

T: 0131-244 1030
E: joe.griffin@gov.scot

Local Authority Chief Executives

Copy to:
Local Authority Directors of Education
Local Authority Directors of Finance
Jane O'Donnell, COSLA
Vicki Bibby, COSLA

10 October 2017

Dear Colleagues

EARLY LEARNING AND CHILDCARE: MULTI-YEAR FUNDING PACKAGE

In the Programme for Government, published in September, the Scottish Government committed to *"take the next steps towards the near doubling of funded early learning and childcare, including setting out minimum levels of multi-year funding to deliver the expansion and provide certainty to our councils and providers"*. We undertook to publish details of the multi-year package this autumn. This was in response to feedback from local government colleagues that such a package, agreed timeously, was essential to realising our shared ambitions.

The multi-year package will comprise both capital and revenue funding. For revenue funding, it will cover the next four financial years (2018-19 to 2021-22 inclusive). Capital funding for the expansion will be made available for three further financial years (2018-19 to 2020-21 inclusive).

We are now starting the process of agreeing the quantum of the funding package with authorities, informed by the cost estimates reflected in ELC Expansion Plans and our own modelling. We will engage with the ELC Finance Working Group, which is co-chaired by Scottish Government and COSLA, to develop a shared understanding of the overall costs of delivering Scottish Ministers' vision for the expansion of ELC, with a view to agreeing and confirming multi-year figures by the end of November. This will coincide with the provision of individual feedback to authorities on Expansion Plans.

The total public sector investment in delivery of early learning and childcare is expected to reach £840 million by the end of this Parliament. The Scottish Government estimates that the additional annual revenue allocation to local authorities to deliver the expanded entitlement will be c. £410 million by 2021-22, including funding to deliver the Living Wage commitment, relative to estimated baseline spend in 2017-18. We expect capital funding for the three year period to be £400 million, in line with the indicative planning assumption issued to authorities in May 2017. Our estimates, which will be discussed with the Finance

Working Group later this month, will be considered alongside the estimates presented in local authority expansion plans.

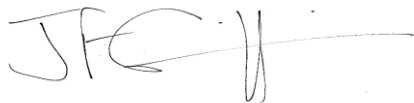
Going forward we will continue to work jointly with local government to keep the revenue and capital cost estimates under regular review to ensure that they remain accurate and affordable. As previously highlighted in the *Blueprint for 2020* consultation document published in October 2016, the Scottish Government is committed to meeting the additional costs of the expansion, but it must be delivered efficiently whilst ensuring that a high quality service is provided.

The ELC Delivery Support team is due to meet with each authority as part of the review of expansion plans over the coming weeks, which will provide an opportunity for us to work together to identify opportunities to maximise the efficiency and effectiveness of this transformative investment in ELC.

We will also work with authorities to agree the distribution of the multi-year funding package so that individual authorities have certainty over their capital and revenue allocations. We will now initiate the relevant processes, working closely with the ELC Finance Working Group to agree distribution proposals to be submitted through the joint Settlement and Distribution Group for political approval by Scottish Ministers and COSLA Leaders.

The forthcoming development and agreement of a multi-year funding package for the expansion in ELC entitlement is another significant milestone for the programme, building on the progress we've collectively made in the last year to develop the policy framework and associated service plans. I'd like to take this opportunity to thank you and your teams for the efforts that have gone into producing ELC Expansion Plans over recent months. We look forward to continuing to work in partnership with you to deliver high quality early learning and childcare for our children and help give them the best possible start in life.

Yours sincerely



Joe Griffin
Deputy Director for Creating Positive Futures