is meant to include any principal carers of children.

³ This includes two year olds who are looked after by a local authority, the subject of a kinship care order, or have a parent-appointed guardian.

⁴ See the Blueprint consultation document (footnote 1) but also *A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland 2017-18 Action Plan*, 23 March 2017, <http://www.gov.scot/Publications/2017/03/8937/0>

and in rural communities – to support families and enable parents and carers to work, train and study, while also appropriately meeting the needs of children who require additional support and parents who request ELC through the medium of Gaelic.

- *Affordability*: the expansion should increase access to affordable ELC to help to reduce barriers to participating in the labour market which parents and carers face.

Rolling out the expansion

Local authorities are responsible for implementation and delivery of ELC to their local communities. It is recognised that existing ELC provision will have to be transformed to deliver 1140 hours by 2020. The expansion will require substantial levels of investment in workforce and infrastructure which will be phased in from 2017-18 onwards to ensure that the required capacity is in place by 2020.

Local authorities have flexibility to determine the most appropriate way to phase in entitlement in their local area as they build capacity. This should reflect the Scottish Index of Multiple Deprivation (SIMD)⁵ to ensure that families and communities who stand to benefit the most from the expansion benefit first. All 32 authorities submitted their first expansion plans in autumn 2017, which provided further detail of their approach to phasing in the expansion to 1140 hours.

Early learning and childcare trials

The Scottish Government is funding delivery model trials in 14 local authorities across Scotland to test out different ways in which the 1140 hours ELC can be delivered and to provide learning for the national ELC expansion. All trials run for between 6-12 months but they started at different times, with the first trial having started in December 2016 and the last trial ending in June 2018.

A report with the learning from the trials will be published in summer 2018, and initial learning has already been gathered and shared with all local authorities to assist in their ELC expansion planning.

⁵ The Scottish Index of Multiple Deprivation (SIMD) identifies small area concentrations of multiple deprivation across Scotland, and ranks them from most to least deprived. It combines indicators of deprivation across 7 domains: income, employment, health, education, skills and training, housing, geographic access and crime. For more information see <http://www.gov.scot/Topics/Statistics/SIMD>.

Evaluating the early learning and childcare expansion

The illustration below shows the policy's main shorter-term aims and how these are expected to lead to its long-term aims.

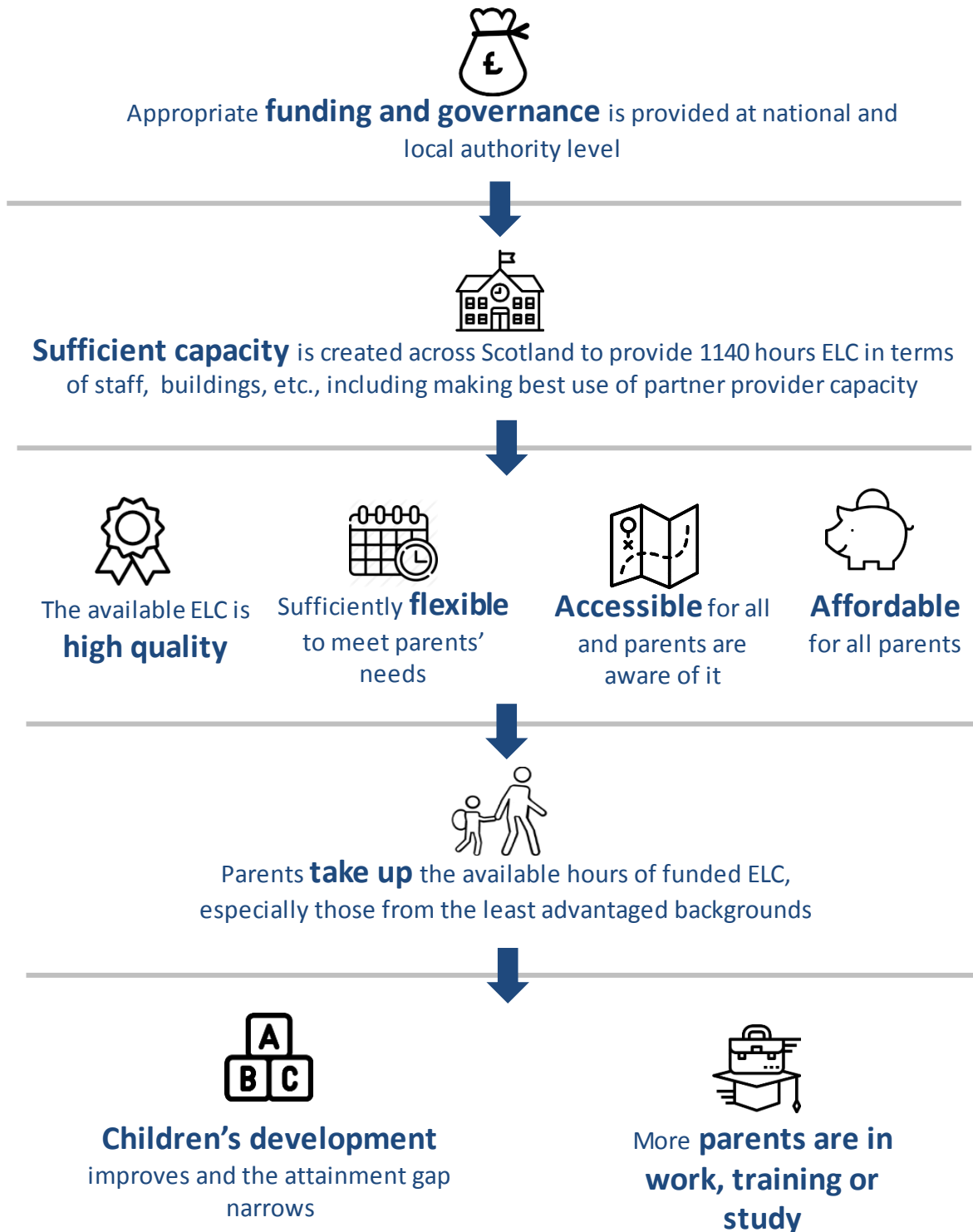


Figure 1: High-level theory of change ELC expansion policy

More detailed 'theories of change' of how the policy is intending to achieve better child and parent outcomes can be found in a published evaluability assessment on the ELC expansion policy.⁶ This was conducted by NHS Health Scotland in collaboration with the Scottish Government and other stakeholders.

Recommendations from this evaluability assessment informed the monitoring and evaluation strategy for the ELC expansion, which the Scottish Government developed with support from a Monitoring and Evaluation Working Group of key stakeholders (see annex 1). The objectives of the evaluation are to:

- a. Provide learning to inform and, if needed, help to improve the implementation of the ELC expansion to 1140 hours as it is being rolled out.
- b. Monitor and evaluate the extent to which the expansion to 1140 hours is achieving its short, medium and long-term aims.
- c. Explore the impact of the expansion to 600 hours and eligible two year olds after the 2014 Act.

Detailed evaluation questions have been formulated together with stakeholders.⁷ To answer these questions a range of data sources are used, including for example statistical data collections, surveys, the longitudinal Growing Up in Scotland (GUS) study, financial data, literature reviews and focus groups.

The monitoring and evaluation strategy is a long-term strategy, looking ahead to 2020 and beyond, because the ultimate aims of the ELC expansion (to improve children's development and support more parents into work, study or training) are longer-term aims as well. This is partly because the expansion to 1140 is not scheduled to be completed until 2020, and partly because it can take time before measurable changes in children's development and parents' labour market participation happen as a result of a change in policy.

However, that does not mean that we have to wait until then to start evaluating the policy. In order to achieve its long-term aims the policy has a number of shorter-term aims and we can already start monitoring the policy's progress towards these.

Aims and structure of this report

This first evaluation report will provide evidence on all the aims illustrated in figure 1 above, but the emphasis will be on the shorter-term ones. The intention of the report is to a) provide a picture of how things stand at the moment as a baseline for comparing changes in the coming years as the expansion to 1140 is further rolled out; b) provide evidence on the expansion following the 2014 Act; c) provide learning to inform and support the expansion to 1140 hours by 2020.

The report is structured along the lines of the policy aims illustrated in figure 1 above. It first presents evidence on capacity for providing more hours of ELC (chapter 2),

⁶ NHS Health Scotland, *Evaluability assessment of the expansion of early learning and childcare*, 2017, <http://www.healthscotland.scot/publications/evaluability-assessment-of-the-expansion-of-early-learning-and-childcare>.

⁷ See NHS Health Scotland, *Evaluability assessment of the expansion of early learning and childcare*, 2017, <http://www.healthscotland.scot/publications/evaluability-assessment-of-the-expansion-of-early-learning-and-childcare>.

flexibility of the ELC offered (chapter 3), accessibility (chapter 4), affordability (chapter 5), the quality of ELC (chapter 6), parents' current and future use of the available hours (chapter 7), and longer-term outcomes for children and parents (chapter 8). Chapter 9 brings together and reflects on the key findings from across the report.

Throughout the report, differences between different groups of parents and children will be analysed wherever possible, in terms of people living in different parts of the country, in urban or rural areas, in different areas of multiple deprivation (SIMD), parents in different income groups, with English as an additional language, children with different ages, and children with additional support needs.

Follow-up evaluation reports will be published in future years to provide regular updates on progress and consideration of new evidence as it becomes available.

Limitations and evidence gaps

This report gives an overview of evidence currently available on the ELC expansion. This is partly evidence from existing data collections, and partly new research and analysis undertaken specifically to monitor and evaluate the ELC expansion programme. However, there are still several aspects of the expansion on which limited evidence is available.

For example, while this report will present evidence on the extent to which additional capacity has been created since 2014, it is not in the position to compare this to how much capacity would have needed to be created to provide for the 600 hours ELC entitlement in the most efficient way possible.

In addition, figure 1 includes governance and funding of the ELC expansion as a key driver for the success of the expansion, but no evidence on this will be presented in this report. (However, Audit Scotland will publish a report on the ELC expansion in 2018 in which the governance of the expansion will be one of the topics reviewed, and the Scottish Government published a financial review of early learning and childcare in September 2016.⁸)

In the coming years we will undertake new data collections and analysis to be able to provide a more complete picture of the ELC expansion, and include these in future evaluation reports. For example, qualitative research with parents (particularly those living in our more disadvantaged communities and those with children with additional support needs) has been commissioned to take place in 2018, new questions on ELC will be included in the Scottish Household Survey from 2018/19 onwards and a Data Transformation Project⁹ is underway to improve the data collected in the annual ELC census.

Finally, this report focuses primarily on the aims of the expansion policy illustrated in figure 1 above. It does not assess wider impacts of the policy (either positive or negative) on, for example, the private childcare sector or ELC workforce. Yet as the expansion to 1140 hours is rolled out such wider impacts will also be incorporated into the monitoring and evaluation of the policy where possible.

⁸ Scottish Government, *Financial review of early learning and childcare in Scotland: the current landscape*, 2016, <https://beta.gov.scot/publications/financial-review-early-learning-childcare-scotland-current-landscape/pages/10/>

⁹ For more information see <http://www.gov.scot/Topics/Statistics/Browse/Children/ELCData/ELCDTP>.

Exploring parents' views on ELC: the 2017 ELC parent survey

A key source of information for this report is the 2017 ELC parent survey. The Scottish Government commissioned independent research company Craigforth to conduct a nationally representative survey amongst parents of children below 6 on their use of, experience with and views on ELC. The survey ran from the end of August until the end of September 2017.

An important aim of the survey was to ensure the voices of different groups of parents were included, such as parents with English as an additional language, with children with additional support needs, in lower income groups, in more deprived areas, and parents from both rural and urban areas. For that reason the survey was promoted to as many parents as possible, especially to parents from the above groups, with the help of stakeholders from across the country. As a result, the survey received a total of 10,526 responses which allowed us to look at differences in experiences and preferences between different groups of parents. In addition, where certain groups of parents were still slightly underrepresented (in urban areas and the most deprived areas) the survey data has been weighted to correct for this and make survey findings representative of all Scottish parents with children below 6.

The key findings from the survey are reported for the first time in this evaluation report. A full survey report will be published in 2018, together with findings from qualitative research which is scheduled for early 2018 to explore in more detail some of the survey's findings.

More detail on the survey is provided in annex 2.

2. Capacity

Key findings

- Comparing the delivery of funded ELC before and after the 2014 Act, it is estimated that between 2013 and 2016 the number of funded ELC hours delivered across Scotland increased by around 30%. This reflects both the expansion from 475 to 600 hours, and the extension of the funded entitlement to eligible two year olds.
- Over the same period the number of funded ELC capacity places for children increased by 4%, which was primarily created by an increase in capacity amongst local authority ELC providers and less so by increasing the number of funded places delivered through partner providers.
- There were differences between local authorities, with most showing an increase in capacity places and nine showing a decrease.
- Of the parents who do not use the entitlement for their eligible 2, 3 or 4 year old children, 17% gave as a reason that there are no available providers near them (0.3% of all eligible parents).
- The total workforce in settings delivering funded ELC in terms of full-time equivalents grew by around 6% between 2013 and 2016.
- The number of full time equivalent GTCS registered teachers in ELC settings providing the funded entitlement decreased from 1032 in 2015 to 915 in 2017. While teacher numbers decreased, teachers are not the only staff members working in the ELC sector with specialist qualifications. There were 2,316 FTE graduates with relevant degree level qualifications working in settings providing funded ELC in 2017, such as the BA in childhood practice introduced in 2009 (information collected for the first time in 2017).

An important condition for the success of the ELC expansion is that enough capacity is available to provide the hours of funded ELC across the country. This was true after the expansion in 2014 from 475 to 600 hours and to eligible two year olds, and even more so for the further expansion to 1140 hours by 2020.

To ensure that enough capacity is available by 2020, local authorities have to assess how many children will likely be eligible to the entitlement by 2020, and ensure sufficient ELC workforce and suitable infrastructure will be available by then, as well as other arrangements such as lunch provision if children stay longer hours.

This chapter gives an overview of evidence available on changes in the capacity for funded ELC. It will primarily focus on changes between 2013/14 and 2016/17, thereby providing both an indication of the change in capacity after the ELC expansion from 475 to 600 hours in 2014, and baseline measures for further monitoring change in capacity while the expansion to 1140 hours is being rolled out in the coming years.

Registered capacity places

Local authorities provide the funded ELC entitlement either directly in local authority settings or procured from partner providers in the private and voluntary sectors. Overall, local authority settings constitute the majority of funded ELC provision across Scotland

A key measure of the available supply of ELC places is ‘registered capacity’ which captures the maximum number of children that can receive ELC at any one point in time. Between 2013 (before the expansion of the ELC entitlement to 600 hours) and 2016 the registered capacity in Scotland increased by 4% from **107,725** to **111,884**.¹⁰

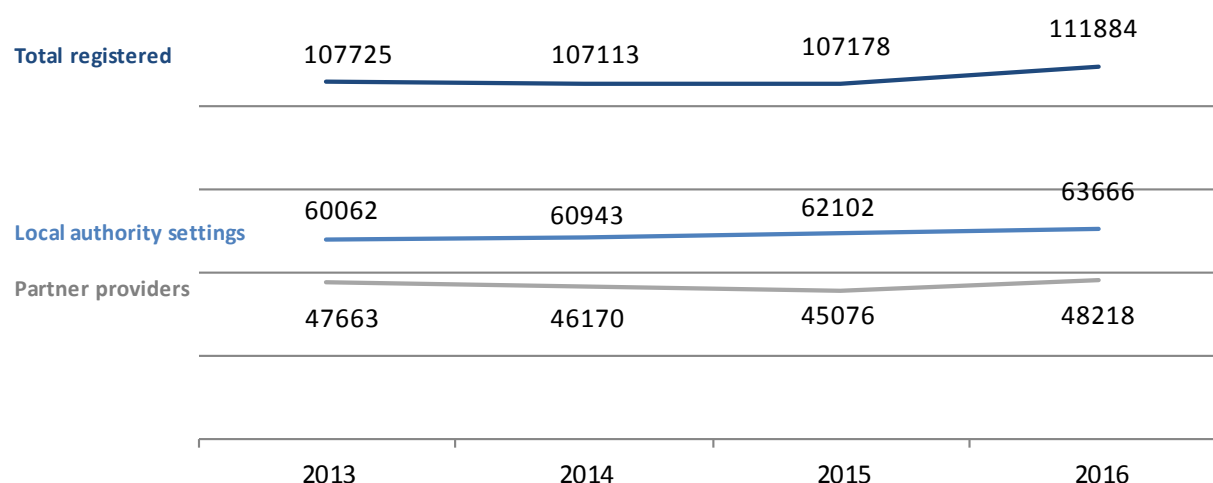


Figure 2: Registered funded ELC capacity places in Scotland by provider category

This growth of capacity has been predominately in the local authority settings; rising year on year between 2013 and 2016 from 60,062 to 63,666. Partner provider capacity declined between 2013 and 2015 from 47,663 to 45,076, and then increased substantially between 2015 and 2016 to 48,218. As registered capacity in partner providers also includes places receiving non-statutory unfunded ELC, drivers of demand and supply will be different from local authority settings.¹¹

The 2017 ELC parent survey asked parents who don't take up their ELC entitlement for eligible 2, 3 and 4 year old children for their main reasons for this: **17%** of them gave as a reason that there are no available providers near them. This means that **0.3%** of all parents with eligible children say they are not using the funded entitlement because there are no available providers near them.

¹⁰ Information on capacity has been derived by using data provided by the Care Inspectorate of all operating settings in Scotland as at 31 December 2016 and extracting data for settings providing funded ELC as identified in the Scottish Government ELC census in September 2016. Some of the data in the ELC census and Care Inspectorate data could not be matched, but this method provided the most accurate information possible.

¹¹ There are also local authority settings that provide unfunded places, or additional ‘wrap-around’ hours to funded children, but likely to a smaller extent than happens in private partner providers.

Registered capacity places across local authorities

Between 2013/14 and 2016/17 registered capacity places increased in most local authorities, with nine showing a decrease in capacity places:

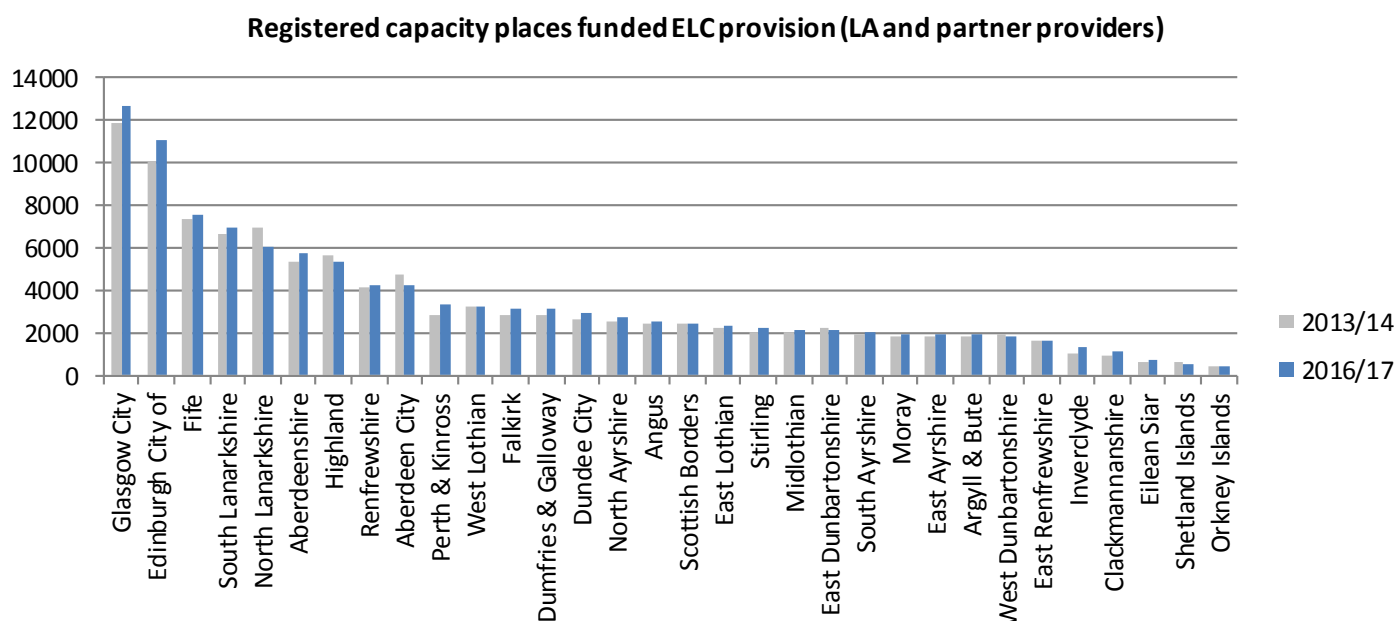


Figure 3: Registered capacity places funded ELC provision (local authority and partner providers)

Figure 4 below shows that at a local authority level, the most substantial changes from 2013/14 to 2016/17 in registered capacity occurred in the partner provider sector. For example, in one local authority capacity in partner provider settings increased by 56% while in another it fell by 37%, due to changes in the number of partner settings providing the funded entitlement. In local authority settings the largest increase in registered capacity was 28%, and the largest decrease was 7%. Only five local authorities reported a decline in capacity in local authority settings, the majority reporting some level of growth between 2013/14 and 2016/17. More research would be needed to understand these differences; they might, for example, reflect differences in population trends across local authorities.

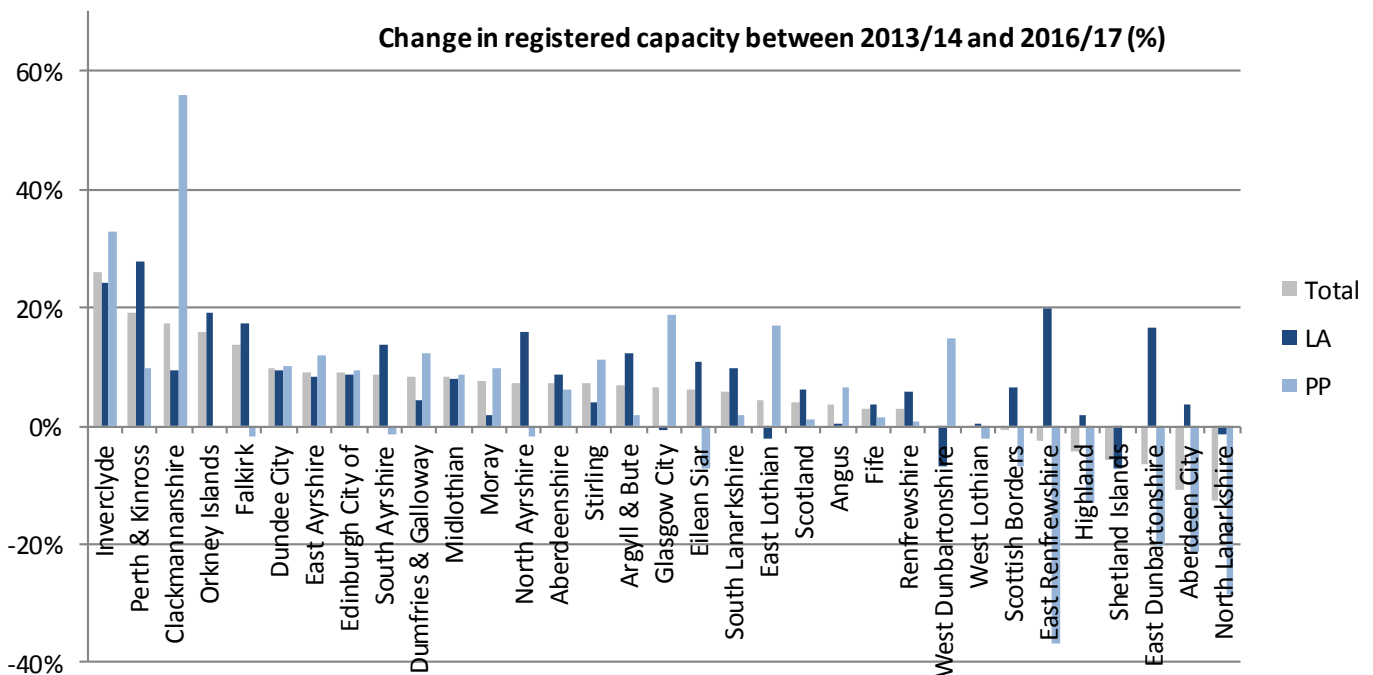


Figure 4: Change in registered capacity between 2013/14 and 2016/17 (%)

Registrations to capacity ratio

While each ELC provider has a number of capacity places that represent the maximum number of children permitted in a setting at any one point in time, different children can use a single capacity place over a period of time. For example, if a setting is open from 8am to 4pm, one child may use the capacity place from 8am to 12pm, and another child can use the place from 12pm to 4pm. In this example there is a 2:1 registrations to capacity ratio. Or in other words: two children registered per one capacity place.

The ratio of registrations to registered capacity can provide an insight into the utilisation of capacity of local authority settings and give an indication of how much unused space there is in the local authority ELC system.¹² The maximum possible number of registrations per capacity place depends on the average use of hours, operating times of ELC settings, and physical capacity places in the ELC system. Due to a lack of suitable information collected on the amount of hours used there is a limit to how much can be determined.

However, assuming children only receive their 600 hours entitlement, the maximum possible ratio will be around 2 registrations per capacity place in a setting that operates only during school term-time and school-hours, and up to 4 registrations per capacity place in a setting open all year and for extended hours. As will be further discussed in chapter 3, the majority of local authorities are increasing

¹² The analysis is limited to local authority settings because the registration data includes only children receiving the funded entitlement and thus provides only a partial picture of registrations in partner providers.

the provision of extended operating hours, which means that currently the theoretical maximum number of registrations per capacity place is between 2 and 4.



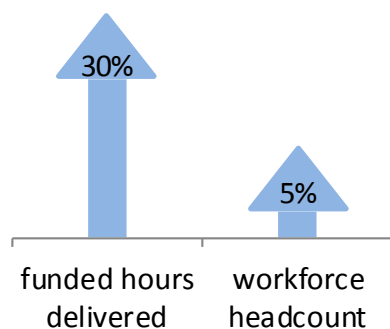
Between 2015/16 and 2016/17, an additional **1,564** capacity places were created in local authority ELC settings. This means that the ratio of registrations to capacity remained broadly stable at **1.48** children registered per capacity place.

Other things being equal, fewer registrations to capacity places suggest that ELC is being delivered less efficiently with more unused capacity in the system. However, if children are having longer hours of ELC,¹³ a lower ratio may not mean that there is more unused capacity (because the registration figures do not take account of how long children spend in ELC). Chapter 7 will show evidence that immediately after the expansion to 600 hours in 2014 children indeed increased their average hours, but there is currently no robust evidence on whether an increase in the average hours children spent in ELC took place between 2015/16 and 2016/17.

At the national level the number of registrations to a capacity place is 1.48, but there is variation between local authorities. Island and large rural authorities showed the lowest number of registrations to capacity – close to a 1 to 1 basis. At the opposite end of the spectrum, the highest registrations per capacity ratio in a local authority is 1.79 children registered per one capacity place.

Workforce

A crucial aspect for building enough capacity to provide the 1140 hours is the availability of sufficient and suitably qualified ELC staff.



Since the expansion of the funded entitlement from 475 hours to 600 hours, the size of the workforce headcount in settings delivering the funded entitlement has overall changed little: increasing by only around **5%** between 2013 and 2016 while estimated hours of funded ELC delivered has increased by around **30%** (including both the extra hours from the expansion from 475 to 600 hours and to additional eligible two year olds).

This finding might indicate an efficiency saving in the provision of ELC, but the figures should be interpreted with caution because the workforce figures for partner providers (and to a lesser extent in local authority providers) also include non-funded hours of ELC which may be provided in addition to the funded entitlement. If the increase in funded hours mostly replaced 'wrap around' self-funded hours, there would not have been a requirement for the workforce to increase as total hours (funded and non-funded) would have remained relatively stable. More analysis would be needed to better understand the difference between the increase in hours of ELC delivered and increase in workforce.

¹³ For example, parents might buy additional 'wrap around' hours on top of the funded hours.

Figure 5 below gives a breakdown of the 5% increase in workforce headcount between 2013 and 2016. It shows that workforce growth in the local authority sector between 2013 and 2016 was 17%, but that this was offset by declines in the workforce in private (-2%) and voluntary (-13%) settings delivering the entitlement.¹⁴ It should be noted that this might be due to local authority settings increasing their share of the funded provision and the share of partner provider settings reducing, rather than an actual reduction in the overall private and voluntary workforce (funded and non-funded settings).

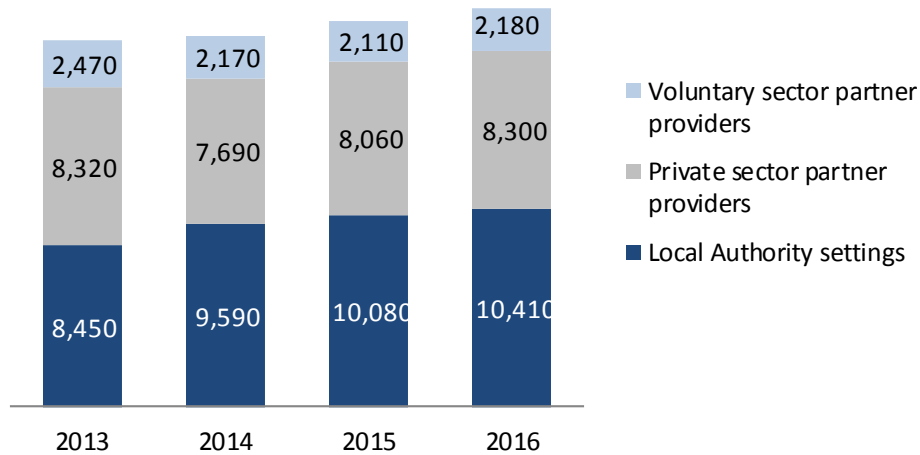
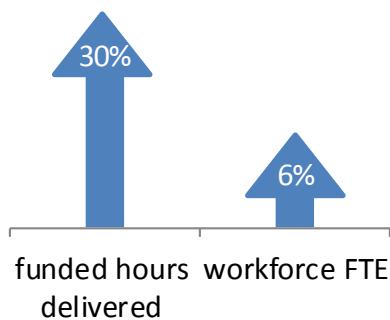


Figure 5: Headcount ELC workforce in providers delivering the funded entitlement



When taking account of hours worked, and measuring workforce change on the basis of full-time equivalents, the growth between 2013 and 2016 has been slightly larger but still relatively small: a little more than **6%** (19% in the local authority sector, 1% in the private sector and 6% in the voluntary sector) compared to an overall increase of funded ELC hours delivered of around 30%).

As above, this finding might indicate an efficiency saving in the provision of ELC, although the figures should be interpreted with some caution because the workforce figures also include non-funded hours of ELC that settings may provide in addition to the funded entitlement, and the difference might also reflect a replacement of privately-paid wrap around hours by funded hours after the expansion.

Qualifications of workforce and additional graduate commitment

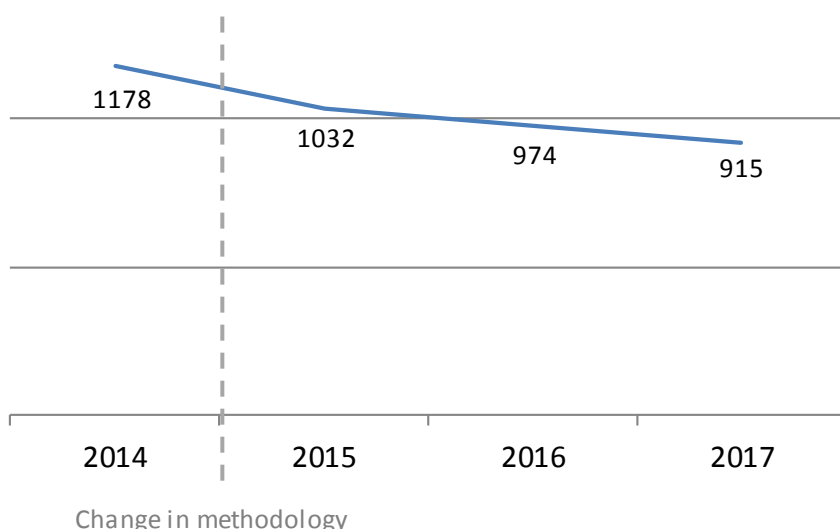
To ensure that the quality of ELC does not suffer as the workforce grows, it is important that new and existing staff are sufficiently qualified. As part of this, the

¹⁴ This data is based on settings which self-identified as providing the funded entitlement when responding to the Care Inspectorate annual return, and workers categorised as C2, C3, C4 by the Care Inspectorate.

Scottish Government has made the commitment that by August 2018, nurseries in the most deprived areas will benefit from an additional graduate (435 additional graduates in total); either a graduate practitioner with a relevant degree or a teacher with Early Years expertise.¹⁵ For this, the government is investing £1.5 million in 2017-18 to fund additional places for teacher training and the BA Childhood Practice award.

Teacher numbers and other degree-level qualified staff

Figure 6 below shows the number of full time equivalent (FTE) GTCS registered teachers in local authority centres or local authority partners providing the ELC entitlement. It shows that this number decreased from 1,178 in 2014 to 915 in 2017. Since 2014, as part of on-going quality assurance measures, an additional check was put in place in the ELC census to eliminate double counting of teachers working in both ELC and schools. As a result, caution should be exercised when comparing the 2014 data with data after 2014.



Change in methodology
 Figure 6: Number of FTE GTCS registered teachers in local authority and partner provider ELC settings¹⁶

More information can be found in the Scottish Government's annual Early Learning and Childcare statistical publication and additional tables.¹⁷

While a decline can be seen in the number of FTE teachers in funded ELC providers, teachers are not the only staff members working in the ELC sector with specialist qualifications. There are also graduates with qualifications relevant to early years, such as the BA in Childhood Practice, which was introduced in 2009. The number of these graduates is higher than the number of teachers. In 2017 there were 2,316 FTE graduates with relevant degree level qualifications working in funded ELC providers. In 2017 there were also 994 FTE staff working towards the benchmark

¹⁵ See <http://www.gov.scot/Topics/People/Young-People/early-years/ELCTrials/AdditionalGraduateCommitment>.

¹⁶ This excludes home visiting teachers.

¹⁷ Scottish Government, Early Learning and Childcare Summary statistics and additional Early Learning and Childcare Tables, <http://www.gov.scot/Topics/Statistics/Browse/Children/Pubs-Pre-SchoolEducation>

degree level qualifications required by the SSSC for registration as a manager / lead practitioner.

The table below shows the number of staff members in ELC settings¹⁸ with or working towards relevant degree level¹⁹ qualifications, other than teachers, in 2017 (in terms of headcount, not FTE):

	With a relevant degree level qualification	Working towards a relevant degree level qualification
Manager/Lead practitioner	1,154	470
Practitioner	1,446	596
Support Worker	48	42
Other	23	11

This information was collected for the first time in the 2017 ELC census.²⁰ It will be collected annually from now on and used to monitor changes in the number of graduates in the coming years as the expansion to 1140 is rolled out.

To further monitor and evaluate the additional graduate commitment and other graduate-level ELC staff the Care Inspectorate has agreed with the Scottish Government to make additional graduates a specific focus area for the inspection year 2019-2020. This will assess amongst others to what extent graduate-level staff in ELC providers are employed in a way that promotes the delivery of high quality ELC and child development, as well as provide learning on good practice and barriers faced.

¹⁸ This includes local authority settings and local authority partner providers who offer the funded entitlement, but excludes any childminders (who might also be providing the funded entitlement).

¹⁹ Scottish Credit and Qualifications Framework (SCQF) level 9 or above.

²⁰ <http://www.gov.scot/Topics/Statistics/Browse/Children/Pubs-Pre-SchoolEducation/ELCAdditionalTables2017>

Parents' views on building capacity

The 2017 ELC parent survey provided parents with an opportunity to provide any other comments in relation to the planned expansion of funded ELC entitlement. 29% (over 3000) of survey participants provided comments here. A large majority of these (around 3 in 4) were positive comments in support of the planned expansion.

This included a large number of parents providing short statements expressing general support for the expansion, including some who wished to see the expanded entitlement introduced earlier. One parent said, for example:

“The cost of childcare made it difficult for me to justify going back to work. I went back part time but barely covered the costs and I now work full time. My husband...works shifts and this is the only way we manage to juggle childcare versus cost. I wish this funding had been available to us but I really welcome it being made available for others in the future. I really believe mothers should have the option to work if they wish and currently with two children or more this option is taken from many on lower salaries!”

Other, less positive comments included some parents (around 1 in 7 of those making comments) who seemed broadly supportive of the planned expansion but who also raised concerns about how the expansion will be delivered. For example, one parent said

“Extension of hours will not necessarily help all working parents, or encourage them to choose other service provision away from private providers because wrap around care will still not be provided by some nurseries; therefore the extension of hours will not necessarily increase choice to parents.”

Parents also raised some concerns about whether sufficient capacity and resources will be available to deliver the additional hours. This included references to difficulties encountered in securing suitable provision in some areas. Some specifically questioned the extent to which local authority nurseries would have sufficient capacity to deliver the expanded entitlement and asked if and how other providers would have a role here.

“A lot of consideration needs to come in on how nurseries will cope with this change. Numbers and places are already stretched in many places. Partner providers could seriously struggle to accommodate this.”

“The traditional nursery or school day does not work or fit around parents' working hours - will Childminders and 'wrap around' care facilities be able to provide this?”

3. Flexibility

Key findings

- Since the 2014 Act, which required local authorities to deliver more flexibility for parents, there has indeed been a trend of increased flexibility of opening hours during the day. The percentage of places in local authority settings providing funded ELC which operate before, during and after school hours increased from 19% in 2013 to 30% in 2016.
- Nonetheless, in 2016, more than half (56%) of places in local authority settings across the country were in a setting operating during school hours only.
- The percentage of funded places in local authority settings which operate during school holidays increased from 18% in 2013 to 23% in 2016.
- Private partner providers offer more flexibility for funded ELC than local authority providers. This is true for both operating hours during the day (in 2016, 66% of places in private partner providers were in a setting operating before, during and after school hours) and even more so for holiday provision (96% of places in partner providers were in a setting operating during school holidays, an increase of over 16 percentage points from 79% in 2013).
- There is significant variation across different local authorities in the extent to which flexibility in operating hours and holiday provision is offered. Many, though not all, local authorities which offer limited flexibility are more rural or remote authorities. Whilst in most local authorities the percentage of places in settings providing funded ELC which operate before, during and after school hours increased between 2013 and 2016, in seven local authorities there was a decrease.
- In the recent ELC parent survey, most parents (71%) said they would prefer to use the future 1140 hours annual entitlement every or almost every week of the year as opposed to during school term-time only.
- Most parents (65%) also prefer to use the 1140 hours in longer sessions on fewer days per week as opposed to shorter sessions spread over more days per week.
- In addition, there is considerable variation in the exact pattern in which parents would like to spread the 1140 hours, and parents indicate that their preferences may change over time due to e.g. changing work requirements or older siblings starting school. This suggests that fully flexible provision would also include the option for parents to easily change their patterns of use.

The aim of the ELC expansion is that parents will receive not only more hours of funded ELC, but also more flexibility in terms of when and where to use these hours. The intention is that increased flexibility would support more parents to work, train or study. When government-funded ELC was introduced in Scotland in 2002 (then called 'pre-school education') this was normally delivered in blocks of 2.5 hours per day over 33 weeks. After the expansion of ELC to 600 hours per year in 2014, this was initially generally delivered via five 3 hour 10 minute sessions per week over 38 weeks, but the 2014 Act placed a statutory duty on local authorities to deliver more choice and flexibility of hours of provision, based on local consultation with parents every two years. The Scottish Government also provided additional funding to local authorities to support the increase in flexibility required as part of the Act.

This chapter provides evidence on changes in flexibility of ELC provision between 2013 and 2016, and parents' needs and preferences for times and types of ELC provision. As such, it aims to explore to what extent the commitment for flexibility in the 2014 Act has been delivered; provide a baseline for monitoring and evaluating the flexibility of ELC provision as the expansion to 1140 hours is rolled out in future years; and inform the implementation of the ELC expansion to 1140 hours.

Flexibility since the expansion in 2014

Flexibility in opening hours

A comparison of the opening hours of local authority ELC settings since the 2013-14 academic year shows that there has been an overall trend of increased flexibility in opening hours since the 2014 Act. Figure 7 below shows that the number of places²¹ in local authority settings providing funded ELC which only operate during school hours has fallen from **74%** in 2013 to **56%** in 2016.²² Conversely, in local authority settings offering ELC before,²³ during and after school hours, the number of places has increased from **19%** in 2013 to **30%** in 2016.²⁴

²¹ This includes both funded places and any non-funded places that local authority settings which offer funded ELC might offer to children not eligible to the funded entitlement.

²² This information is based on data from the Care Inspectorate on the proportion of funded places in local authority, private partners and voluntary settings with operating hours outside of school hours. As with some of the information in the previous chapter, it should be noted that this does not necessarily mean that all funded places are available at these hours. Moreover, as there is no information on how many places are available at different times, the capacity is taken as uniform over the stated operating hours as this captures the maximum potential places available at any one time. Moreover, many settings will have more children registered than available capacity places, which is due to a capacity referring to 'a place' in the setting. For example if the setting is operating for 8 hours, then one place may be shared by two children in separate 4 hour sessions.

²³ The wording in the Care Inspectorate's annual return for early morning provision changed in 2015 from 'Breakfast or pre-school' to 'Breakfast or before school hours', which led to a reduction in services ticking this option. Hence, the figures for 2015 and 2016 cannot be accurately compared to 2013 and 2014 for early morning provision.

²⁴ For more information see Care Inspectorate, *Early Learning and Childcare Statistics 2016* <http://www.careinspectorate.com/index.php/statistics-and-analysis>. For the calculations in this report, the annual ELC Census has been used to derive the list of settings providing funded ELC. This has minor differences to the Care Inspectorate list of settings and therefore the figures cited here do not exactly match the figures in the Care Inspectorate publication.

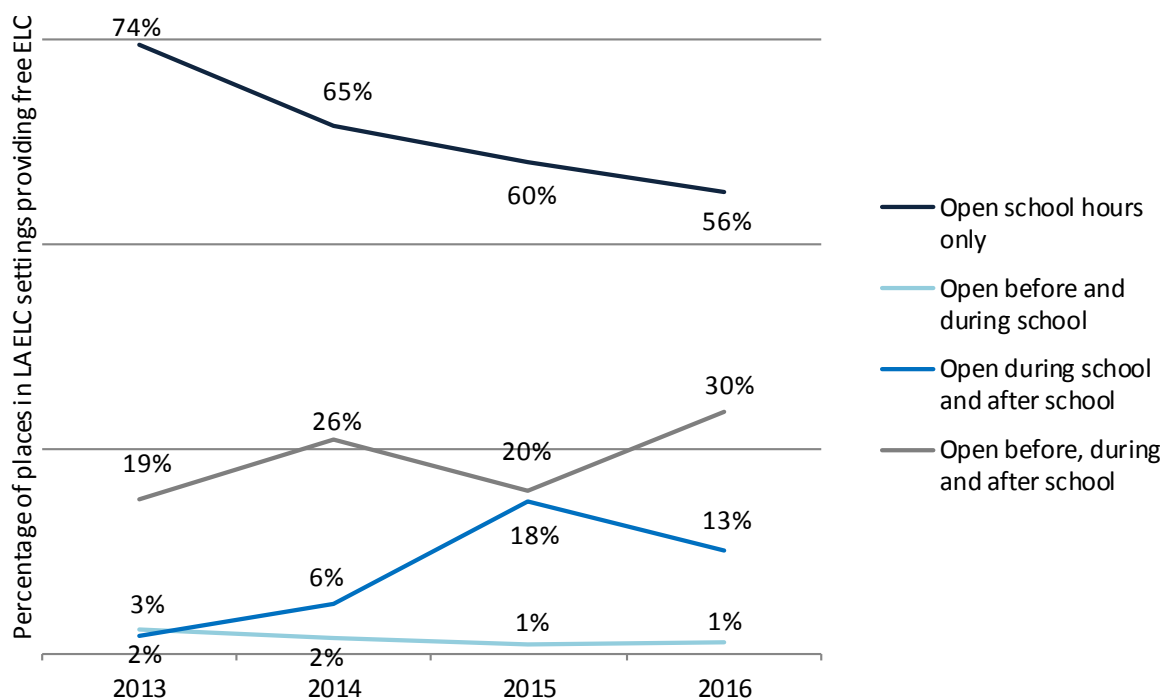


Figure 7: percentage of ELC places in local authority settings providing funded places with flexible opening hours

The private sector provides significantly more flexible options for funded ELC than local authority ELC settings. In 2016, **66%** of places in a private setting providing funded ELC were in a setting operating before, during and after school hours, compared to **30%** for local authority settings providing funded ELC.

Yet in contrast with the increase in flexibility in local authority providers, for private partner providers the percentage of ELC places that were in settings operating before, during and after school time remained relatively stable between 2013 and 2016, decreasing from 69% in 2013 to 66% in 2016.

Holiday provision

Between 2013 and 2016 flexibility of local authority ELC settings has also increased in terms of provision during school holidays, although the increase was smaller. In 2016, **23%** of ELC places in local authority settings were in settings operating during school holidays, an increase of 5 percentage points from **18%** in 2013.

In the private sector holiday provision is much more common and also saw a larger increase. In 2016, the proportion of ELC places in private partner provider settings offering funded places that operate during school holidays was **96%**, an increase of over 16 percentage points from **79%** in 2013. This is illustrated in figure 8 below.

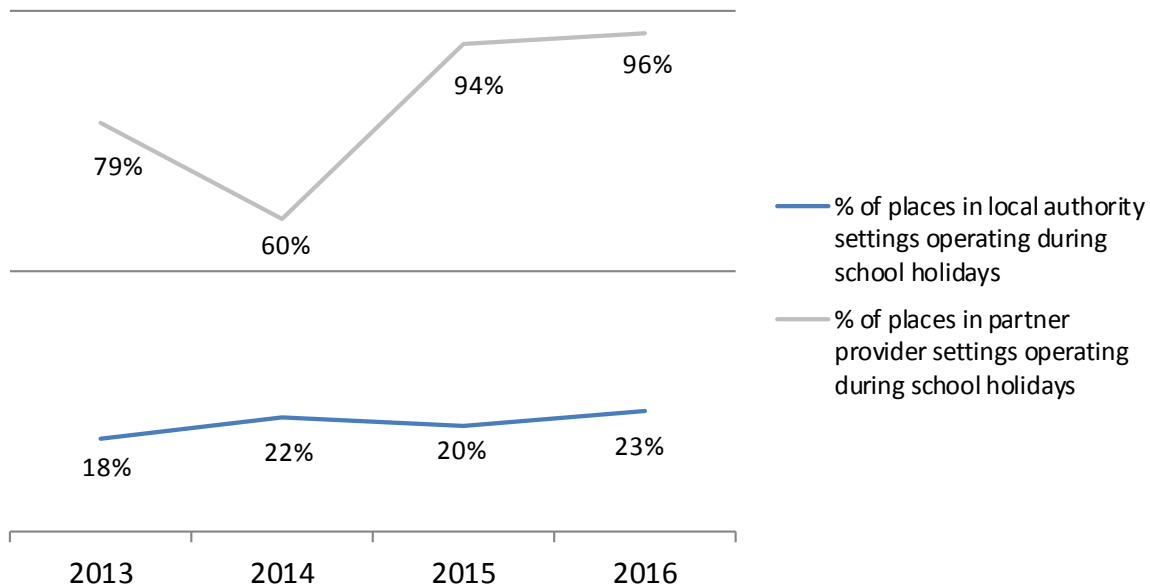


Figure 8: Percentage of places in settings providing the funded ELC entitlement which operate during school holidays

Differences between local authorities

So far, the flexibility of ELC and changes since 2013 described in this report have focused on Scotland as a whole. Yet there are significant differences between local authorities, as can be seen in figure 9 below. For example, while in one local authority 95% of ELC places in local authority settings were in settings open before, during and after school hours in 2016, in some other local authorities this was 0%. Many of the local authorities with no or very few ELC places in settings with extended opening hours are more rural and/or remote authorities – though not all of them.

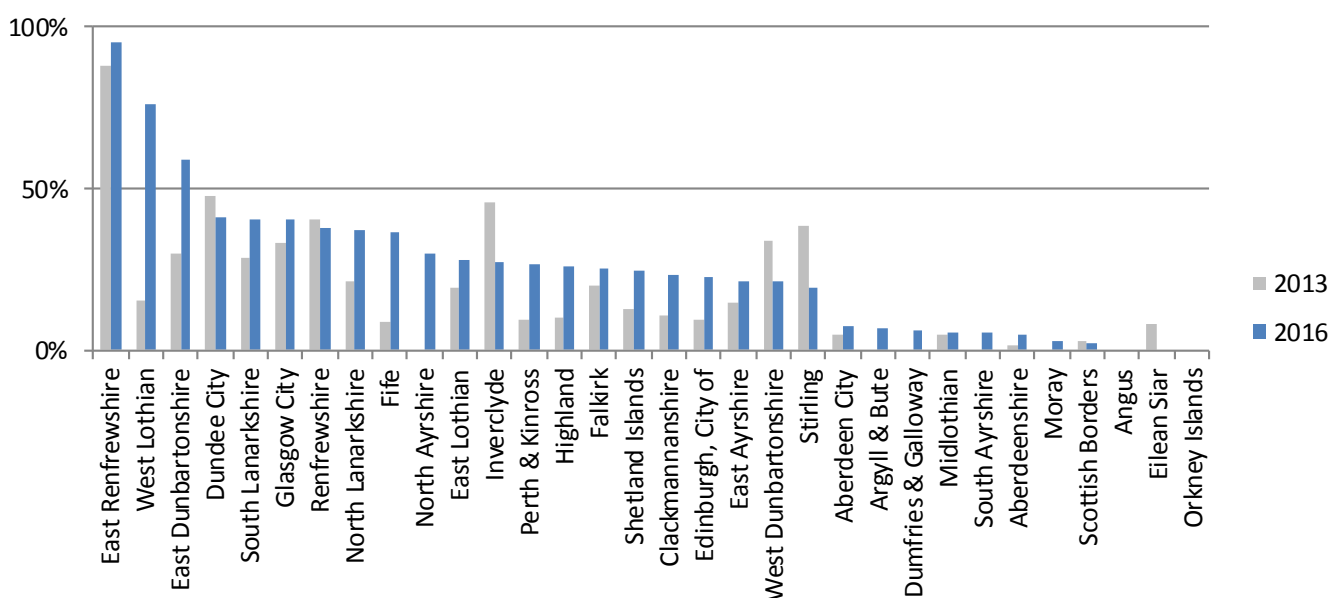


Figure 9: Percentage of places in local authority ELC settings providing services before, during and after school hours

Figure 9 above also shows some differences in changes in flexibility between 2013 and 2016. Whilst in most local authority settings the percentage of places offering provision before, during and after school hours increased, in seven local authorities there was a decrease.

There are also differences between local authorities in holiday provision, as can be seen in figure 10 below. For example, while in some local authorities no ELC places in local authority settings in 2016 were in settings offering holiday provision, in other authorities more than half of funded places were.

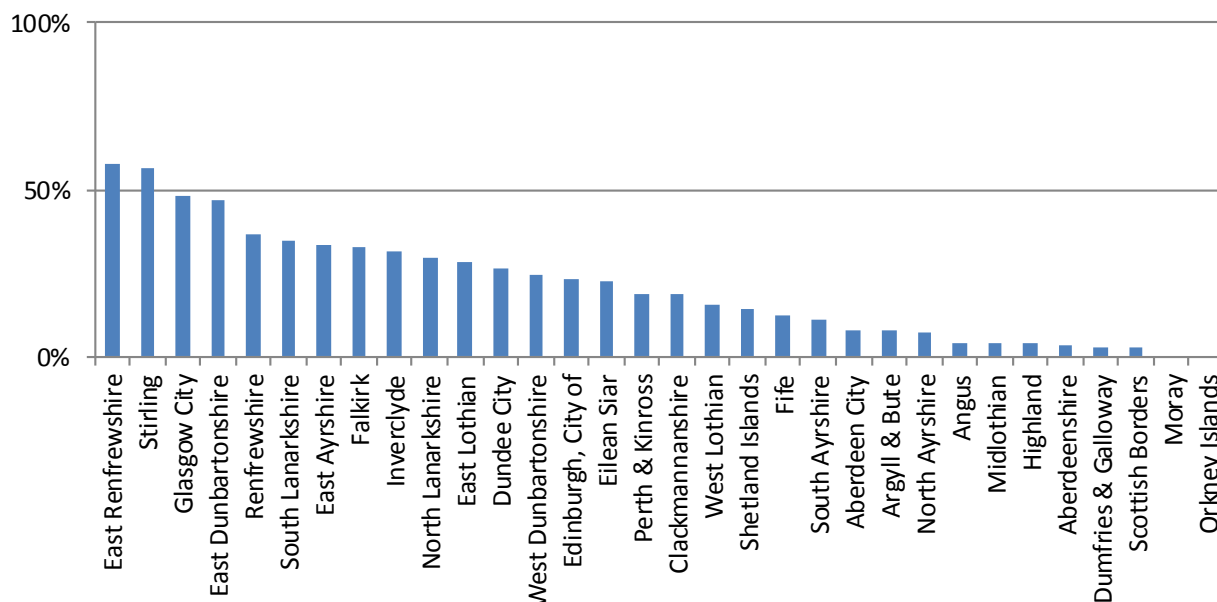


Figure 10: Percentage of ELC places in local authority settings operating during school holidays (2016)

The 2017 ELC parent survey asked eligible parents who don't use any of their ELC entitlement about the reasons for this. **14%** of parents of an eligible 3 or 4 year old said a lack of choice in available opening times (19% for 2 year olds), and **13%** a lack of choice in available childcare settings or types of childcare (16% for 2 year olds).²⁵

²⁵ The number of parents in the survey who do not take up their ELC entitlement and gave these reasons were too small to determine whether these reasons are more often given by parents in urban or rural areas.

Flexibility preferences for the 1140 hours funded ELC provision

Flexibility in opening times and holiday provision

The 2017 ELC parent survey asked parents with 0-5 year old children how they would prefer to spread the future 1140 hours over the year if it were available now.

Most parents (**71%**) would prefer every or almost every week of the year for around 22-30 hours per week



25% of parents prefer in school term time only (around 30 hours per week).

5% do not know, have no preference, or another preference

The percentage preferring ELC in school term-time only was somewhat higher amongst parents with children with Additional Support Needs (34%), a household income below £16,000 (36%), households with no parent in employment (44%),²⁶ and with other school-aged children (39%). There were no notable differences between parents living in urban or rural areas, or amongst parents with English as an additional language.

When asked how parents would prefer to spread the 1140 hours over the week:

most parents (**65%**) said they would prefer longer sessions on fewer days per week



21% of parents prefer shorter sessions on more days per week

13% do not know or have no preference

A preference for longer sessions spread over fewer days per week is seen amongst all groups of parents. But the percentage preferring shorter sessions spread over more days per weeks is slightly higher amongst parents with children with additional support needs (**27%**) and parents who also have school-age children (**26%**). It is

²⁶ The 2017 ELC survey asked parents about their employment status. What is here called 'no parents in employment' covers a range of situations: parents who indicated in the survey to be unemployed, to study, and a small proportion who chose 'other'. It is possible that some of the parents who chose 'other' are in fact in some form of paid employment that they do not classify as full-time employment, part-time employment or self-employed.

somewhat lower amongst parents with a household income of £60,000 or over (**15%**) compared to lower income households.



In addition to the above preferences, **6%** of parents with 0-5 year old children said they'd like the flexibility to include weekend provision, and **15%** they'd like provision outside of normal working hours (e.g. before 8am and after 6pm). This was similar across all parent groups.

Flexibility in type of provider

The 2017 ELC parent survey also asked what type(s) of provider parents would prefer for the 1140 hours of ELC entitlement. For 3 and 4 year old children, the most commonly mentioned preferences are:

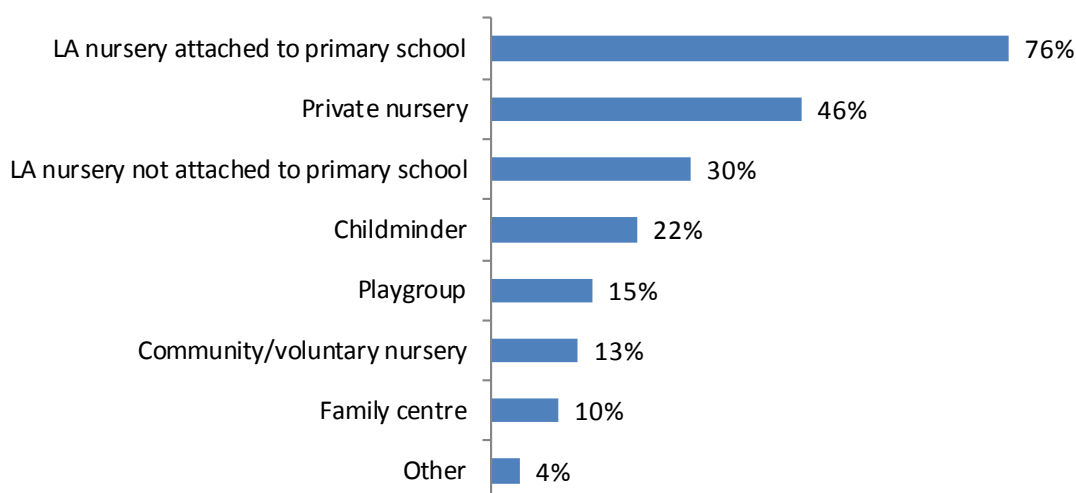


Figure 11: percentage of parents who would prefer certain provider type(s) for the 1140 ELC entitlement for a 3 or 4 year old child (2017 ELC parent survey)

Around half of parents selected two or more types of providers here, which suggests that a proportion of parents may prefer to use more than one type of provider for the 1140 entitlement, as was also mentioned in some open-text survey responses (see further below).

When parents' preferences were asked specifically for 2 year old children, amongst parents in the lowest household income group (those most likely to be eligible for funded ELC for 2 year olds) nurseries were still the most frequently mentioned type. Yet the differences are smaller with relatively more parents mentioning playgroups,

childminders and family centres:

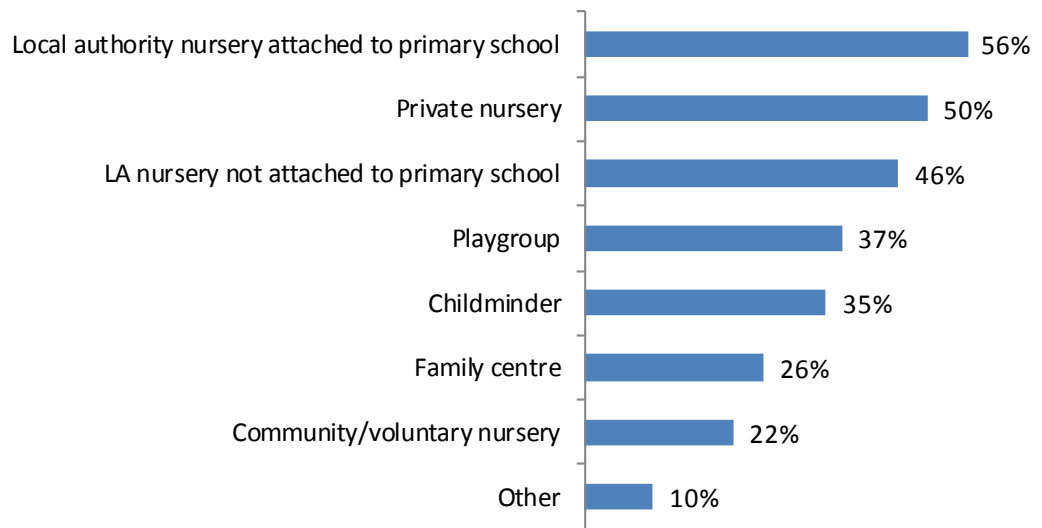


Figure 12: percentage of parents who would prefer certain provider type(s) for the 1140 ELC entitlement for a 2 year old child (2017 ELC Parent Survey)

Exploring parents' flexibility preferences

When the 2017 ELC parent survey asked parents about their preferences for spreading the 1140 funded ELC hours, it also offered them the opportunity to make additional comments on their preferences and thoughts on flexibility.

Flexibility over the year

A small number of parents provided comments on how they would use the expanded entitlement across the year. This included reference to the potential for parents' requirements to change over time (e.g. due to changing work requirements, older siblings starting school). Parents said, for example:

"School term time at the moment but if I went back to work all year round."

"It would be inconvenient to have my youngest child in throughout the full year when my eldest is in only during term time but I would certainly welcome the help during the 6/7 week summer holiday."

Flexibility over the week

A substantial number of parents provided comments on how they would prefer to spread the expanded entitlement over the week, which included a range of specific requirements in terms of the number and pattern of days per week and specific times per day. Some comments also emphasised the importance of longer sessions to enable parents to work, including early mornings and evenings, while others emphasised the need to accommodate parents' changing shift patterns.

"We work shifts so would never be able to be flexible enough at a school nursery but if private nursery would accept government funding then it wouldn't matter when they gave us the hours or how they spread it out as we would use full time and have to top up."

"We would not be able to take our child to and from a specific school nursery if they were in less than a normal working day for full time employees (8h)."

"I would prefer school hours as easier with other child in school hours to have the same drop off and pick up times."

"As well as more hours of funded places there needs to be more flexibility in how and when you can use them. My husband and I work in flexible 9-5pm Mon-Fri jobs but still find it very complicated to get childcare and use three different nurseries for just two children."

Some parents emphasised the need for flexibility on how to use their entitlement across multiple ELC providers, including local authority and private nurseries, and childminders. For example, one parent said:

"It's very restricted on how it is used and available. I have chosen a childminder and non council playgroup for my daughter because that's where she is comfortable and happy, despite me having to pay for both."

4. Accessibility

Key findings

Geographical accessibility:

- The majority (85%) of parents live within 15 minutes of their main ELC provider, with 13% travelling between 15-29 minutes and 3% travelling for 30 minutes or more. There were no significant differences for parents living in rural areas or in different SIMD (deprivation) areas.

Awareness of the entitlement:

- Over a fifth of parents (22%) with eligible children who do not take up their current entitlement gave not being aware of the availability of funded childcare as a reason (0.4% of all eligible parents).
- Around half of all parents with children below 6 have definitely heard of the expansion to 1140 hours, and around a quarter had not heard of it. Lack of awareness is significantly higher amongst lower income parents and younger parents.

Accessibility for children with additional support needs:

- Although a relatively small proportion of parents of eligible children with additional support needs indicated that they are dissatisfied with their access to suitable ELC (17%), nearly half of all parents of eligible children with additional support needs mentioned having experienced one or more difficulties accessing suitable provision (48%).

In addition to ELC provision being flexible enough to meet parents' needs, another important factor for encouraging parents to use the available ELC is that it is sufficiently accessible for all parents across Scotland. 'Accessibility' in this context has three different aspects:

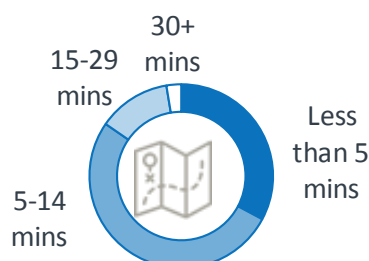
- Geographical accessibility: parents across Scotland need to be able to reach ELC providers without having to travel for long hours or incurring high travel costs.
- Knowledge of the entitlement and how to register: parents of all 3 and 4 year olds and eligible 2 year olds need be aware that they are entitled to funded hours of ELC, and must know how to register their children.
- Accessibility for children who have additional support needs: in order for the ELC provision to be equally accessible for all parents and children, children with additional support needs need to be offered ELC provision that meets their needs.

This chapter gives an overview of recent evidence on each of these sections, both with regards to the current ELC provision and parents' needs in light of the expansion to 1140 hours.

Geographical accessibility

The first important aspect for accessible ELC is that parents don't face travel-related barriers to reach a suitable ELC provider.

The 2017 ELC parent survey asked parents with currently eligible children about the length of a typical journey from their home to their main ELC provider. A majority (**85%**) live within 15 minutes of their main provider, which includes **33%** reporting a journey time of less than 5 minutes, and **52%** between 5 to 14 minutes. **13%** travel between 15-29 minutes and only **3%** travel for 30 minutes or more.



These travel time findings were similar across most parent groups, including parents living in urban and rural areas and parents living in different SIMD (deprivation) areas.²⁷

However, parents who pay for ELC (on top of the funded entitlement) are slightly more likely than others to report a travel time of 15 minutes or more; **18%** of those using paid provision, compared to **12%** of those who do not pay.

It should be noted that the survey did not ask about people's modes of travel. Depending on one's definition of accessible ELC, a travel time of, say, 15 minutes by car might be perceived as less accessible ELC than 15 minutes on foot. In addition, the survey asked specifically about travel time from parents' home, while some parents may choose a provider that is not close to their home because they prefer one that is, for example, closer to their workplace.

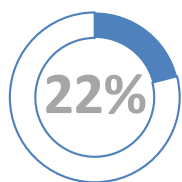
When parents of eligible 2, 3 and 4 year olds who have not used any of their ELC entitlement were asked for the reason(s) for this, **5%** said that transport was not available or the travel time was too long, **4%** that the travel costs would be too high, and, as mentioned in chapter 2, **17%** that there are no available providers near them (0.3% of all parents with eligible children).

Knowledge of the entitlement and how to register

A second important aspect for accessible ELC is that parents with eligible children are aware of their entitlement and how to register their child.

²⁷ Because the survey asked for the travel time to parents' current main ELC provider, it does not capture situations in which parents do not use ELC or do not use their preferred provider because the travel time would be too long. Any differences in this between different areas or different groups of parents are thus also not measured.

As will be discussed further in chapter 7, almost all eligible parents use their ELC entitlement for 3 and 4 year old children, but take-up for 2 year olds is much lower.²⁸

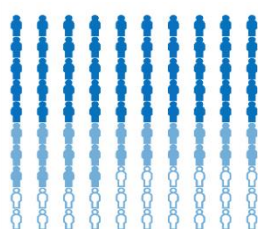


of all eligible parents who do not take up the entitlement gave not being aware of the availability of funded childcare as a reason for not using their ELC entitlement (24% for eligible 3 and 4 year olds and 22% for eligible 2 year olds) – making it the most frequently mentioned reason. This means that 0.4% of all eligible parents said they do not use their funded entitlement because they were not aware of it.

A lack of awareness was more frequently mentioned as a reason for not taking up the entitlement amongst parents in lower income groups, with no parent in employment and with English as an additional language.

In addition, 15% of eligible parents who don't use the funded ELC for 3 or 4 year olds and 9% for 2 year olds gave the reason that they do not know how to apply for funded childcare or find applying too difficult.

When parents of 0-5 year olds were asked if they had heard of the planned expansion of funded ELC to 1140 hours by 2020:



50% said they had definitely heard of it

24% they had possibly heard of it

26% they had not heard of it

This was broadly the same when looking only at parents with currently eligible children. It was also the same amongst parents living in rural and urban areas and those with and without children with additional support needs.

But the percentage of parents who had not heard of the expansion of funded ELC was significantly higher amongst parents living in the most deprived areas (34%), parents under the age of 25 (43%) or between 25 and 29 (33%), parents with a household income of less than £16,000 (42%) or between £16,000 and £30,000 (31%), parents with English as an additional language (32%) and households with no parent in employment (49%).

Some of these may be related. For example, people in younger age groups or not in employment may also on average have a lower income. To control for such interrelatedness, regression analysis was undertaken. This showed that the strongest factors for people's lack of awareness of the ELC expansion are low household income and age, in particular parents below 25.

²⁸ In the ELC parent survey, parents' eligibility for two year old entitlement was estimated in two ways: by asking parents if they were eligible, and on the basis of household income. The latter was done because a substantial number of parents said they didn't know they were eligible. This means that the results of this analysis may not be exact but it should be broadly indicative.

Accessibility for children with additional support needs

In 2017, 16% of children registered for funded ELC were reported to have an additional support need (ASN), which is higher than in previous years.²⁹

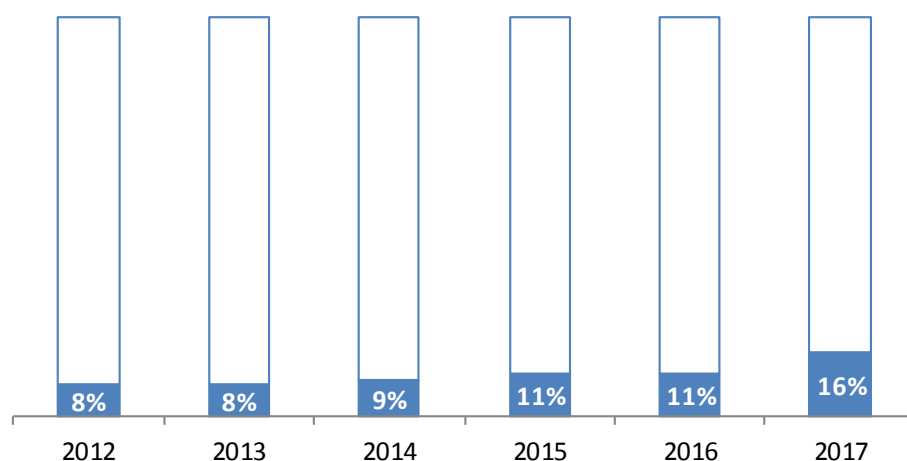
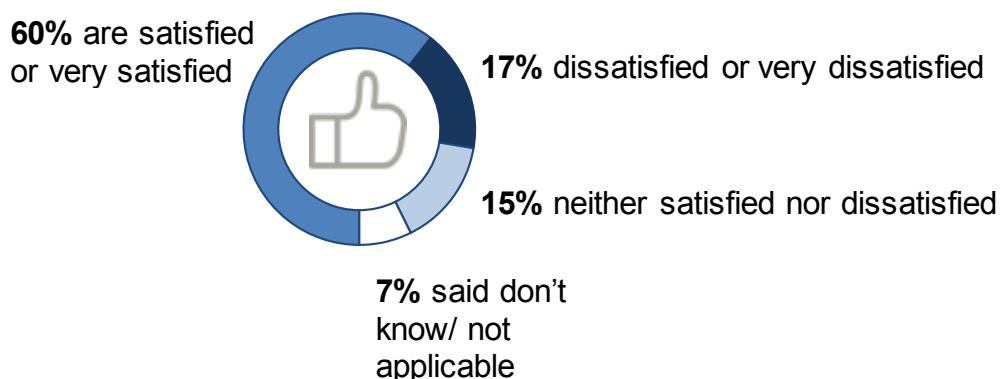


Figure 13: percentage of children registered for funded ELC reported to have an additional support need in 2017 (ELC census)

The most common types of ASN recorded were: language, speech and communication issues (7% of registrations), English as an additional language (6% of registrations), and social, emotional and behavioural difficulties (3% of registrations).³⁰

The 2017 ELC parent survey asked parents with eligible children with ASN about their satisfaction with their access to government funded ELC that meets the additional support needs of their children:



²⁹ See Scottish Government, Summary Statistics for Schools in Scotland and additional Early Learning and Childcare Tables <http://www.gov.scot/Topics/Statistics/Browse/Children/Pubs-Pre-SchoolEducation>.

³⁰ Children can be registered with more than one type of additional support need.

This was broadly consistent across different types of ASN mentioned by parents. For example, there is no significant difference in satisfaction levels between parents mentioning cognitive or physical needs.



Although a relatively small proportion (17%) of parents of children with ASN indicated that they are dissatisfied with their access to suitable ELC, nearly half of eligible parents with children with ASN (**48%**) mentioned having experienced one or more difficulties accessing suitable provision.

Figure 14 below shows the difficulties reported, with the most frequently mentioned difficulties relating to lack of information and time available to staff:

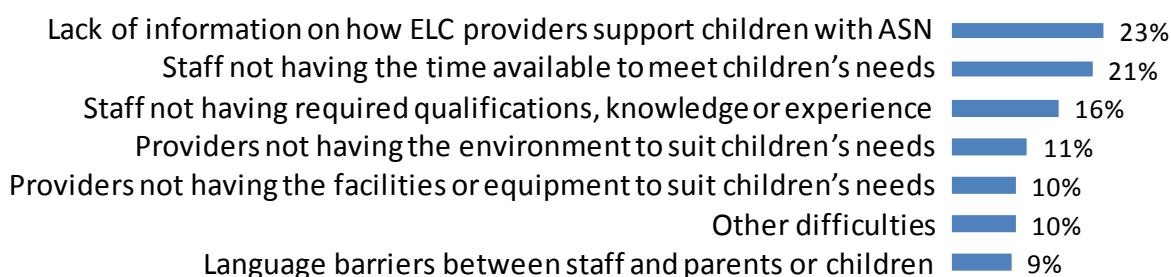


Figure 14: percentage of parents with children with ASN reporting difficulties in finding government funded ELC that meets the additional support needs of their children (2017 ELC Parent Survey)

When parents with 0-5 year old children with ASN were asked on which factors they would base their decision when choosing an ELC provider to meet the additional support needs of their child(ren), the following factors were mentioned:

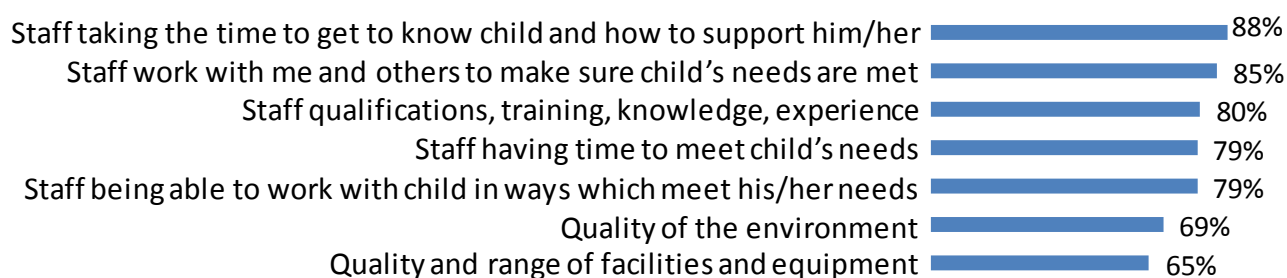


Figure 15: percentage of parents with children with ASN reporting factors for choosing an ELC provider to meet the ASN of their children (2017 ELC Parent Survey)

In terms of likely future uptake of the expanded 1140 hours ELC entitlement, there was no significant variation between parents of children with ASN and others: 75% think they would take up all or almost all of the expanded hours for a 3 or 4 year old (identical to other parents), and 65% for a 2 year old (compared to 67% of others).

But in the 2017 ELC parent survey there were some other significant differences for parents with children with ASN, including:

- Proportionately more of them said they would prefer to use the 1140 hours in school term time only (34% compared to 25% amongst all parents).
- Proportionately fewer of them, though still the majority, said they would prefer to use the 1140 hours in longer sessions on fewer days per week (55% compared to 65% amongst all parents).
- When parents who said they had experienced difficulties affording childcare were asked what made it difficult, relatively more parents of children with ASN mentioned transport costs (16% compared to 6% amongst all parents who experienced difficulties) and additional costs such as for trips and activities (20% compared to 7%).
- When parents who said they would use the increased ELC entitlement were asked about the main reasons for this, almost half of parents with a child with ASN said they think it will be good for their ability to help their child's learning and development at home (49%, compared to 34% amongst all parents)
- As will be discussed in chapter 6 on quality, parents of children with an ASN on average rate different aspects of ELC as important for assessing the quality of ELC, and are somewhat less satisfied with the quality of their current ELC provider on a number of aspects.

5. Affordability

Key findings

- 69% of parents with eligible children said they experienced some (52%) or significant (18%) affordability difficulties paying for ELC for their pre- school aged children in the past 12 months.
- Parents who pay for at least some of their ELC are estimated to spend an average of £494 per month for all children below primary school age.
- Estimates for the average cost to parents of purchasing an hour of ELC range from around £3.87 to around £4.45. In real terms, prices have been relatively stable over recent years
- 52% of parents with eligible children who use the funded ELC entitlement also use paid ELC
- This suggests that the expansion is likely to give considerable financial benefits to parents.
- The net financial benefits may on average be lower for parents with lower incomes, because proportionately fewer parents with lower household incomes pay for childcare than those with higher incomes, and those who do on average spend less. Moreover, some of the benefits for low-income households may be offset by the withdrawal of working tax credits which are partially linked to childcare expenditure and to income.
- Nonetheless, parents who pay for childcare in lower income groups on average spend a higher proportion of their income on childcare, and more frequently report that they find it difficult to afford childcare. In addition, if parents with lower incomes on average use the increased ELC hours to start paid employment or work more hours, this could reduce the difference in net financial benefits for parents in higher and lower income groups.

An important aim of the ELC expansion is to make childcare more affordable for parents. The affordability of early learning and childcare does not just depend on the number of hours of funded ELC, but also on the costs of ELC in the private sector if parents want to purchase extra hours of ELC, and on parents' overall household income. This chapter provides information on the hourly costs of ELC, household spending on childcare, and affordability difficulties. These can be used as a baseline to monitor changes in affordability as the expansion to 1140 is being rolled out up to 2020, and beyond. The chapter also includes two scenarios to model the different net benefits the expansion to 1140 could have on different households.

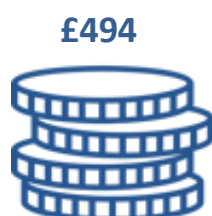
Hourly costs of early learning and childcare

Estimates for the average cost to parents of purchasing an hour of ELC range from around **£3.87 to £4.45**. These estimates are based on a survey of ELC providers in 2016³¹ and an annual publication by Family and Childcare Trust (FACT)³². The latter suggests that costs in eastern Scotland are slightly higher than in the west, Highlands and islands.

In general, prices appear to be following an upward trend over recent years, although in real terms, when inflation is taken into account, the picture is more stable with little movement apparent since 2013. This implies that on average the affordability for families of a given number of hours additional ELC has not changed significantly since 2013.

Average household spend on early learning and childcare

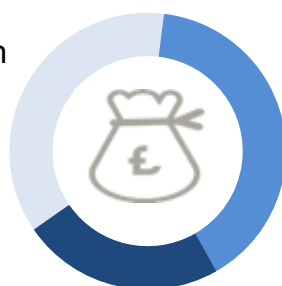
In the 2017 ELC parent survey **59%** of households with children below 6 said they pay for at least some of the regular early and childcare they use.



Only looking at households who pay for ELC, the 2017 ELC parent survey suggests that parents who pay for childcare spend an average of **£494** per month for all children below primary school age.

While the average spend on ELC amongst parents who pay for ELC is estimated at £494 per month, the ELC parent survey showed that there is considerable variation between parents. Of those eligible parents who pay for ELC:

37% spend less than £300 per month



40% spend between £300 and £700

23% spend £700 or more

³¹ Ipsos Mori, *Cost of Early Learning and Childcare in Partner Provider Settings*, 2016 <http://www.gov.scot/Publications/2016/09/4116/downloads>

³² Family and Childcare Trust, *Childcare Survey*, <https://www.familyandchildcaretrust.org/childcare-survey-and-holiday-childcare-survey>. FACT annually collect data on childcare prices from local authority Family Information Services.

Household spend on children eligible for funded early learning and childcare

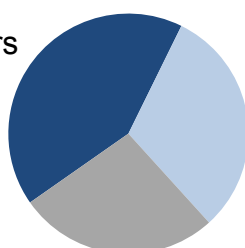


of parents of children eligible for ELC in the 2017 ELC parent survey said they buy at least some ELC provision for their eligible child (52% in addition to funded provision, 4% use paid ELC only, 3% in addition to informal regular ELC only) (see also chapter 7).

On average, parents of eligible 3 and 4 year olds who pay for ELC buy almost **7 hours** of ELC per week per child. For eligible 2 year olds this is **3 hours** per week.

Parents who said they would use (almost) all of the 1140 hours funded ELC when it becomes available were asked if they would want or need to top up the 1140 funded hours with childcare they pay for themselves.

42% said they would top up the 1140 hours with paid childcare



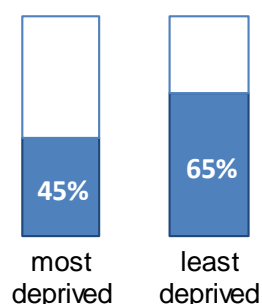
31% said they wouldn't

27% didn't know

Household expenditure on ELC and income/deprivation

On average, parents in lower income groups or living in more deprived areas are less likely to pay for ELC than those in higher income groups and less deprived areas.

For example, the 2017 ELC parent survey showed that amongst parents of children eligible for ELC living in the most deprived areas **45%** pays for at least some of their ELC, while this is **65%** amongst those in the least deprived areas.



Parents with higher incomes or living in less deprived areas on average also pay more than those with lower income or living in more deprived areas. For example, in the 2017 ELC parent survey, when looking at parents of eligible children who pay for at least some ELC provision, the average monthly cost for all children reported by parents living in the most deprived areas is **£405**, around a third less than the

average of **£624** for those in the least deprived areas. This is also evident in the range of costs reported by parents. For example, **35%** of those in the least deprived areas report costs of £700 or more per month, compared to **12%** of those in the most deprived areas.

Likewise, parents with higher household income on average spend more on ELC. Looking at parents with eligible children who pay for at least some of their ELC provision, the average monthly spend of parents in different household income groups reported in the 2017 ELC parent survey is:

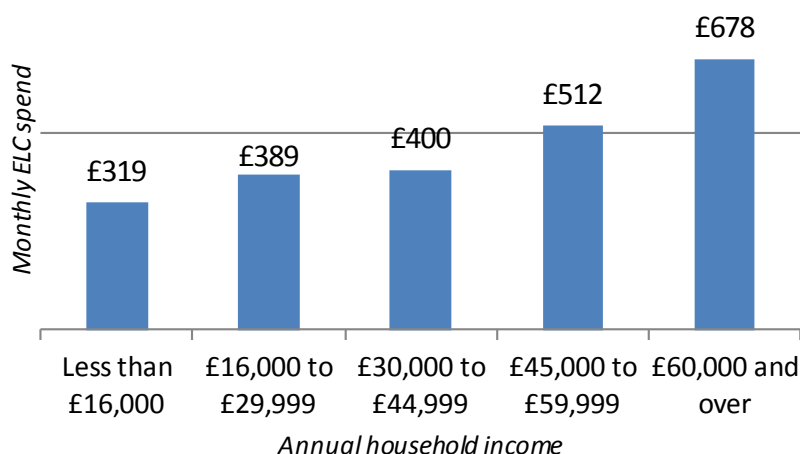


Figure 16: Average monthly ELC spend of parents who pay for ELC compared to annual household income (2017 ELC Parent Survey)

The fact that households with higher incomes on average spend more on early learning and childcare is likely a combination of two things: 1) households with higher incomes being more able to afford childcare; and 2) households with two working parents or with parents working more hours on average need more hours of childcare but also on average have a higher income.

However, while households with higher incomes tend to spend more on childcare, there is some evidence that compared to their income, parents who pay for childcare in lower income groups on average spend a higher proportion of their income on childcare than those in higher income groups.³³

³³ Based on analysis of data from the Growing Up in Scotland (GUS) study. GUS is a large-scale longitudinal survey tracking several cohorts of Scottish children from the early years, through childhood and beyond. This analysis was conducted with GUS data from birth cohort 2 (children born between March 2010 and February 2011) taken just before the introduction of the 600 hours funded entitlement in 2014. This means that the data involved children who were slightly younger than most of the children eligible for ELC. For more information see <https://growingupinScotland.org.uk/>.

Modelling net effects of the 1140 expansion on income

In practice, the average number of hours that parents want to use ELC is related to the average hours they work, and thus to their income. Moreover, parents' income and expenditure will be related to the taxes and deductions they are entitled to. Because of this, the expansion of funded ELC will likely have a different effect on the net financial gain for different groups of parents. Here are two scenarios (amongst many others) which model potential effects of the 1140 hours policy on parents' disposable incomes when taking account of taxes, deductions and expenditure on ELC:

Scenario 1

Before the 1140 hours entitlement: A single mother of a 4 year old works part-time 20 hours a week, earning the average for women in Scotland of £13.58 per hour. Her gross salary would be an estimated £14,123 per year. Beyond the 600 hours entitlement, she would require around 5-10 hours of wrap-around care per week. Given the above assumptions, she would be entitled to around £256 per four-week period in Child Tax Credits (CTC) and £175 in Working Tax Credits (WTC), leaving her with total gross income of around £19,726 and childcare costs of £2,000 per year (50 weeks at 10 hours at £4 per hour). Her net income without childcare costs would be around £17,726.

After the introduction of the 1140 hours entitlement, she would not need to buy any additional wrap-around hours, reducing her childcare costs to zero and as a result reducing her WTC entitlement to £63 per four weeks. Her gross income would now be £18,270. After childcare expenses, the 1140 hours policy would result in her being around £544 a year better off than under the 600 hours entitlement.

If she were able to use the additional funded entitlement to work an additional ten hours per week, continuing to purchase 10 hours of additional ELC, she could be nearly £5,000 a year better off with 1,140 hours, in spite of losing around £2,000 in working tax credits.

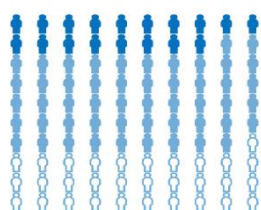
Scenario 2

Before the 1140 hours entitlement: A working couple works full-time and earns 167% of the average full-time wage with 2 children eligible for ELC. This couple would have gross income of around £54,000 and as a result not be eligible for either Working Tax Credits or Child Tax Credits. They would need to buy 24 hours of wrap-around for each child over and above the 600 hours entitlement. Assuming childcare cost of £4 per hour, they would spend around £9,600 on ELC per year.

After the introduction of the 1140 hours entitlement, they would only need 12 hours of wrap-around per child per week. After ELC expenses, the 1140 hours policy would result in them being better off by nearly £5,000 a year.

Affordability difficulties

Parents of eligible children were asked if they experienced any difficulties in the last 12 months affording childcare costs for children below primary school age.



69% said they experienced some (52%) or significant (18%) affordability difficulties
29% said they experienced no affordability difficulties
2% did not know

The percentage of parents indicating they experienced affordability difficulties varied significantly across different groups of parents. In particular, those in the most deprived areas, those with household incomes of less than £30,000, and those with fewer than 2 adults in employment were all more likely to experience affordability problems. Over **80%** of parents in those groups had experienced difficulties, including around **25%** with significant difficulties.

Affordability difficulties are also linked to parents' monthly spend on ELC. Parents with eligible children who pay £500 or more per month for their provision are significantly more likely to report affordability problems. **25%** of them said they had experienced significant difficulties, twice as much as amongst parents paying less than £500 per month, of whom **13%** experienced significant difficulties.

When asked what made it difficult to afford childcare, nearly all parents who reported difficulties mentioned high costs of childcare, but some other factors were mentioned as well:

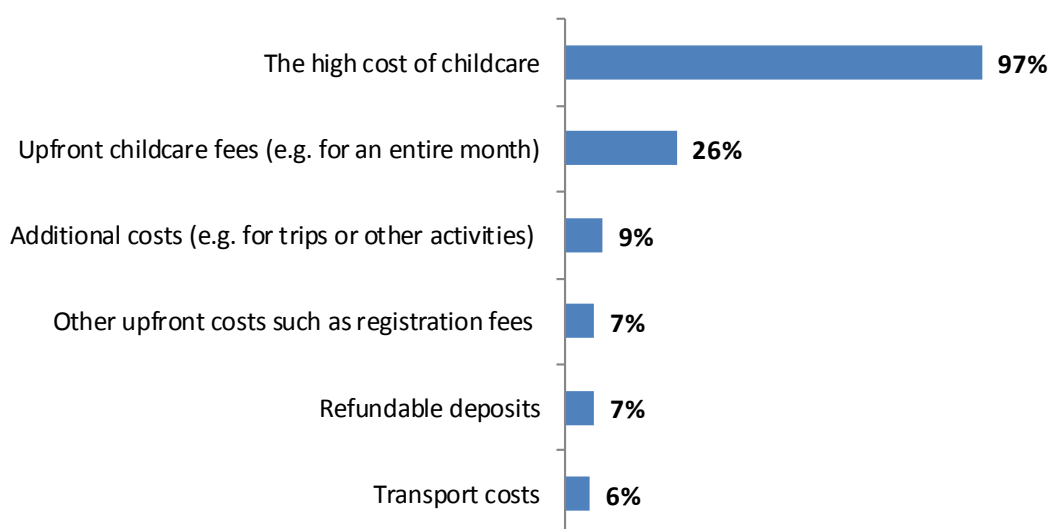


Figure 17: parent-reported reasons for affordability difficulties, as a percentage of the parents who indicated they had experienced difficulties affording their childcare costs in the past 12 months

Those with a household income of less than £30,000 were more likely than others to have experienced difficulties associated with upfront payment of fees: **33%** parents

in this income group who said they had experienced difficulties reported this as a reason, compared to **21%** of those with a household income of £45,000 or more.

And as described in the previous chapter, relatively more parents with children with additional support needs said transport costs and additional costs for trips or other activities contributed to affordability difficulties.



While a substantial proportion of parents paying for ELC reported having experienced some degree of affordability problems, only **8%** of parents mention affordability as a factor in their choice of current ELC provider

It is also notable that few parents indicate that affordability is a reason for their choosing not to use funded hours for their eligible child: only **2%** of parents not using the entitlement mentioned the costs associated with ELC as a reason, and **4%** mentioned travel costs as a reason.

6. Quality

Key findings

- Overall, quality of funded ELC provision in Scotland is rated highly, and has remained broadly stable over the past 4 years, since before and after the expansion following the 2014 Act. In 2016, 92% of providers of funded ELC were graded good or better on all Care Inspectorate quality themes, compared to 93% in 2013.
- ELC providers providing the funded entitlement on average receive higher quality ratings than those not providing funded entitlement, of whom 71% were graded good or better on all quality themes in 2016. This followed a drop from 79% to 71% between 2014 and 2015 for providers not offering funded entitlement. More analysis would be needed to better understand the causes of this drop.
- There are no significant differences in the overall quality ratings of ELC providers between urban and rural areas, or different SIMD areas.
- The large majority of parents are satisfied with the quality of their main current provider of funded ELC.

One of the primary aims of the ELC expansion is to support children's development, especially children from the least advantaged backgrounds. For this it is crucial that the available ELC is high quality, as evidence suggests that higher quality ELC will contribute to better social, emotional and cognitive development. For example, analysis with data from the Growing Up in Scotland study on Scottish children born in 2004/05 and 2010/11, linked aspects of the quality of ELC provision to vocabulary development,³⁴ pro-social behaviour and fewer peer problems.³⁵ Likewise, a recently published broader evidence review on the quality of ELC by NHS Health Scotland highlighted the positive impact of high quality ELC on children's outcomes, especially on the most disadvantaged children.³⁶

This chapter provides evidence on the quality of ELC provision in Scotland and changes between 2013 and 2016, as well as parents' satisfaction with the quality of ELC and their views on what is important for high-quality ELC. As such the chapter aims to explore any changes in quality after the expansion to 600 hours in 2014, provide baseline measurements for monitoring any changes as the expansion to 1140 is rolled out, and help inform the expansion.

³⁴ Bradshaw, P., G. Lewis and T. Hughes, *Growing Up in Scotland: Characteristics of pre-school provision and their association with child outcomes*, 2014, <http://www.gov.scot/Resource/0045/00453130.pdf>

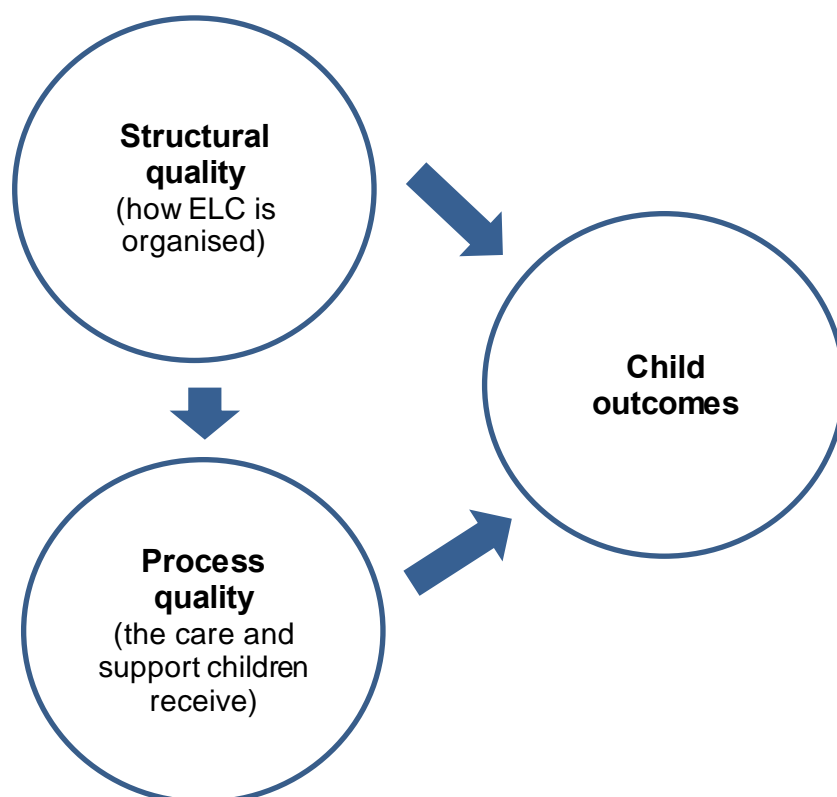
³⁵ Knudsen, L., E. Currie and P. Bradshaw, *Growing Up in Scotland: Changes in early learning and childcare use and outcomes at age 5: Comparing two Growing Up in Scotland cohorts*, 2017 (forthcoming).

³⁶ Scobie, G. and E. Scott, *Rapid evidence review: Childcare quality and children's outcomes*, 2017, <http://www.healthscotland.scot/media/1613/rapid-evidence-review-childcare-quality-and-childrens-outcomes.pdf>

Aspects of high-quality early learning and childcare

A distinction can be made between structural and process aspects of quality.³⁷

Process quality refers to the actual experiences in ELC settings, such as children's interaction with caregivers and their day to day activities. *Structural quality* refers to how ELC delivery is organised, such as leadership, the number and qualifications of staff, physical space and regulations. These structural aspects create the conditions for high quality care and support.



The Care Inspectorate assesses both aspects of quality in its inspections of all childcare providers, with grades given on the basis of four quality themes: care & support, environment, staffing, and management & leadership.³⁸ Below are the latest inspection figures, which were published in September 2017 and refer to the quality of childcare services as at 31 December 2016.³⁹

³⁷ See Scobie, G. and E. Scott, *Rapid evidence review: Childcare quality and children's outcomes*, 2017, <http://www.healthscotland.scot/media/1613/rapid-evidence-review-childcare-quality-and-childrens-outcomes.pdf>.

³⁸ Education Scotland also inspects funded providers of ELC in Scotland. They only inspect a relatively small number of settings each year, which means that their statistics are representative of funded settings in Scotland as a whole only when combining several years and thus not ideal for monitoring changes over time. For that reason this report and the evaluation will focus on the Care Inspectorate's quality statistics, which are published annually and include enough inspections to be nationally representative.

³⁹ More detail can be found in the Care Inspectorate's Early Learning and Childcare statistics 2016, published 19 September 2017, <http://www.careinspectorate.com/index.php/statistics-and-analysis>.

Overall quality of childcare provision

Overall, the quality of childcare providers in Scotland is rated highly. The large majority of early years services received grades 'good' or better on all four quality themes assessed in 2016. There are some small differences between types of providers, with 94% of children and family centres graded good or better, compared to 92% of childminders, 90% of nurseries and 84% of playgroups, as shown in figure 18:

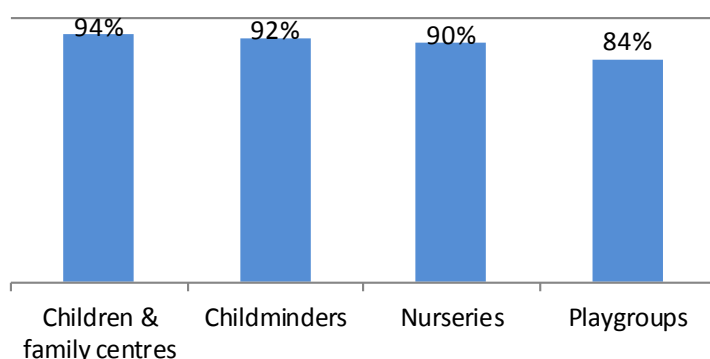


Figure 18: percentage of early learning and childcare providers graded good or better on all Care Inspectorate quality themes by type of provider

A similar pattern is seen when looking only at services providing the funded entitlement, with high quality grades overall, but children & family centres and nurseries on average receiving slightly higher grades than playgroups (childminding services providing funded places are not currently included in the data).

Quality of funded and unfunded early learning and childcare provision

On average, childcare services providing funded ELC places are graded higher than those not providing funded places. For example, figure 19 below shows that in 2016 amongst services providing funded places 92% received all grades of good or better compared to 71% of those not providing funded places.

For providers that offer funded ELC places quality ratings have remained broadly the same over the past years, but for providers not offering funded places the percentage graded good or better on all quality themes dropped between 2014 and 2015, from 79% to 71%:

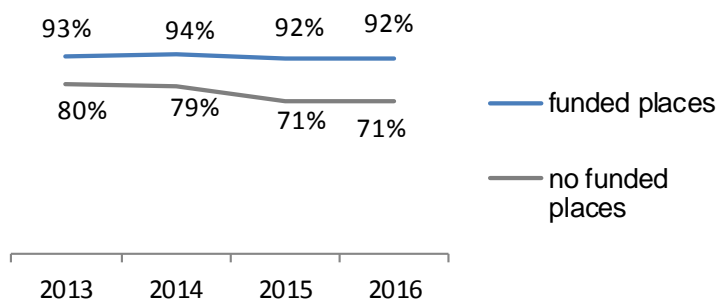


Figure 19: percentage of ELC providers graded good or better on all care Inspectorate quality themes by whether they offer funded places

It could be that the drop between 2014 and 2015 in average quality of ELC providers not offering funded places is related to the funded ELC expansion in 2014. For example, this might have led to local authorities starting partnerships with different partner providers, or to some movement of ELC staff in the private or voluntary sector to partner provider settings. However, there were also changes in the wording used on the Care Inspectorate's annual return after 2014, so more analysis is needed to understand what contributed to the drop in average quality ratings of providers not offering funded places between 2014 and 2015.

Quality of nurseries

- Local authority nurseries in 2016 on average performed better than other nursery sectors, with **94%** graded good or better on all four quality themes (care & support, environment, staffing, and management & leadership) compared to **82%** of private and **88%** of voluntary/not for profit nurseries.
- Yet the proportion of high-quality local authority nurseries did decrease slightly between 2015 and 2016, while the proportion of high-quality private and voluntary/not for profit nurseries increased slightly.
- Looking specifically at nurseries providing funded places,⁴⁰ in 2016, **94%** of local authority nurseries providing funded places were graded good or better on all four quality grades, compared to **86%** of private and **91%** of voluntary/not for profit nurseries.

Quality differences

- There are no significant differences in quality between childcare services in rural and urban areas, neither when looking at all childcare services, nor when looking only at providers of the funded ELC entitlement.
- Likewise, there is no clear link between the quality of services and levels of deprivation across all childcare services or services providing funded places.
- Yet when looking only at childminders, on average, childminders in less deprived areas receive higher quality grades than those in more deprived areas.

Parents' views on quality of funded early learning and childcare

In addition to the importance of quality for children's development, parents' confidence in the quality of funded ELC provision is also important because it may influence their decision on whether and for how many hours to use the funded ELC entitlement.

In the 2017 ELC parent survey, parents were asked how (un)important they found different elements when judging whether a provider is delivering high quality ELC, and how satisfied they were with their current main provider of funded ELC. As can be seen in figure 20 below, a large majority of parents are satisfied with all aspects mentioned. The way staff interact with their child was the quality aspect considered

⁴⁰ That is: this excludes other types of providers that may be providing funded ELC, such as playgroups, children and family centres or childminders.

very important by the highest proportion of parents, and also the aspect with which the highest proportion of parents were satisfied:

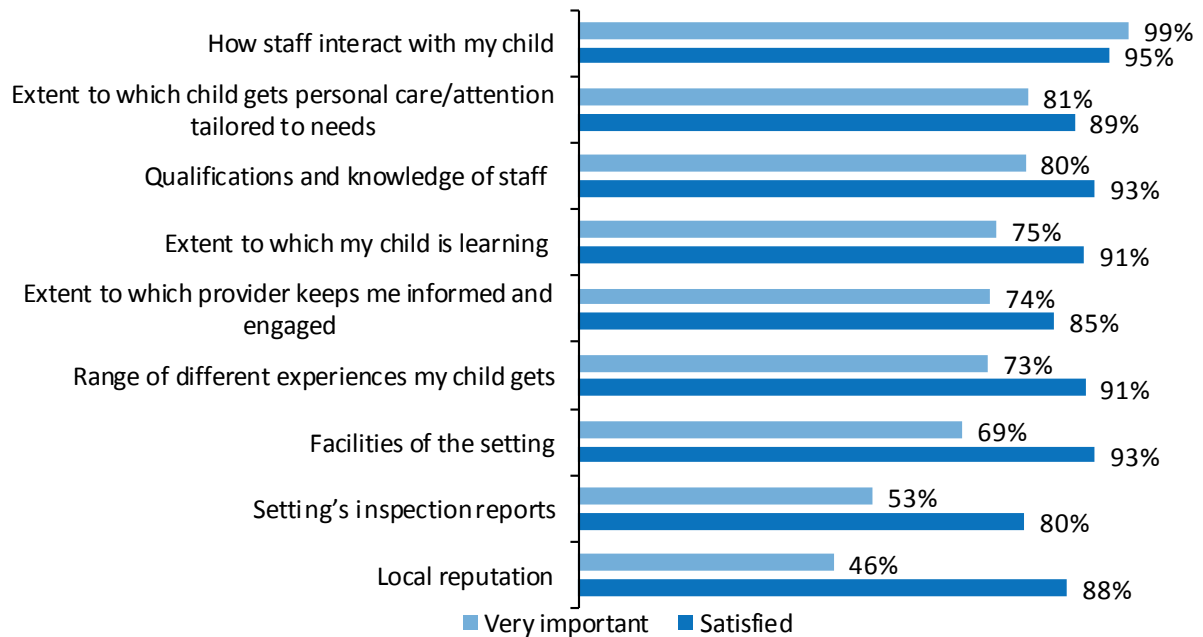


Figure 20: percentage of eligible parents saying aspects are very important when judging whether a provider is delivering high quality ELC, and percentage of eligible parents satisfied with those quality aspects in their main government funded ELC provider (2017 ELC Parent Survey)

Differences in what parents consider important when judging quality

Different groups of parents find broadly the same aspects important when judging the quality of ELC when thinking of parents in different income groups, age categories, deprivation areas, urban/rural areas, or with English as an additional language. However, there are notable differences in what parents with children with an additional support need (ASN) consider important when judging the quality of an ELC setting.

- Proportionally more parents of children with ASN find the extent to which their child gets personal care and attention tailored to their needs very important (86% compared to 80% of all parents).
- For almost all the other aspects mentioned, proportionally fewer parents with children with ASN consider it very important for judging quality, with the most notable differences being the setting's inspection reports (found very important by **39%** of parents of children with ASN compared to 53% of all parents), the facilities of the setting (**55%** compared to 69% of all parents), and the qualifications of staff (**71%** compared to 81% of all parents).

Differences in parents' satisfaction with quality

There are few significant differences in parents' satisfaction with the quality of different aspects of ELC amongst different groups of parents in terms of age, deprivation areas, urban/rural areas, and English as an additional language. The only statistically significant difference is that proportionately fewer parents with a

household income of £60,000 or over are satisfied with the extent to which their main ELC provider keeps them informed and engages them in their child's learning than those with a household income of less than £16,000: **83%** compared to **90%**.

Yet on almost all aspects of quality mentioned, somewhat fewer parents with a child with additional support needs are satisfied than parents whose children do not have an ASN. The differences are statistically significant, and largest for:

- The extent to which their child gets personal care and attention tailored to their needs: **80%** compared to **89%** of all parents.
- The setting's inspection reports: **73%** compared to **80%** of all parents.
- Local reputation: **82%** compared to **88%** of all parents.

7. Use of the ELC entitlement

Key findings

Registrations for funded ELC

- Since 2012, almost all eligible 3 and 4 year old children have been registered to use their funded ELC entitlement (99%), but estimates suggest that just over a third of eligible 2 year olds are.
- A proportion of the eligible parents who do not use funded ELC say this is because of personal preferences (e.g. because they think their child is too young). But another proportion mentions barriers, such as that they were not aware of the entitlement, don't know how to apply, or are not able to access available or sufficiently flexible providers.
- Since 2012, around three quarters of ELC registrations have been with a local authority provider and around a quarter with a partner provider.
- Most eligible children attend a nursery with proportionately small numbers using a childminder, playgroup or other form of ELC.

Average hours used

- Comparing the six months immediately before and after the expansion to 600 hours in 2014, the average number of funded ELC hours parents report using for their 4 year old child increased by just over 1.5 hours per week.
- It is estimated that currently, parents who use the funded entitlement on average use 29 hours per week of regular childcare for 3 and 4 year olds (14 funded, 7 paid and 8 informal), and 25 hours per week for 2 year olds (13 funded, 3 paid and 9 informal).
- Around half of 3 and 4 year olds and around a third of eligible 2 year olds currently use 30 hours or more of regular childcare (including funded, privately paid and informal childcare).
- Around three quarters of parents with eligible children use funded ELC in combination with paid and/or regular informal provision. Only 16% of eligible parents use funded ELC only.

Expected use of the 1140 hours funded entitlement

- 75% of parents with children below six say they would use all or almost all of the future 1140 hours for a 3 or 4 year old if it offered the flexibility they needed, and 67% for a 2 year old.
- On average, expected use of the future 1140 hours is highest amongst parents who currently already use 30 hours or more per week, who currently pay for ELC, who currently experience difficulties affording ELC, and two-earner households.

In order for the ELC expansion policy to achieve its long-term aims, it is important that parents of eligible children take up the available funded ELC.

Funded provision of ELC is offered to all 3 and 4 year olds, as well as eligible 2 year olds (estimated to be around a quarter of all 2 year olds). 2 year olds are eligible if their parents are in receipt of qualifying benefits. 2 year olds who are (or have since turning 2 been) looked after by a local authority, the subject of a kinship care order, or have a parent-appointed guardian are also entitled to funded ELC.⁴¹

This chapter provides evidence on the current and past uptake of the ELC entitlement as well as other regular childcare, parents' reasons for not taking up the entitlement, and parents' views on whether they would use the 1140 hours funded ELC. As such it aims to explore changes in uptake of the entitlement after the expansion in 2014; provide a baseline for monitoring changes in ELC use as the expansion to 1140 is being rolled out; and provide learning to support the implementation of the 1140 hours expansion.

Current use

Current use of the early learning and childcare entitlement

Almost all 3 and 4 year olds in Scotland use their ELC entitlement either in full or in part, but use amongst eligible 2 year olds is much lower. Figure 21 below shows the estimated percentage of 2, 3 and 4 year old children⁴² in Scotland registered for funded ELC over time, as published in the Scottish Government's annual Summary Statistics for Schools in Scotland publication.⁴³

From 2015 improvements to the data collection were made. In particular, the recording of children aged under 3 has improved as previously children who were not receiving funded ELC but were attending centres had been wrongly included by centres. This means that pre-2015 figures are likely overestimates and that accurate comparisons with before and after 2015 cannot be made.

⁴¹ Full details on the eligibility criteria for 2 year olds can be found here:

<http://www.gov.scot/Topics/People/Young-People/early-years/parenting-early-learning/childcare>.

⁴² The percentage uptake figures for 3 and 4 year olds are calculated based on the number of children eligible at term one for early learning and childcare under the statutory requirement using NRS population projections. For 2 year olds, uptake percentages are given as a percentage of the entire 2 year old population.

⁴³ Scottish Government, *Summary Statistics for Schools in Scotland, Additional Early Learning and Childcare tables* <http://www.gov.scot/Topics/Statistics/Browse/Children/Pubs-Pre-SchoolEducation>.

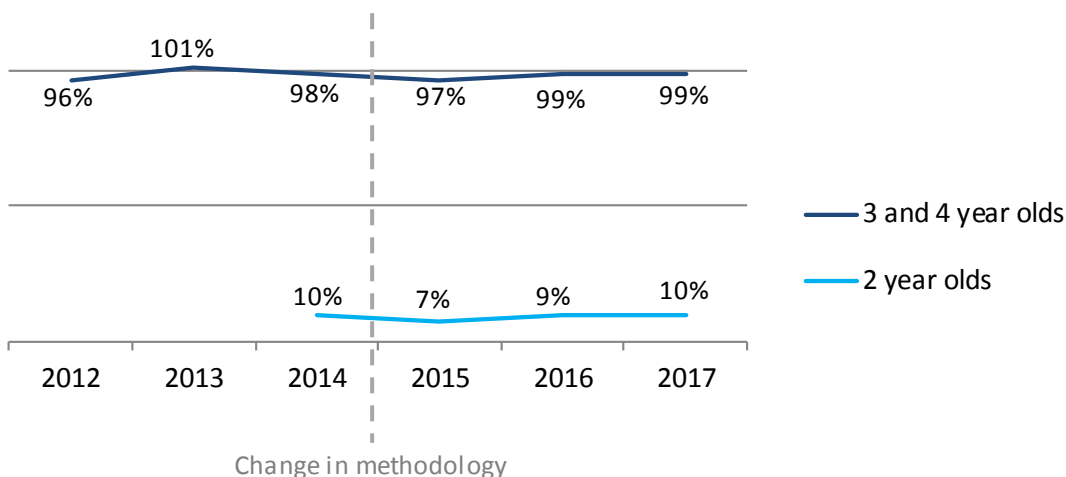


Figure 21: Percentage of children registered for funded ELC

Figure 21 shows the percentage of all 2 year olds registered for funded ELC. However, not all 2 year olds are eligible for funded ELC. In 2014 around 15% of 2 year olds became eligible and in 2015 eligibility criteria were further extended which led to around a quarter of 2 year olds in Scotland being eligible for funded ELC.



Estimates suggest that of all 2 year olds eligible for funded ELC, just over **a third** uses the entitlement.

While the percentage of eligible children registered slightly increased between 2015 and 2017, the total number of children registered at the time of the ELC census, held in September, fell slightly, by 1.4% from 97,262 in 2015 to 95,893 in 2017. This is because the total population of pre-school age children in Scotland has decreased since 2015.

Local authority and partner providers

The ELC entitlement is offered in local authority-run settings, but also in private or voluntary providers who are in a partnership with local authorities. Over the past years around three quarters of ELC registrations were with a local authority provider and around a quarter with a local authority partner provider, as shown in figure 22 below.⁴⁴

⁴⁴ Scottish Government, *Summary Statistics for Schools in Scotland*
<http://www.gov.scot/Topics/Statistics/Browse/Children/Pubs-Pre-SchoolEducation>

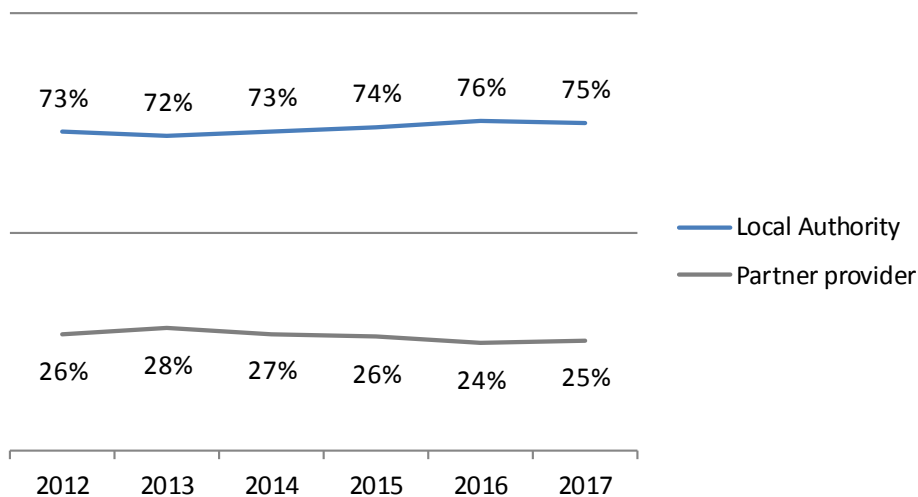


Figure 22: Percentage of funded ELC registrations in local authority settings and partner providers

As shown in chapter 2 on capacity, within these national figures, there are differences between local authorities, with some making significantly more use of partner providers than others.

Types of formal early learning and childcare provision

The 2017 ELC parent survey asked for details on the types of formal ELC eligible children had attended in the last 12 months. This showed that most eligible children attend a nursery and proportionately fewer another form of ELC provision, as shown in figure 23:

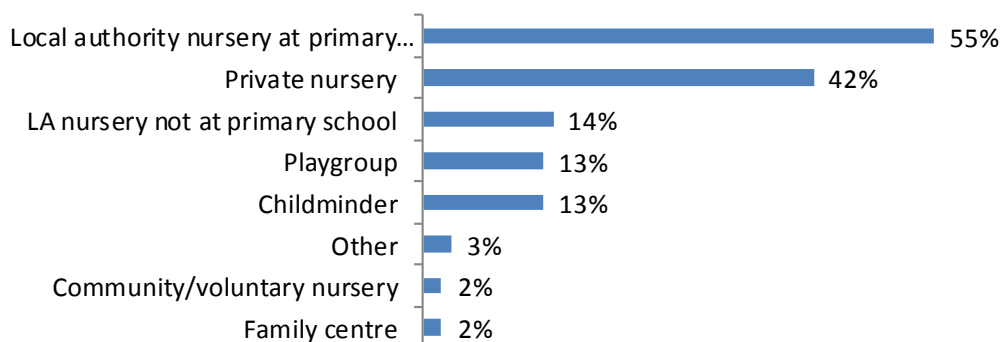


Figure 23: types of formal ELC attended by eligible children in the past 12 months (2017 ELC Parent Survey)

Figure 23 also indicates that some children attend more than one type of early learning and childcare provider. This may include parents who supplement the funded ELC hours with privately paid childcare at a different provider, parents who use more than one provider for the funded hours and parents who use more than one provider for privately paid ELC.

Hours used and combining funded, paid and informal early learning and childcare

While the previous sections show the percentage of eligible children registered for ELC, this does not indicate how many hours they use. In 2014 the funded ELC entitlement was expanded from 475 to 600 hours per year. Analysis of data from the Growing Up in Scotland (GUS) study⁴⁵ suggests that this expansion may indeed have led to an increase in the hours parents use. Comparing the six months before and six months after the increase in funded ELC entitlement in August 2014, the analysis showed an increase of just over **1.5 hours per week** in the average number of hours parents reported their 4 year olds spent at their main ELC provider.⁴⁶

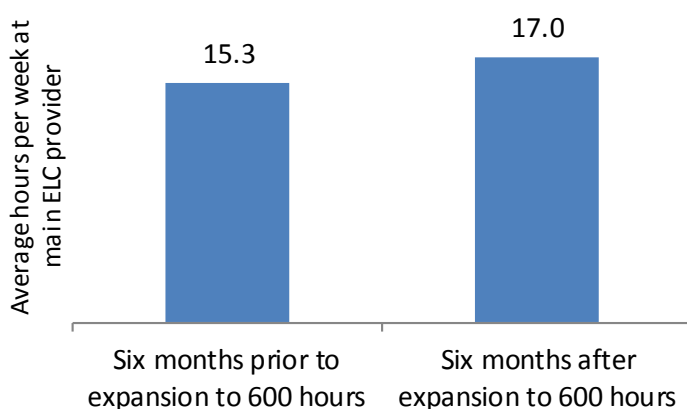
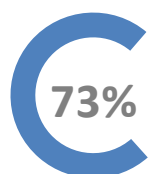
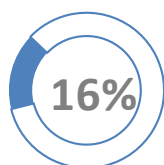


Figure 24: average weekly hours 4 year olds attended their main funded ELC provider in the 6 months immediately before and after the increase in funded ELC entitlement in August 2014 (Growing Up in Scotland)

The 2017 ELC parent survey shows that the majority of parents with eligible children (2, 3 and 4 year olds) use funded ELC in combination with regular paid and/or informal provision (e.g. relatives providing regular childcare):



73% of parents of eligible children use funded hours in combination with privately paid and/or informal



16% use funded ELC only



59% of parents of eligible children use privately paid early learning and childcare (52% alongside funded provision, 3% alongside informal provision and 4% use privately paid ELC only)

⁴⁵ Knudsen, L., E. Currie and P. Bradshaw, *Growing Up in Scotland: Changes in early learning and childcare use and outcomes at age 5: Comparing two Growing Up in Scotland cohorts, 2017* (forthcoming).

⁴⁶ This includes any time the child spent at their main ELC provider (including both funded and unfunded hours) but does not include time spent with any other provider.

The 2017 ELC parent survey also explored the number of hours parents of eligible children use funded ELC, as well as the number of hours they use paid and informal regular childcare. This showed that for 3 and 4 year old children, parents who use ELC report to use on average **29 hours** of regular early learning and childcare: 14 of which are funded, 7 privately paid and 8 informal. For 2 year old children, parents of eligible children on average use **25 hours** regular childcare: 13 funded, 3 privately paid and 9 informal.

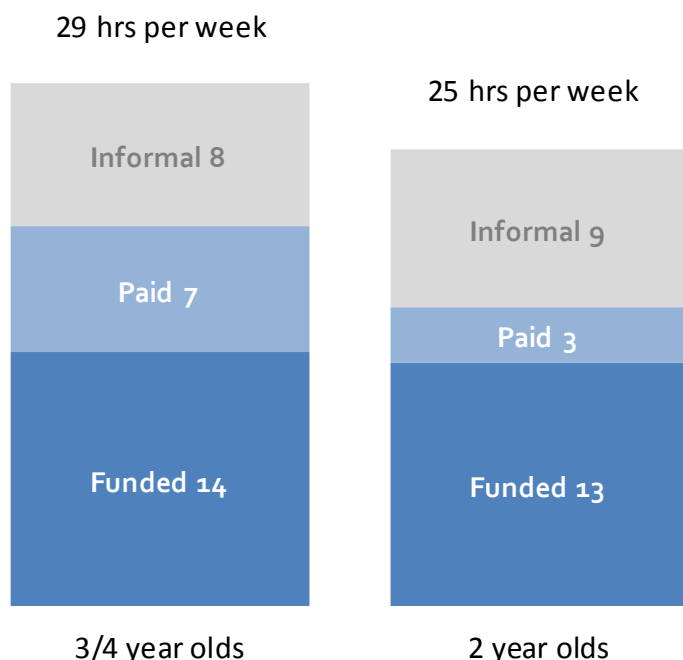


Figure 25: Average weekly hours of funded, privately paid and regular informal ELC use per child reported by parents who use some form of ELC (2017 ELC Parent Survey)

Figure 26 below gives more detail on the total average weekly hours of regular ELC used (funded, paid and informal). It shows that roughly a third of both eligible 2 year olds and eligible 3 and 4 year olds on average use 16 to 29 hours of ELC per week. But amongst 3 and 4 year olds half use 30 hours or more⁴⁷ and only 15% use less than 16 hours. Amongst 2 year olds 34% use 30 hours or more and 32% less than 16 hours.

⁴⁷ This is based on parents' self-reported average use of regular ELC, and includes funded, privately paid and informal regular childcare in the 2017 ELC parent survey. It is not possible to establish with this data to what extent these average hours only include daytime provision or also include, for example, children staying overnight with grandparents.

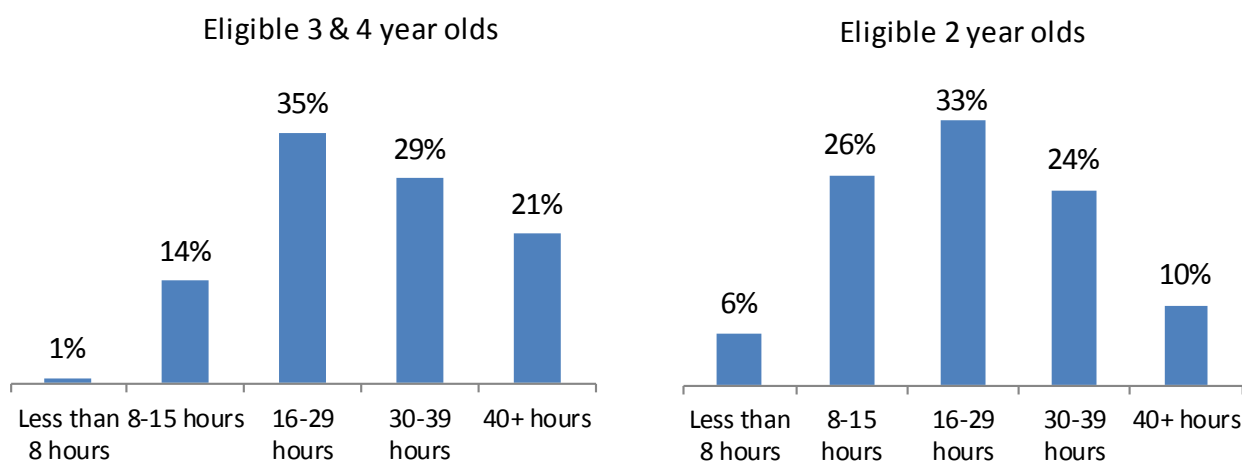


Figure 26: Weekly hours of ELC use (funded, privately paid and informal) per child reported by parents who use some form of ELC (2017 ELC Parent Survey)

On average, parents with higher household incomes use more hours of ELC than parents with lower household incomes. Looking at all types of regular ELC (funded, privately paid and informal), parents with an annual household income of at least £60,000 on average use 33 hours per week, compared to 25 hours per week for parents with a household income of less than £16,000:

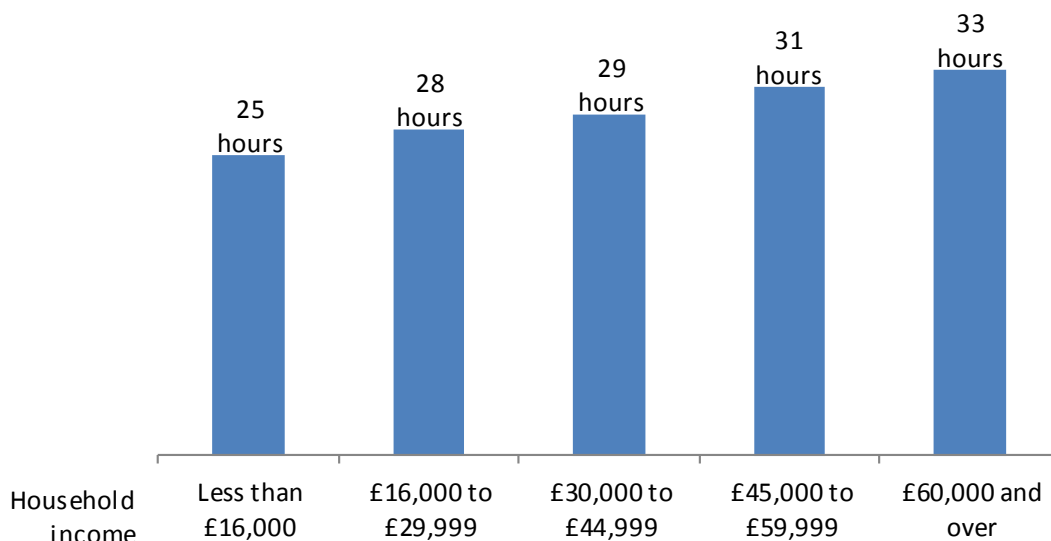


Figure 27: Average weekly hours of ELC use (funded, privately paid and regular informal) per child, by average household income (2017 ELC Parent Survey)

The proportion⁴⁸ of parents who said they do not take up any of their funded hours of ELC were asked for their reasons for this. Not wanting to use the entitlement was

⁴⁸ As described above, the ELC census figures indicate that around 1% of eligible 3 and 4 year olds are not registered for funded ELC, and it is estimated that just under two thirds of eligible 2 year olds are not. The estimates from the parent survey are comparable for 2 year olds (64% of parents do not use the entitlement for their eligible 2 year old) but differ for 3 and 4 year olds with the survey suggesting that 10% of parents with an eligible 3 or 4 year old do not use the entitlement. This could

mentioned by a proportion of those parents (either because they feel their child is too young or because they want to look after their child themselves.) Several of the other reasons mentioned by parents were about facing barriers to using the entitlement: either that they were not aware of the entitlement, don't know how to apply, or are not able to access available providers or sufficiently flexible providers.

The most frequently mentioned reasons for not taking up any of the ELC entitlement were:⁴⁹

For eligible 3 and 4 year old children:

1. I think my child is too young (22% of parents who don't use the entitlement)
2. I was not aware of the availability of funded childcare (22%)
3. I want to look after my child myself most of the time (17%)
4. A lack of flexibility or choice in available opening hours (15%) or types of childcare settings (14%)
5. I don't know how to apply for funded childcare/I find applying too difficult (15%)

For eligible 2 year old children:

1. I think my child is too young (24% of parents who don't use the entitlement)
2. I was not aware of the availability of funded childcare (22%)
3. No reason/I don't know (22%)
4. There are no available providers near me (21%)
5. A lack of flexibility or choice in available opening hours (19%)

The fact that not being aware of the availability of funded childcare was one of the most frequently mentioned reasons for not taking up the entitlement corresponds to findings from earlier qualitative research.

The Scottish Government commissioned research in late 2016 to examine factors that were affecting the uptake of funded ELC for 2 year olds. While this qualitative research was not representative for all parents of eligible 2 year olds in Scotland, it gave an indication that a number of parents interviewed did not take up the ELC entitlement for their 2 year old because they were unaware of the entitlement. When those parents were told about it during the interview, many of them reacted positively and it was suggested that some of them would have used it had they known about it.⁵⁰

The large majority of parents who do take up the entitlement were asked for their main reasons for using ELC. This will be discussed in chapter 8.

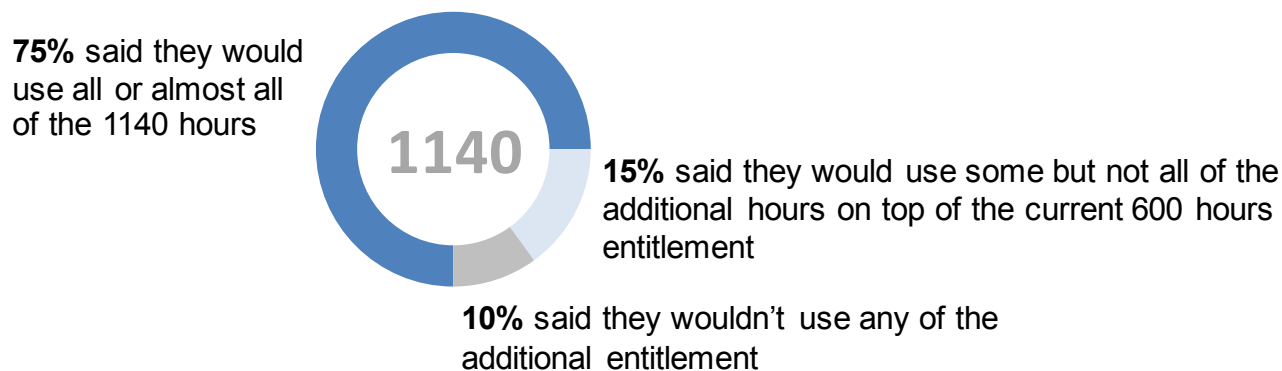
be due to a number of differences in methodology, including that the parent survey assumed that all 3 year olds were eligible, whereas in reality 3 year olds become eligible at the start of the term after their third birthday (although some local authorities allow them to access ELC before then), except for children born in August who are immediately eligible. The parent survey took place in September which may have led some parents of children who turned 3 in September to be wrongly classified as eligible for funded ELC for this question. As a result, the parent survey estimate of 10% of parents with eligible 3 and 4 year olds not taking up the entitlement is very likely an overestimate.

⁴⁹ Parents could give more than one reason.

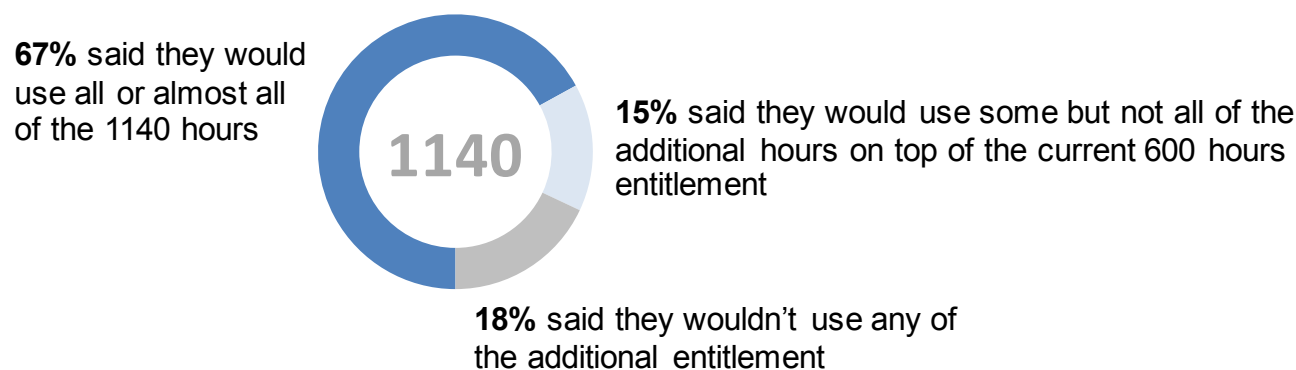
⁵⁰ Ipsos Mori, *Drivers and barriers to uptake of early learning and childcare among two year olds*, 2017, <https://beta.gov.scot/publications/drivers-barriers-uptake-early-learning-childcare-amongst-2-year-olds/pages/1/>

Future use of the 1140 hours ELC entitlement

The 2017 ELC parent survey asked parents of children below 6 how much of the 1140 hours they might use if it offered the flexibility they needed and were available now and they had an eligible 3 or 4 year old. Of the parents who felt able to respond to this question:⁵¹



The percentage of parents who thought they would use the additional funded hours if it offered the flexibility they needed for eligible 2 year old children was lower, but still substantial:



Amongst parents in the lowest income category (below £16,000), who are most likely to be eligible for ELC when their child is two, this was broadly the same with 67% saying they would take up all or almost all of the 1140 hours and 19% that they would use some of the additional entitlement.

The expected uptake of the 1140 hours is also broadly the same for parents in different areas of multiple deprivation (SIMD), parents living in different urban/rural areas and parents with and without children with additional support needs.

⁵¹ When asked about 3 or 4 year old children 5% of parents answered 'I don't know' or 'not applicable' and when asked about 2 year old children 14% of parents did so.

However, there is some variation across parent groups in the extent to which parents say they would use the expanded entitlement, which relates primarily to parents' current use of ELC, and factors such as how much parents currently spend on their provision and employment.

The following factors are most strongly related to whether parents say they would take up the 1140 funded hours:⁵²

1. **The number of hours of ELC parents currently use:** parents currently using 16 or more hours per child per week, and particularly those using 30 or more hours are significantly more likely to take up the 1140 hours
2. **Whether and how much parents currently pay for provision:** parents who currently pay are most likely to take up the 1140 hours, especially those who pay £1000 or more per month
3. **Experience of difficulties affording the cost of ELC:** parents who have experienced some degree of difficulty in the last 12 months are most likely to take up the 1140 hours;
4. **The number of adults in employment:** two earner households are most likely to take up the 1140 hours.

⁵² This is based on regression analysis, and the factors are presented in descending order with those with the strongest association with future uptake presented first.

Reasons for not using all of the 1140 hours

The parents who said they would use only part of the funded 1140 entitlement for one or more of their children (15% of all parents with children below 6) were asked what would prevent them from using the full entitlement. Parents could choose multiple reasons. The most frequently mentioned reasons were not needing or wanting childcare for so many hours, and a feeling that children should not be in nursery for that long:

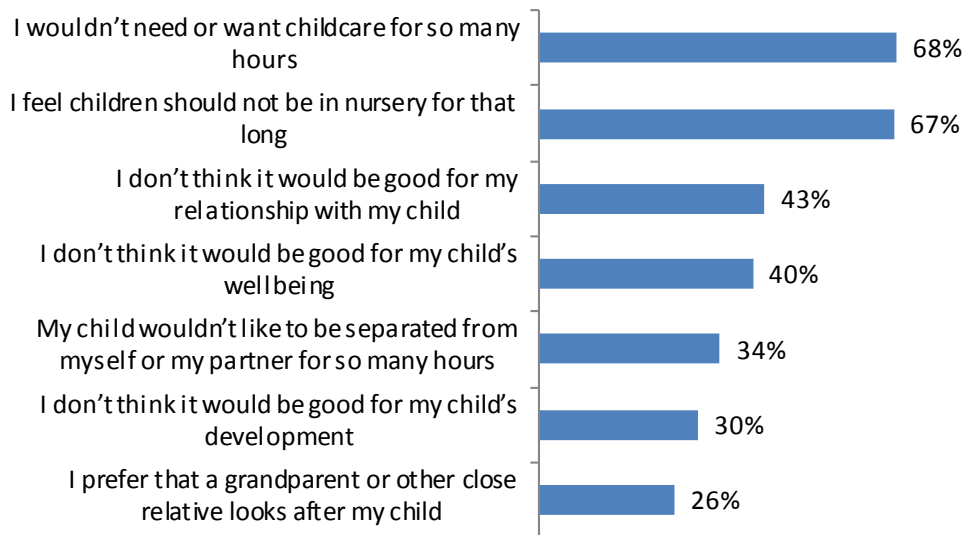


Figure 30: reasons reported by parents for wanting to use only part of the funded 1140 entitlement if it were available now and provided the flexibility needed (2017 ELC parent survey)

Amongst parents who said they would not use any of the additional entitlement for one or more of their children (10% for 3 and 4 year old children, 18% for 2 year old children) the most frequently mentioned reason was that they want to look after their children themselves most of the time:

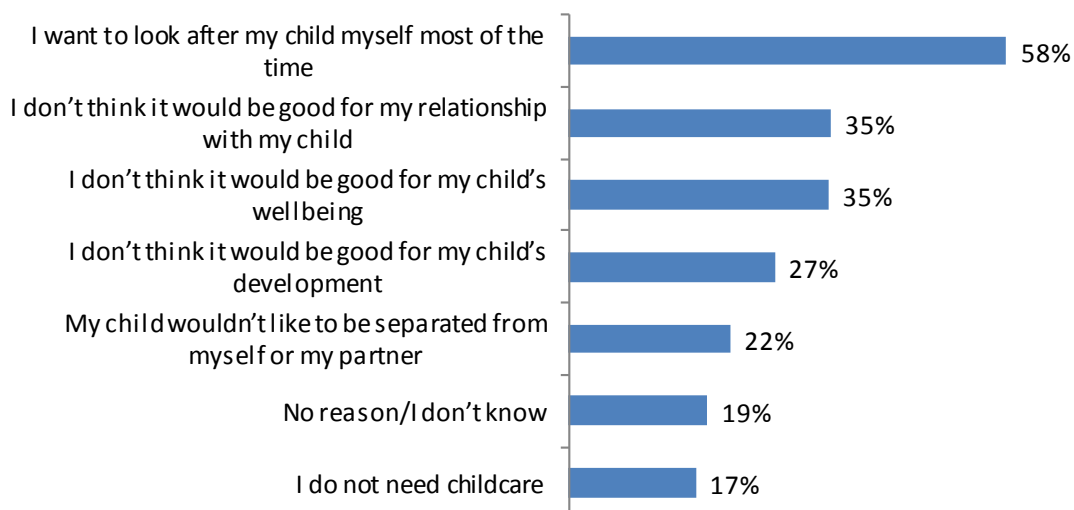


Figure 31: reasons reported by parents for not wanting to use any of the funded 1140 entitlement if it were available now and provided the flexibility needed (2017 ELC parent survey)

Encouraging use of the 1140 hours: learning from the ELC trials programme

Since late 2016, the Scottish Government has funded trials in 14 local authorities across Scotland, to test out different ways in which the 1140 hours can be delivered and gather learning to help the expansion across Scotland. This trials programme is still ongoing and findings will be reported in summer 2018. In summer 2017 initial learning was gathered through structured conversations with leads of the trials on a number of themes. One of these themes was what had so far worked well and what less well in encouraging parents to take up the funded 1140 hours offered, especially for eligible two year olds. Learning on this included:

What worked well for encouraging parents to use the 1140 hours offered

- Personal contact with parents: having face-to-face conversations with parents about the offer on a one-to-one basis, and building personal relationships. For example, the lead of one of the trials commented *“This needs to be done by sitting down with them in a room and building trust. What worked well was the face-to-face contact, not just sending a letter. This takes time but it is worth it.”*
- Working in partnership with other services and stakeholders, to understand how best to communicate the offer to parents and help reach parents. For example, one trials lead said *“Involving the local activist was useful – she knew all of the families who came forward and could provide insight into their circumstances”*

What did not work well for encouraging parents to use the 1140 hours offered

- Formal ways of communicating. Comments included for example: *“setting up semi-formal information sessions was not the best way to proceed. Some parents were very anxious and lacking confidence about coming to a meeting and what might be expected ... it would have been better to engage more informally at nurseries or other groups already used by parents”* and *“Not necessarily all families are literate, though most are; it tends to be the talk that follows. Next time we’d try different methods of communication ... a meeting with parents in addition to the written information”*.
- Parents not fully understanding the offer: a number of trials reported initial misunderstandings about the offer, and having learned that more clarity needs to be provided. Misunderstandings included for example parents not being aware of the eligible funding available for two year olds, not being familiar with the term ‘early learning and childcare’, not understanding different flexibility options, and thinking that if they sign up for additional hours it is mandatory to use the full 1140 hours all the time.

8. Long-term outcomes for children and parents

The long-term aims of the ELC expansion are to support children's cognitive, social and emotional development, especially children from the most disadvantaged backgrounds; and to support more parents and carers in work, training or study, especially parents from the most disadvantaged backgrounds. This chapter gives a brief overview of options and limitations for monitoring and evaluating the extent to which the ELC expansion policy is contributing to those aims.

Monitoring and evaluating long-term child outcomes

Children's long-term outcomes

The aim of supporting children's development refers not only to cognitive development, but also social and emotional development. It is related to the wider Government's objective on children's health and wellbeing set out in the 'SHANARRI' criteria of Getting it Right for Every Child (GIRFEC)⁵³: that children are safe, respected, healthy, active and nurtured, achieving their full potential, included by their peers and wider community and able to take responsibility for their behaviour.

The theories of change⁵⁴ shows how the ELC expansion policy aims to contribute to its long-term aims of improved children's development. The logic is that if children attend more hours of high quality ELC they will, on average, show improved cognitive development and language skills; improved motor and physical development; improved social and emotional resilience; improved self-confidence; experience an enriched home learning environment; be more secure and attached; be kept more safe, have better supported families – and, as a result, their future outcomes will be improved.

Measuring children's long-term outcomes

A full evaluation of the effects of the ELC expansion policy would assess the extent to which the expansion has indeed led to improved child development and other outcomes.

This report does not include such an assessment because it is too early to expect any measurable change. The expansion from 475 to 600 hours in 2014 only meant a limited number of additional hours that are not expected to lead to a measurable change in children's outcomes.⁵⁵ The expansion to 1140 hours will

⁵³ Scottish Government, Getting it right for every child (GIRFEC)

<http://www.gov.scot/Topics/People/Young-People/gettingitright>.

⁵⁴ See NHS Health Scotland, *Evaluability assessment of the expansion of early learning and childcare*, 2017, <http://www.healthscotland.scot/publications/evaluability-assessment-of-the-expansion-of-early-learning-and-childcare>.

⁵⁵ The Growing Up in Scotland Report 'Changes in Early Learning and Childcare Use and Outcomes at Age 5: Comparing two Growing Up in Scotland Cohort' (publication forthcoming) shows no evidence that children attending their main ELC provider for a relatively small number of additional

mean that the number of funded hours will be almost doubled, but this expansion is only planned to be fully rolled out by 2020, so no measurable change in children's outcomes can be expected at this moment.

Nonetheless, even after the expansion has been fully rolled out, measuring the impact of the policy on children's long-term outcomes has its challenges. The ELC expansion policy will likely be rolled out at roughly the same time across Scotland, which means there may not be an accurate 'comparator group' to assess whether change is due to the policy alone. Any change in children's outcomes could also be driven by other changes in society, such as changes in the fiscal climate and income poverty, maternal health and family support, etc.

Related, there are several Government policies, programmes and legislation in Scotland besides the ELC expansion that are aimed at improving outcomes for young children and parents with young children⁵⁶ and it will be difficult to separate out precisely to what extent each of these are contributing to any change we see in children's development and other outcomes.

As part of the longer term evaluation strategy, we will use measures of children's development that will allow us to monitor changes in children's outcomes following the ELC expansion. The other evidence collected in the evaluation strategy on the extent to which the expansion policy is achieving its shorter term aims of building capacity, encouraging uptake, and providing high-quality, flexible, affordable and accessible ELC, will help to make an assessment of the likelihood that the ELC expansion is indeed contributing to any changes seen.

Monitoring and evaluating long-term parent outcomes

Measuring parents' long-term outcomes

Another key aim of the ELC expansion policy is to support more parents and carers in work, training or study, especially parents from the most disadvantaged backgrounds. As with children's outcomes, it is currently too soon to expect a measurable effect of the ELC expansion on the number of parents in training, work or study, and even when an improvement of such parent outcomes can be measured, it will be challenging to determine the exact extent to which such a change is the consequence of the ELC expansion, of other policies, or of larger societal changes. Nonetheless, where possible we will in future years monitor trends in parental labour market participation and other parent outcomes.

hours per week (e.g. up to 16 hours instead of 12.5) had an impact on their development, yet the analysis did not compare for example children who don't use any ELC to those who do. It was also not able to take account of the hours children spent at other providers than their main provider, and we know that many children attend multiple early learning and childcare providers.

⁵⁶ Including for example Getting it Right for Every Child, Family Nurse partnership, expansion of the Health Visitor Pathways, continued implementation of the Children and Young People (Scotland) Act 2014, the Child Poverty (Scotland) Bill, Baby Box, National Improvement Framework for Scottish Education, Scottish Attainment Challenge and Pupil Equity Fund.

Current evidence on parent outcomes

While it is too early to measure the long-term parent outcomes of the ELC expansion, the 2014 ELC parent survey did give an indication on parents' reasons for using the ELC entitlement, both currently and after the future expansion to 1140 hours.

When parents who currently use the funded entitlement were asked what are or were the main reasons for doing so, a large majority of parents mentioned that it would be good for their child's learning and development, but many mentioned work reasons as well:



66% of parents with an eligible 3 or 4 year old said to work or look for work (and **47%** of parents using the entitlement for an eligible 2 year old)



16% said to increase the number of hours they work (**11%** for 2 year olds)



10% to study or improve work related skills (**26%** for 2 year olds)

Other reasons for currently using ELC that parents mentioned which relate to parent outcomes were to have more time for household tasks (mentioned by 15% for 3 and 4 year old children and 44% for 2 year olds), to have more time for oneself such as rest, exercise, socialise, etc. (8% for 3 and 4 year olds and 24% for 2 year olds) and to care for another relative or friend (2% for 3 and 4 year olds and 10% for 2 year olds).

Parents who said they think they would use all or almost all of the expanded 1140 hours were also asked for their main reason(s) for this.



The most commonly mentioned reason why parents said they would use the 1140 hours was **to work or look for work** (mentioned by **78%** of all parents who said they would use the increase in funded ELC).

This means that more parents mention to work or look for work as a reason for wanting to use the future 1140 hours entitlement than parents mentioning these reasons for currently using the 600 hours funded ELC entitlement. It is also notable that more parents who wish to use the full 1140 hours indicated that this would be to increase the number of hours that they work (**33%**).

This corresponds to findings in a recently published Growing Up in Scotland research report, which explored changes to mothers' employment status and trajectories in Scotland, and the main barriers these mothers face.⁵⁷ This showed that mothers in Scotland who had a child in 2010/11 were more likely to be in paid work than mothers who had a child 6 years earlier.⁵⁸ It also found that when mothers looking for paid work were asked about the main barriers they faced, a substantial minority of mothers mentioned childcare issues (the most commonly mentioned barrier was lack of suitable jobs). Childcare issues mentioned as a barrier to work included difficulties with arranging childcare as well as childcare being too expensive to make working worthwhile.

⁵⁷ Knudsen, L. and P Bradshaw, *Growing Up in Scotland: Patterns of Maternal Employment and Barriers to Paid Work*, 2017, <http://www.gov.scot/Publications/2017/11/6970>.

⁵⁸ The study looked at employment up to the time children turned 5.

9. Conclusions

This chapter provides a reflection on the key findings from the different chapters of the report, both in terms of changes after the ELC expansion set out in the 2014 Act, and learning to inform the future expansion to 1140 hours.

The ELC expansion following the 2014 Act

The 2014 Children & Young People (Scotland) Act introduced a number of changes to the funded ELC entitlement, including:

- An expansion from 475 to 600 hours of funded ELC per year, and to eligible two year olds
- A statutory requirement on local authorities to deliver more choice and flexibility of hours of provision

Expanding the hours of funded ELC delivered to 600 hours and to eligible two year olds

Building capacity

Comparing the delivery of funded ELC before and after the 2014 Act, it is estimated that between 2013 and 2016 the number of funded ELC hours delivered across Scotland increased by around 30%. This includes both the expansion from 475 to 600 hours, and the extension of the funded entitlement to eligible two year olds.

Between 2013 and 2016 the total capacity for funded places for children increased by 4%, which was primarily created by an increase in capacity amongst local authority ELC providers and less so by increasing the number of funded places delivered through partner providers.

While the overall capacity for number of funded ELC places for children increased, there are differences between local authorities, with some local authorities showing significant increase in capacity places for children between 2013 and 2016, and nine local authorities showing a decrease.

A very small percentage of parents with eligible children (0.3%) say that they do not take up the ELC entitlement for an eligible child because there are no available providers near them.

Uptake

Almost all 3 and 4 year old children in Scotland use some or all of their 600 hours funded ELC. Moreover, evidence suggests that the expansion from 475 to 600 hours entitlement indeed led parents to use more hours of funded ELC, with an estimated increase of just over 1.5 hours per week comparing the six months immediately before and after the expansion.

However, uptake amongst eligible 2 year olds has been significantly lower, with estimates suggesting that just over a third of eligible 2 year olds currently use funded ELC. This is partly because of parental choice, for example because they think their child is too young. But there is also a proportion of parents who don't use their ELC entitlement because of structural barriers: because they weren't aware of the

entitlement (22%), don't know any available providers near them (21%) or because of a lack of choice in available opening hours (19%).

Providing more flexibility

The evidence presented in this report suggests that since 2013/14 flexibility in ELC delivery has increased year on year, both in terms of opening hours during the day and holiday provision.

There is still room for further improvement as more than half (56%) of funded places across the country in 2016 were in a setting offering provision during school hours only. Moreover, the increase in holiday provision between 2013 and 2016 was smaller and in 2016 less than a quarter (23%) of funded ELC places in local authority settings in Scotland were in settings operating during school holidays.

Evidence shows that private partner providers offer more flexibility than local authority settings. Given that so far the expansion in capacity for funded ELC has been primarily due to an increase in local authority providers and less so in private providers, this suggests that more increased flexibility could be offered by local authorities through increasing their use of partner providers.

There is significant variation between local authorities in the flexibility offered, with some authorities having a considerable proportion of funded places at providers with extended opening hours or provision during school holidays, while in other local authorities no or very few of the funded places are. Many, though not all, of the local authorities which offer limited flexibility are more rural and/or remote authorities.

Quality

Evidence does not show any significant impact of the expansion in 2014 on the quality of funded ELC. Quality of funded ELC provision across the country is rated highly, and has remained stable over the past years. There have also been no significant differences in quality between urban and rural areas, or different areas of multiple deprivation.

However, there is room for improvement in the provision for children with additional support needs. While only a relatively small proportion of parents of eligible children with additional support needs in September 2017 indicated that they are dissatisfied with their access to suitable ELC (17%), nearly half of all parents of eligible children with additional support needs mentioned having experienced one or more difficulties accessing suitable provision (48%)⁵⁹. The most frequently mentioned difficulties related to a lack of information on how ELC providers support children with ASN and the time available to ELC staff to meet children's additional support needs.

⁵⁹ The Parent Survey data collected does not enable us to assess to what extent parents' difficulties accessing suitable provision relates to difficulties accessing information about suitable provision or difficulties accessing provision itself.

Expansion to 1140 hours

This report has also presented evidence specifically aimed at helping to inform the further expansion to 1140 hours by 2020.

Take-up of the 1140 hours

The expansion to 1140 hours would give parents around 30 hours per week of funded ELC if they only use it during school term-time, and fewer hours if using year around. Estimates presented in this report suggest that parents on average already use approximately this number of hours of regular childcare (funded, privately paid for and informal regular childcare).

This suggests that when the provision of 1140 hours commences, many parents could be willing to use the additional hours, which would likely replace some of the childcare parents currently pay for themselves.

This is also reflected in parents' responses when they were asked if they thought they would take up the additional ELC hours if it were available now and provided the flexibility they needed: almost all parents (90% for 3 and 4 year olds, 82% for 2 year olds) said they would use at least some of the additional hours, and a substantial majority (75% for 3 and 4 year old children and 67% for 2 year olds) said they would use all or almost all of the 1140 hours.

For 2 year old children this high expected uptake of the 1140 hours may come as a surprise because the current uptake of the 600 hours for eligible 2 year olds is much lower. To some extent, this might be due to the commonly observed phenomenon that when people are asked to make predictions about their future behaviour in surveys, this may not exactly match their actual behaviour at that future time. Yet another potential explanation is that an important reason identified for why some parents do not use their ELC entitlement for 2 year olds is that they were not aware of the entitlement. Research in 2016 with a small number of parents with eligible 2 year olds who did not use their entitlement suggested that when the parents were told of their entitlement they were positive about using it – and the parent research presented in this report appears to confirm that finding. This suggests that a key method for promoting the uptake of the 1140 hours and thus the success of the ELC expansion policy is to improve the awareness of the ELC entitlement, especially amongst parents with eligible 2 year olds.

Flexibility

The high percentage of parents who said they would use the 1140 funded hours if it were available now included the condition that the funded ELC would provide them the flexibility they need. Evidence presented here indicates that while flexibility of funded ELC provision has improved over the past years, there is still room for further improvement as the expansion to 1140 hours is being rolled out, since there are still local authorities offering limited flexibility.

A key area for improvement as the expansion to 1140 is rolled out seems term-time only provision. Most parents (71%) say they would prefer to use the future 1140 hours annual entitlement every or almost every week of the year as opposed to

during school term-time only, but (in 2016) less than a quarter of places in local authority settings offering the funded entitlement operate during school holidays.

Most parents (65%) would prefer to use the 1140 hours in longer sessions on fewer days per week as opposed to shorter sessions spread over more days per week. Yet there is considerable variation in the exact pattern in which parents would like to spread the 1140 hours, and parents highlight that their preferences may change over time due to changing work requirements, older siblings starting school, etc. This suggests that full flexibility of provision for parents might also mean the option to easily change their pattern of use as their circumstances change.

Affordability

Another aim of the expansion to 1140 hours is to make childcare more affordable to parents. This report indicates that the expansion of funded early learning and childcare can have a considerable financial impact on families once implemented. A large proportion (69%) of parents with eligible children say they experienced affordability difficulties in the past 12 months paying for early learning and childcare for children below primary school age. Estimates indicate that parents who pay for ELC on average spend almost £500 per month on childcare for all their children below primary school age.

This financial impact is expected to be highest for two-earner households, parents who currently already use 30 hours or more per week of early learning and childcare, who currently pay more for childcare, and who currently say they experience difficulties affording ELC – because these groups of parents were all significantly more likely to say they would take up more of the 1140 hours.

This means that there is the potential that when considered in terms of net financial gain, the expansion will give proportionately more benefits to parents in higher income groups than those in lower income groups because proportionately fewer parents with lower household incomes currently pay for childcare; and those who do on average spend less than parents with higher incomes. Furthermore, some of the benefits for low-income households may be offset by the withdrawal of working tax credits which are partially linked to childcare expenditure and to income.

Nonetheless, parents in lower income groups who do pay for childcare spend a higher proportion of their income on childcare, and more frequently report that they find it difficult to afford childcare. In addition, if parents with lower household incomes can use the available childcare to start paid employment or work more hours, this would provide them with more net financial gain and reduce the potential difference in net financial benefit for parents in higher and lower income groups in the longer term. An important element for both the expansion policy and the monitoring and evaluation of the policy is therefore the extent to which parents, especially parents with lower incomes, use the additional funded ELC hours to work or prepare for work.

Reducing poverty and inequalities

While the ELC expansion policy aims to support all children and parents, a specific aim is to support the least advantaged children and parents, in order to reduce the gap in development and attainment between children from the most and least advantaged backgrounds; and reduce poverty and inequalities between parents from the most and least advantaged backgrounds.

Wherever possible, this report has highlighted where views on or experiences with ELC were different for parents and children in different income groups, different areas of multiple deprivation (SIMD) or other potentially disadvantaged groups. This showed that on a number of aspects there were no significant differences between the most and least advantaged parents. For example, there are no significant differences between parents living in different SIMD areas or in rural instead of urban areas in the overall quality ratings of ELC providers, parents' average travel time to their main ELC provider or the number of future 1140 ELC hours parents think they would use.

On other aspects, statistically significant differences were found, including:

Current use

On average, parents with higher household incomes use somewhat more hours of ELC than parents with lower household incomes. Looking at all types of regular ELC (funded, privately paid and informal), estimates suggest that parents with an annual household income of at least £60,000 on average use 33 hours per week, compared to 25 hours per week for parents with a household income of less than £16,000.

Awareness

A lack of awareness of the current ELC entitlement was more frequently mentioned as a reason for not using the entitlement amongst parents in lower income groups, households with no parent in employment and parents with English as an additional language.

Lack of awareness of the future expansion to 1140 hours was also significantly more common amongst parents living in the most deprived areas, households with no parent in employment, parents with English as an additional language, and especially amongst parents with a lower household income and parents below the age of 25.

Flexibility for 1140 hours

While only a minority of parents in all parent groups prefer to use the future 1140 hours of ELC in school term-time only (25% amongst all parents), this preference is somewhat more common amongst parents with children with Additional Support Needs (34%), a household income below £16,000 (36%), households with no parent in employment (44%), and parents with other school-aged children (39%).

Affordability

Finally, as said above, parents with lower household incomes are less likely to currently pay for ELC, but those with lower incomes who do pay for ELC are significantly more likely to say that they experienced affordability difficulties in the last 12 months affording childcare for their pre-school aged children.

When parents who had experienced affordability difficulties were asked about specific types of difficulties, those with a household income of less than £30,000 were more likely than others to have experienced difficulties associated with upfront payment of fees: 33% parents in this income group, compared to 21% of those with a household income of £45,000 or more.

Awareness of these differences in experiences and preferences may help the implementation of the expansion to 1140 hours, and as the expansion is being rolled out towards 2020, monitoring the differences in experiences and needs of different groups of parents will remain a priority for the monitoring and evaluation strategy.

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Annex 1: Members of the ELC Monitoring and Evaluation Working Group

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Wendy van der Neut	Scottish Government
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Annex 2: The 2017 ELC Parent Survey

Background

In summer 2017 the Scottish Government appointed independent researchers Craigforth to undertake a nationally representative survey of parents and carers with children under the age of six, as part of the wider monitoring and evaluation strategy for expansion of the ELC entitlement to 1140 hours by 2020. The overall aim of the survey was to provide up to date information on parents and carers' use of and views about early learning and childcare and its impact. This included gathering views across the following key areas:

- Use of early learning and childcare for eligible children including use of funded/paid/informal provision, types of provider used, number of hours used per child per week, and parents' reasons for using ELC;
- The motivations that influence parents' choice of early learning and childcare provider;
- Attitudes towards and likely future uptake of the expanded 1140 hours entitlement, and the factors that may influence these choices;
- The experience and views on accessibility of early learning and childcare, including for parents of children with additional support need (ASN);
- How much parents pay for early learning and childcare, and any experience of affordability difficulties;
- Views on the flexibility of early learning and childcare provision; and
- Views on the quality of early learning and childcare provision.

Survey fieldwork and response

The survey sought the views of any parents or carer of children aged under 6, irrespective of their experience of early learning and childcare. Survey fieldwork ran from late August to the end of September 2017, and involved two main strands:

- Telephone interviews with a sample of parents and carers drawn from the re-contacts database of the Scottish Household Survey which provides a comprehensive sampling frame for families with dependent children
- A public websurvey promoted via early learning and childcare providers and other non-childcare related networks to maximise the reach of the survey.

In addition, paper surveys and foreign language translations of the survey were made available on request.

A total of 10,526 valid survey responses were received by survey close on 30 September 2017.⁶⁰ This very positive response means that the survey dataset is sufficient to produce highly reliable results which we can say are representative of the general population of parents with children under six in Scotland at a 95% confidence level. Confidence intervals are the standard way of describing the robustness of survey results, and the survey response is sufficient to produce a 95% confidence interval for a 50% result of $\pm 1.0\%$. This means that if 50% of respondents say they would make use of the expanded early learning and childcare entitlement, we can be 95% confident that the true result is between 49% and 51%.

This has also permitted more detailed analysis of survey findings to consider variation in views and experiences across a range of parent/carer groups. This has included analysis to identify any variation in views across the following parent subgroups.

- Groups linked to use of early learning and childcare such as:
 - Those with or without eligible children;
 - Use of funded/paid/informal provision; and
 - Parents of children with Additional Support Needs.

- Socio-demographic and geographically defined groups such as:
 - Those living in deprived areas (as defined by 2016 SIMD);
 - Urban/rural areas (as defined by the Scottish Government 6-fold categorisation);
 - The number of adults in employment;
 - Household income;
 - Parent age; and
 - Households with school age children.

In addition to the level of response, the robustness of results also depends on the extent to which the profile of respondents is representative of that of the wider population – in this case, representative of parents/carers with children aged under 6. Responses included a good cross-section in terms of use of funded/paid/informal provision, and household income. The survey also received responses from all 32 local authority areas, with most areas showing a level of response broadly consistent with the share of the wider population. However, several rural areas are over-represented and a small number of urban areas under-represented, such that the balance between urban and rural areas is not representative. The distribution across more and less deprived areas also shows some element of response bias. Survey weighting has been used to adjust for this bias in relation to deprived and urban/rural areas.

⁶⁰ A further 971 responses were received from parents/carers who do not have children aged under 6, or where responses were insufficiently complete to permit analysis.

Publication

The key findings from the survey are reported for the first time in this evaluation report. A full survey report will be published in 2018, together with findings from qualitative research which Craigforth will undertake in 2018 to explore in more detail some of the survey's findings.



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