

**Child Rights and Wellbeing
Impact Assessment (CRWIA)**

**The Provision of Early
Learning and Childcare
(Specified Children) (Scotland)
Amendment Order 2019**

June 2019



Scottish Government
Riaghaltas na h-Alba
gov.scot

CRWIA Stage 1

[Screening](#) - key questions

(Hyperlink will only work within SG)

1. Name the policy, and describe its overall aims.

The Provision of Early Learning and Childcare (Specified Children) (Scotland) Amendment Order 2019

The entitlement to funded Early Learning and Childcare (ELC) for 2 year olds is targeted based on evidence that those children experiencing the most disadvantage will particularly benefit from early access to high quality ELC. We estimate that around a quarter of 2 year olds in Scotland meet the eligibility criteria which include looked after children and children whose family are in receipt of certain benefits (out of work benefits or income-related benefits with income below a certain threshold).

Since 2015, eligibility criteria for the entitlement to a 2 year old place has included that a 2 year old is eligible where a parent receives maximum Child Tax Credit and maximum Working Tax Credit with an annual income that does not exceed the threshold set in UK Regulations of £6,420 or less.

A combination of UK Government policy changes means that it is now not possible for a parent aged 25 and over to meet this criterion. These policy changes are:

- to increase annually the National Living Wage (the legal minimum wage for those age 25 and over, not to be confused with the 'real' living wage);
- to freeze income thresholds for receipt of maximum Working Tax Credit and maximum Child Tax Credit at £6,420 or less.
- from 1 April 2019 the annual income for a person aged 25 and over working 16 hours per week is £6,831.

The amendment is being proposed in order to protect children's eligibility for the targeted entitlement to funded ELC. The aim of the amendment is that a similar profile of 2 year olds remain eligible for funded ELC following UK Government changes to the National Living Wage.

This amendment will increase the income threshold to £7,320 for those in receipt of both Child Tax Credit and Working Tax Credits. This will protect eligibility for households that have seen an increase in their earnings due to the increase in the National Living Wage.

As it is anticipated that the National Living Wage will continue to rise over the next 3 years (up to at least 2022 based on estimates from the Office for Budget Responsibility), the chosen threshold allows for a degree of stability to 2021. It will also align to the earned income threshold used for those children who qualify for the 2 year old entitlement due to their families' receipt of Universal Credit. This will

allow for Scottish Government to mitigate any discrepancies as more families transition over to Universal Credit.

The effect of the amendment will largely maintain the status quo - allowing a similar profile of children to remain eligible for the entitlement.

It is worth noting for the purpose of the CRWIA that any child currently registered for the 2 year old offer will remain eligible. If the circumstances of the parent/carer change, the child is still entitled to the 2 year old funded ELC provision.

The longer term outcomes of this policy and the overall ELC expansion programme will deliver three main benefits for children and families:

- children's development improves and the poverty related attainment gap narrows;
- more parents will have the opportunity to be in work, training or study; and
- increased family resilience through improved health and wellbeing of parents and children.

2. What aspects of the policy/measure will affect children and young people up to the age of 18?

The Articles of the UNCRC and the child wellbeing indicators under the Children and Young People (Scotland) Act 2014 apply to all children and young people up to the age of 18, including non-citizen and undocumented children and young people.

The amendment will directly affect children aged 2 years old, or those children about to turn 2, who are eligible for the funded early learning and childcare entitlement due to their parents or carers being in receipt of Working Tax Credits and Child Tax Credits.

Due to UK Government policy changes, parents or carers aged 25 or over can no longer be in receipt of Working Tax Credits and have an income of £6,420 or under - one of the criterion set to assess eligibility for 2 year olds into a funded ELC place. This amendment will therefore protect the eligibility for those children in households seeing an increase in earnings as a consequence of the increase to the National Living Wage.

This amendment will not affect any other age group and will allow for a similar profile of child to remain eligible to access this offer.

By ensuring that these children are protected and are able to remain eligible for this offer we are supporting The Getting it Right for Every Child¹ (GIRFEC) approach by making sure they can continue to access "the right help, at the right time, from the right people". This supports the children – and their families -

¹ <https://www.gov.scot/policies/girfec/>

primarily to achieve and be respected and included, contributing to the overall aim that they realise their full potential by growing up feeling loved, safe and respected.

3. What likely impact – direct or indirect – will the policy/measure have on children and young people?

'Direct' impact refers to policies/measures where children and young people are directly affected by the proposed changes, e.g. in early years, education, child protection or looked after children (children in care). 'Indirect' impact refers to policies/measures that are not directly aimed at children but will have an impact on them. Examples include: welfare reforms, parental leave, housing supply, or local transport schemes.

Those eligible 2 year olds will be directly affected if the amendment is agreed and the income threshold is raised to £7,320 or under. This will maintain a similar profile of eligible 2 year olds who will be able to benefit from funded ELC. It is estimated that there could be roughly 400 additional 2 year olds who would become eligible for the entitlement from April 2019. Due to uptake rates for the 2 year old entitlement and continual migration from tax credits to Universal Credit, we estimate this to be an upper range and it is likely that fewer individual children will actually become newly eligible or take up their entitlement.

We are not aware of any child missing out on a 2 year old place because of the changes to the National Living Wage. This will partly be due to the delayed impact with tax credit eligibility, as it is assessed on the previous year's income; and as any child already in funded ELC remains eligible and retains their place even if their parent's circumstances change. We notified Local Authorities of the issue in August 2018 and asked them, with the support of COSLA, to use their discretion under the 1980 Act to provide or maintain access to funded ELC for 2 year olds to families we would otherwise expect to be eligible.

We estimate that if local authorities were to adhere strictly to the eligibility criteria as currently drafted in secondary legislation, this would mean around 4,100 fewer 2 year olds being eligible for funded ELC annually from 1 April 2019. This would represent around 25% of the estimated eligible population². The Amendment Order will protect the statutory entitlement for those children.

4. Which groups of children and young people will be affected?

Under the UNCRC, 'children' can refer to: individual children, groups of children, or children in general. Some groups of children will relate to the groups with protected characteristics under the Equality Act 2010: disability, race, religion or belief, sex, sexual orientation. 'Groups' can also refer to children by age band or setting, or those who are eligible for special protection or assistance: e.g. preschool children, children in hospital, children in rural areas, looked after children, young people

² 2017 estimate of eligible population: 14, 216

who offend, victims of abuse or exploitation, child migrants, or children living in poverty.

An EQIA has been conducted for this Amendment Order and protected characteristic groupings have been considered. The amendment will only affect those eligible preschool children aged 2 years old or those who are about to turn 2 whose parents or carers are in receipt of Working Tax Credit and Child Tax Credit. It will not impact any other 2 year old child who is receiving the entitlement via meeting the eligibility criteria by being in kinship care, looked after or are subject to guardianship. Nor will it directly impact or have a negative effect upon any of the other qualifying benefits that are used as a criterion to gain access to this fully funded offer.

There is no evidence to suggest that this would have a detrimental or negative impact towards any child or groups of children. The targeted 2 year old offer is in addition to the wider universal ELC entitlement to all 3 and 4 year olds, and this is a benefit to this grouping.

Currently all 3 and 4 year olds and eligible 2s are entitled to up to 600 hours of fully funded ELC per year. As part of the ELC Expansion Programme this provision will increase to up to 1140 hours per year from August 2020.

The overall ELC Expansion programme is focused on delivering high quality provision that will benefit all children and aspires to improve the outcomes for children and reduce the poverty-related attainment gap.

An objective within the overarching ELC expansion programme is to ensure that children who experience the most socio-economic disadvantage are benefitting first from access to high quality ELC.

5. Will this require a CRWIA?

Explain your reasons.

A full CRWIA has been considered in conjunction with the full EQIA that has been completed. As the policy intention is to maintain a similar profile of eligible 2 year old children, ensuring that they have access to high quality ELC, we deem this to be a neutral measure. On this basis a full CRWIA will not be required.

The Scottish Government is planning to look more comprehensively at the eligibility criteria for the 2 year old funded entitlement in the future to ensure that the offer is targeting those children who would benefit most from early access to

ELC. A full CRWIA will be screened and conducted if deemed appropriate once this piece of work begins.

CRWIA Declaration

Tick relevant section, and complete the form.

CRWIA required

CRWIA not required



Authorisation

Policy lead

Name, title, division (or equivalent)

Kerrie Harkness

2 Year Old Offer

Early Learning and Childcare

Date

31 May 2019

Deputy Director or equivalent

Name, title, division (or equivalent)

Alison Cumming

Deputy Director

Early Learning and Childcare

Date

11 June 2019



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This publication is available at www.gov.scot

Any enquiries regarding this publication should be sent to us at
The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-78781-990-0 (web only)

Published by The Scottish Government, June 2019

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS602790 (06/19)

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