



To:
Local Authority Directors of Finance
Local Authority Directors of Education

Copied to:
Local Authority Chief Executives
CoSLA Acting Chief Officer, Local
Government Finance
CoSLA Chief Officer, Children and
Families

15 May 2020

Dear colleagues,

FLEXIBILITY IN LOCAL AUTHORITY USE OF EDUCATION AND EARLY LEARNING AND CHILDCARE FUNDING TO SUPPORT PANDEMIC RESPONSE

Covid-19 has put us all in an unprecedented, challenging situation. The Deputy First Minister recognised in his statement to Parliament on 19 March that every aspect of our national life has been affected by this crisis. In recognition of the financial and other resource implications of maintaining critical provision for children and families at this time, the Deputy First Minister also set out that he was content to:

- Relax current guidance on Pupil Equity Funding in order that headteachers can support our most vulnerable children;
- Apply flexibility to schools and Local Authorities in receipt of Challenge Authority and Schools' Programme funding;
- Relax grant conditions in respect of funding for Regional Improvement Collaboratives, allowing resource linked to this initiative to be repurposed to the Covid-19 response; and,
- Allow Local Authorities to deploy early learning and childcare funding flexibly to deliver critical provision for children and families.

This letter provides further information about the extent and nature of these flexibilities for education and early learning and childcare grant funding streams to support learning, critical childcare provision and children and families during the emergency response period. By 'critical childcare provision', we mean childcare or equivalent arrangements provided by Local Authorities in either Local Authority settings or private, third sector, independent or childminding settings in response to the needs of keyworkers and vulnerable children as defined in [Coronavirus \(COVID-19\): school and early learning closures – guidance about key workers and vulnerable children](#), published 31 March 2020.

The Covid-19 Education Recovery Group, supported by the ELC Finance Working Group, will consider the funding arrangements necessary to support the recovery phase and make recommendations to CoSLA Leaders and the Scottish Ministers.

The Scottish Government fully supports Local Authorities in the critical work you are undertaking, and greatly appreciates the enormous efforts underway across Scotland to support our families, communities and businesses.

We recognise the fast pace of change facing all of us in this critical and challenging operating environment and we are committed to responding in partnership. We are working closely with our partners in Local Government to arrange the best support we can provide collectively for our local communities across Scotland and this further flexibility on Education and Early Learning and Childcare expansion grants builds on the measures we have already announced on Social Care funding support, Non-Domestic Rates to help support councils' income streams, and the £350 million Communities support funding – some of which will go directly to Local Authorities to support their own resilience through the Hardship Fund, Food Funds and Council Tax Reduction Scheme top ups. Additionally, on 18 April, the UK Government announced further funding of £1.6 billion for Local Authorities in England, with consequential for Scotland of £155 million. The Cabinet Secretary for Finance confirmed on 5 May that this additional funding will be made available in full to local authorities. The funding committed for Local Government is designed to help Councils provide support across a wide range of services affected by Covid-19.

We will continue to work with COSLA to secure the additional resources from HM Treasury needed to provide the additional financial support and flexibility that local government requires in response to the Covid-19 crisis.

Principles supporting flexible use of education and early learning and childcare funding streams

In exercising the flexibility available from these funding streams, Local Authorities are asked to take into account the following overarching principles:

- i. That funding can be redeployed to best support the education and care of children and young people during the response to the coronavirus pandemic;
- ii. That Local Authorities must continue to provide targeted support for the most vulnerable children and families;
- iii. That Local Authorities must provide critical childcare and learning for the children of key workers;
- iv. That where Local Authorities make a critical childcare offer to key worker families and vulnerable families, this should be free at the point of access during the emergency response period;
- v. That Local Authorities should pay sustainable rates to funded providers in the private or voluntary sectors, including childminders, for the delivery of critical childcare on behalf of the authority, to ensure that these providers are able to deliver services that are free at the point of access during the emergency response period;

- vi. That the principle of equity in education must remain a key factor in Local Authorities' responses to Covid-19;
- vii. That reporting requirements across the identified funding streams will be adjusted to reflect the exceptional circumstances, with specific arrangements for each agreed bilaterally between the Scottish Government and local government; these will be proportionate and placed within the context of the wider collection of data from local government;
- viii. That both the Scottish Government and Local Government recognise the pandemic response means that previous priorities and commitments made under these grants will need to be reviewed and reset once the immediate emergency response is complete, and commit to working collaboratively. The recently established Covid-19 Education Recovery Group and ELC Joint Delivery Board will be key to this.

In using these funding streams flexibly, Local Authorities should be able to act to set up (or further develop) alternative arrangements for the delivery of critical childcare, provision of food, digital access, connectivity or devices, education and support for the children and families of key workers and education and support for vulnerable children and families for the duration of early learning and childcare setting and school closures. This list of potential uses of the funding is not exhaustive and decision-making on need will be made at Local Authority/school level, taking account of current commitments across funding streams.

In addition to these high-level principles, there are a number of specific considerations that will determine the flexibility that can be exercised for each of the specific funding streams. These are set out below.

Early Learning and Childcare

The ELC financial position for each Local Authority will vary depending on the extent of existing commissioned places; and the 1,140 contractual commitments already in place. Overall, however, the suspension of the statutory duty is intended to support Local Authorities in prioritising the provision of critical childcare. Additional flexibility in the ELC expansion grant in 2020-21 can, where available, be redeployed to support Local Authorities' responses to Covid-19 and provision of support for the children of key workers and our most vulnerable children. The key points Local Authorities are asked to consider in exercising this flexibility are:

- i. The ring-fenced early learning and childcare expansion revenue grant will continue at the committed level for 2020-21;
- ii. Local Authorities are required to honour the agreement already reached between Scottish Government and CoSLA to continue funding commissioned places in private, third and childminding sector settings for the duration of the closure, with a view to securing the long term viability of the childcare sector and realisation of our shared ambition to deliver 1,140, as discussed in CoSLA's 24 March commissioning guidance and the Scottish Government's guidance note to Directors of Finance of 6 April.

- iii. Where Local Authorities are purchasing critical childcare provision from funded providers, funding for this should take into consideration the costs of delivering critical childcare safely, in line with public health guidance, and in line with the process set out in the letter from Alison Cumming to Local Authorities on 6 April.
- iv. Local Authorities should pay sustainable rates to funded providers in the private or voluntary sectors, including childminders, for the delivery of critical childcare on behalf of the authority, to ensure that these providers are also able to deliver services that are free at the point of access during the emergency response period.
- v. Local Authorities are encouraged to use the £508 million of ELC expansion funding for 2020-21 and any underspends recorded against ring-fenced ELC revenue grant funding in previous years (and other funding streams, where appropriate) flexibly to secure the emergency provision they need locally. This will include the children of key workers and vulnerable children within our communities.
- vi. The Scottish Government and COSLA remain committed to resuming our joint work to deliver 1,140 and hope to see increased provision available in 2020-21 across Scotland subject to the shape of overall recovery arrangements. We are, however, asking Local Authorities to prioritise the allocation of their resources to support the provision of critical childcare during the current response period. We recognise that Local Authorities will need to work through the financial implications of the pandemic response and that the prioritisation of critical childcare will impact on authorities' ability to progress 1,140 expansion plans in this financial year.

Reporting arrangements on ELC expenditure will continue to be agreed through the jointly chaired ELC Finance Working Group. The ELC Finance Working Group will consider these current extraordinary circumstances in jointly developing a proportionate reporting process for 2020-21, and a process for assessing the financial impacts of the pandemic response on ELC funding. Additionally, the ELC Finance Working Group will work through the financial implications of critical childcare during the pandemic response on the multi-year funding package.

The Attainment Scotland Fund

This includes the Challenge Authorities Programme, the Schools' Programme, Pupil Equity Funding, and Care Experienced Children and Young People funding.

A key risk as a result of Covid-19 is that the poverty-related attainment gap grows as direct face-to-face school based learning and teaching is reduced and the Attainment Scotland Fund will be a key factor in mitigating this risk. Therefore this funding and the focus on supporting children and young people from the most deprived backgrounds remains as important as ever.

In exercising the flexibility referred to above, Local Authorities and schools are asked to consider the following key points in relation to the Attainment Scotland Fund:

- i. That funding from the Attainment Scotland Fund can be redeployed to best support the education, health and wellbeing and care of children and young people during the response to the coronavirus pandemic;
- ii. That this redeployment must remain consistent with the principle of equity in education;
- iii. That a key factor in terms of applying flexibility to the use of Attainment Scotland Funding is that where plans for this funding are managed by the Local Authority, changes can be made at Local Authority level without the need to engage with the Scottish Government and existing change request governance arrangements in advance of making changes to plans;
- iv. In making changes to plans, Local Authorities and headteachers should be mindful that long-standing plans may be in place for much of this funding and that a significant portion of it will be assigned to salaried staff or to meeting contractual costs for other services;
- v. Noting that, in line with bullet iv above, elements of this funding may be committed and recognising the practical challenges at this current time, decisions that alter the planned use of Pupil Equity Funding or Schools' Programme funding should be made in partnership with the relevant headteachers;
- vi. Existing reporting arrangements remain in place for each of these workstreams and these will be kept under review and adjusted where necessary to take into account the potential impact of school closures and the pandemic more broadly (e.g. a change or non-delivery of contracted services).

We will, in due course, expect that plans will be adjusted to support pupils as they transition back into school-based learning and Scottish Government and Education Scotland colleagues will work in partnership with schools and Local Authorities to support that process.

Education Scotland Attainment Advisors will remain available to advise Local Authorities and headteachers where necessary.

Regional Improvement Collaboratives

For Regional Improvement Collaboratives, the balance of Scottish Government funding which have been provided is held and administered by a single Local Authority on behalf of the member authorities in each collaborative. RIC leads should explore how un-committed regional funding can be used for region-wide support for distance and home learning for pupils and staff during the "virtual" term 4 of this school year. We ask that RIC leads revise their plans for term 4 to prioritise support for schools to engage the majority of children learning through distance learning.

We are also writing to each RIC Lead directly to provide further information on the immediate implications for the joint work that was in hand prior to Covid-19 for

extending current RIC plans and reviewing regional resourcing in light of the now paused RIC review.

Thank you again for the vital work you and your teams are doing to support our families, communities and businesses, and for your constructive approach to working in partnership. Please continue to share with us your thoughts and suggestions as to how we can further improve our collective response to the pandemic.

Yours sincerely

ALISON CUMMING AND GRAEME LOGAN

Interim Director, Early Learning and Childcare and Director of Learning