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1 May 2018

Dear Colleague

## **EARLY LEARNING AND CHILDCARE – MULTI-YEAR REVENUE AND CAPITAL ALLOCATIONS**

Following agreement of a multi-year funding package for the expansion of early learning and childcare (ELC) by Scottish Ministers and COSLA Leaders, I am writing to confirm local authority multi-year revenue and capital allocations. Allocations for 2019-20 onwards remain subject to parliamentary approval of the respective Scottish Budget(s).

The agreement is based upon refreshed finance templates submitted by local authorities in March 2018, as reviewed by the ELC Finance Working Group and subject to adjustments agreed by Scottish Ministers and COSLA Leaders.

The distribution methodologies underpinning these allocations were agreed by COSLA Leaders on Friday 27 April.

This funding is allocated as a specific grant to ensure that it is protected for investment in early learning and childcare. Authorities will be required to report to the Scottish Government on how this funding has been applied. The intention is for this to be light touch, integrated with an agreed annual review of revenue funding, and we will consult with COSLA and the ELC Finance Working Group on these arrangements.

### **Revenue allocations**

We will provide local authorities with total recurring revenue funding of £567 million per annum by 2021-22 to deliver the expansion in entitlement to funded ELC to 1140 hours from August 2020.

This figure has been calculated as the total local government estimate, as reflected in March 2018 finance templates, uprated for inflation less an adjustment in respect of NRS 2014 population projections. Authority-level allocations have been calculated in the same way, with the population adjustment based on the cost-impact of moving to NRS 2014 projections and takes account of underlying assumptions on uptake and unit cost.



Authority-level allocations for 2019-20 to 2021-22 inclusive are detailed at **Annex A**.

The Settlement and Distribution Group (SDG) will consider the distribution methodology for allocations for 2022-23 onwards in due course.

Allocations for 2018-19 remain as per my letter of 22 February 2018, and are reproduced at **Annex B** for ease of reference.

You will be aware that we have so far distributed £12 million of the £18 million of funding set aside to implement the additional graduate commitment in 2018-19. Euan Carmichael wrote to Directors of Education yesterday (30 April 2018) to confirm that we will use June returns from local authorities to finalise 2018-19 additional graduate funding allocations. Any of the remaining balance of £6 million that is not required for delivery of this commitment in 2018-19 will be allocated across authorities using the formula-based methodology agreed for ELC expansion funding this financial year.

### **Annual review**

The revenue funding package will be subject to an annual review to provide assurance to Scottish Government and COSLA Leaders that the funding package reflects the costs of delivery and uptake, taking account of both total population and 2 year-old uptake.

The ELC Finance Working Group will agree proportionate annual review arrangements and more information will be provided to authorities in due course.

### **Capital allocations**

We will provide local authorities with £476 million of capital funding to support the expansion, over four financial years from 2017-18 to 2020-21 inclusive. This figure has been calculated as the total local government estimate, as reflected in March 2018 finance templates, less an adjustment following the application of agreed capital funding principles to proposed new build projects (comprising standard area and cost reference rates and land purchase). Funding will be distributed to authorities on the same basis.

Authority-level allocations for 2017-18 to 2020-21 inclusive are detailed at **Annex C**.

### **Delivery support**

The ELC Delivery Team is available to support local authorities with the refinement of their plans following this funding confirmation. The team can be contacted directly (for contact details please see monthly update papers) or via the central mailbox [ELCDeliverySupport@gov.scot](mailto:ELCDeliverySupport@gov.scot).

I hope that this information is helpful to you, and allows you now to press ahead with full implementation of the 1140 hours commitment. Could I also extend my thanks, on behalf of the Scottish Government, to you and your colleagues for the hard work and diligence that has gone into this process.

If you have any questions, please direct them to Alison Cumming, ELC Programme Director on 0131 244 0540 or [alison.cumming@gov.scot](mailto:alison.cumming@gov.scot).

**JOE GRIFFIN**

**Annex A – Local authority revenue allocations for early learning and childcare 2019-20 to 2021-22**

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
<b>Aberdeen City</b>	£14,045,000	£23,241,000	£25,924,000
<b>Aberdeenshire</b>	£16,141,000	£26,708,000	£29,792,000
<b>Angus</b>	£5,690,000	£9,416,000	£10,503,000
<b>Argyll &amp; Bute</b>	£5,087,000	£8,417,000	£9,389,000
<b>Clackmannanshire</b>	£2,733,000	£4,523,000	£5,045,000
<b>Dumfries &amp; Galloway</b>	£6,598,000	£10,918,000	£12,179,000
<b>Dundee City</b>	£9,173,000	£15,178,000	£16,931,000
<b>East Ayrshire</b>	£7,364,000	£12,186,000	£13,593,000
<b>East Dunbartonshire</b>	£6,032,000	£9,981,000	£11,134,000
<b>East Lothian</b>	£6,804,000	£11,259,000	£12,559,000
<b>East Renfrewshire</b>	£3,718,000	£6,152,000	£6,862,000
<b>Edinburgh, City of</b>	£26,019,000	£43,054,000	£48,025,000
<b>Na-h Eilean Siar</b>	£1,653,000	£2,735,000	£3,051,000
<b>Falkirk</b>	£10,363,000	£17,147,000	£19,127,000
<b>Fife</b>	£19,943,000	£33,000,000	£36,810,000
<b>Glasgow City</b>	£32,219,000	£53,313,000	£59,469,000
<b>Highland</b>	£14,340,000	£23,729,000	£26,469,000
<b>Inverclyde</b>	£4,885,000	£8,084,000	£9,017,000
<b>Midlothian</b>	£7,327,000	£12,124,000	£13,524,000
<b>Moray</b>	£5,847,000	£9,675,000	£10,792,000
<b>North Ayrshire</b>	£7,882,000	£13,043,000	£14,549,000
<b>North Lanarkshire</b>	£20,550,000	£34,005,000	£37,931,000
<b>Orkney Islands</b>	£1,273,000	£2,106,000	£2,349,000
<b>Perth &amp; Kinross</b>	£7,509,000	£12,425,000	£13,860,000
<b>Renfrewshire</b>	£12,205,000	£20,196,000	£22,528,000
<b>Scottish Borders</b>	£6,827,000	£11,298,000	£12,602,000
<b>Shetland Islands</b>	£1,701,000	£2,815,000	£3,140,000
<b>South Ayrshire</b>	£5,253,000	£8,691,000	£9,695,000
<b>South Lanarkshire</b>	£17,460,000	£28,891,000	£32,227,000
<b>Stirling</b>	£6,399,000	£10,590,000	£11,813,000
<b>West Dunbartonshire</b>	£5,268,000	£8,717,000	£9,723,000
<b>West Lothian</b>	£8,692,000	£14,383,000	£16,044,000
<b>Scotland</b>	<b>£307,000,000</b>	<b>£508,000,000</b>	<b>£566,656,000</b>

**ANNEX B – DETAILS OF 2018-19 REVENUE ALLOCATIONS**

	ELC expansion - capacity and capability building				Lunches		Additional graduates	Total		
	3&4 year olds		2 year olds							
	New	Recurring	New	Recurring	New	Recurring	New	New	Recurring	Total
	1	2	3	4	5	6	7	8	9	10
<b>Aberdeen City</b>	1,102,744	709,687	88,700	57,848	61,704	119,552	165,517	1,418,665	887,086	2,305,751
<b>Aberdeenshire</b>	1,816,600	1,169,099	78,594	51,257	54,674	105,932	165,517	2,115,386	1,326,288	3,441,674
<b>Angus</b>	665,571	428,338	40,196	26,215	27,962	54,177	82,759	816,488	508,730	1,325,218
<b>Argyll &amp; Bute</b>	525,799	338,385	24,519	15,990	17,056	33,047	82,759	650,132	387,422	1,037,555
<b>Clackmannanshire Dumfries &amp; Galloway</b>	323,174	207,984	32,292	21,060	22,464	43,524	193,103	571,034	272,567	843,601
<b>Dundee City</b>	835,796	537,888	86,616	56,488	60,254	116,743	579,310	1,561,976	711,120	2,273,096
<b>East Ayrshire East Dunbartonshire</b>	659,519	424,443	64,621	42,144	44,954	87,098	413,793	1,182,887	553,686	1,736,573
<b>East Lothian</b>	590,122	379,782	20,318	13,251	14,135	27,386	55,172	679,748	420,419	1,100,166
<b>East Lothian</b>	609,878	392,496	40,100	26,152	27,896	54,048	82,759	760,632	472,695	1,233,327
<b>East Renfrewshire</b>	566,822	364,786	16,624	10,842	11,564	22,406	27,586	622,596	398,034	1,020,630
<b>Edinburgh, City of</b>	2,613,761	1,682,124	154,948	101,053	107,790	208,842	551,724	3,428,223	1,992,019	5,420,242
<b>Eilean Siar</b>	195,974	126,122	5,717	3,729	3,977	7,706	27,586	233,255	137,557	370,811
<b>Falkirk</b>	900,127	579,289	71,122	46,384	49,476	95,860	220,690	1,241,414	721,533	1,962,947
<b>Fife</b>	2,015,534	1,297,126	170,389	111,123	118,531	229,655	772,414	3,076,868	1,637,904	4,714,772
<b>Glasgow City</b>	3,076,742	1,980,081	371,360	242,191	258,337	500,528	3,089,655	6,796,094	2,722,800	9,518,894
<b>Highland</b>	1,588,410	1,022,244	52,394	34,170	36,448	70,618	165,517	1,842,769	1,127,032	2,969,801
<b>Inverclyde</b>	383,453	246,777	42,452	27,686	29,532	57,217	220,690	676,126	331,680	1,007,805
<b>Midlothian</b>	611,904	393,799	44,487	29,013	30,947	59,960	82,759	770,096	482,773	1,252,869

<b>Moray</b>	564,831	363,505	34,006	22,178	23,656	45,834	55,172	677,665	431,516	1,109,181
<b>North Ayrshire</b>	701,055	451,174	94,058	61,342	65,432	126,774	662,069	1,522,614	639,291	2,161,905
<b>North Lanarkshire</b>	1,830,139	1,177,813	184,977	120,637	128,679	249,316	1,103,448	3,247,244	1,547,766	4,795,009
<b>Orkney Islands</b>	151,014	97,187	5,518	3,598	3,838	7,437	27,586	187,956	108,222	296,178
<b>Perth &amp; Kinross</b>	777,714	500,509	41,098	26,803	28,590	55,393	55,172	902,575	582,705	1,485,280
<b>Renfrewshire</b>	1,011,060	650,682	77,855	50,775	54,160	104,935	717,241	1,860,316	806,392	2,666,708
<b>Scottish Borders</b>	727,941	468,477	39,258	25,603	27,310	52,913	82,759	877,268	546,993	1,424,261
<b>Shetland Islands</b>	202,997	130,641	7,281	4,749	5,065	9,814	27,586	242,930	145,204	388,134
<b>South Ayrshire</b>	581,005	373,914	44,527	29,040	30,976	60,015	331,034	987,542	462,969	1,450,511
<b>South Lanarkshire</b>	1,624,990	1,045,785	134,015	87,401	93,228	180,628	717,241	2,569,473	1,313,815	3,883,288
<b>Stirling</b>	528,004	339,804	28,704	18,720	19,968	38,688	137,931	714,607	397,212	1,111,819
<b>West Dunbartonshire</b>	543,014	349,464	58,006	37,830	40,352	78,183	303,448	944,821	465,477	1,410,298
<b>West Lothian</b>	1,053,103	677,739	86,593	56,474	60,239	116,712	524,138	1,724,072	850,925	2,574,997
<b>Scotland</b>	<b>30,300,000</b>	<b>19,500,000</b>	<b>2,300,000</b>	<b>1,500,000</b>	<b>1,600,000</b>	<b>3,100,000</b>	<b>12,000,000</b>	<b>46,200,000</b>	<b>24,100,000</b>	<b>70,300,000</b>

**Annex C – Local authority capital allocations for early learning and childcare 2017-18 to 2020-21 (£ million)**

	2017/18	2018/19	2019/20	2020/21	Total
Aberdeen City	1.040	7.400	8.600	6.000	23.040
Aberdeenshire	1.770	8.500	10.000	6.900	27.170
Angus	0.640	2.700	3.200	2.200	8.740
Argyll & Bute	0.490	2.100	2.500	1.700	6.790
Clackmannanshire	0.280	1.600	1.800	1.300	4.980
Dumfries & Galloway	0.910	2.800	3.200	2.200	9.110
Dundee City	0.810	3.300	3.900	2.700	10.710
East Ayrshire	0.910	6.900	8.100	5.700	21.610
East Dunbartonshire	0.560	2.300	2.700	2.000	7.560
East Lothian	0.620	4.800	5.600	3.900	14.920
East Renfrewshire	0.570	3.900	4.600	3.200	12.270
Edinburgh, City of	2.580	12.400	14.500	10.000	39.480
Eilean Siar	0.240	1.000	1.200	0.800	3.240
Falkirk	1.250	5.000	5.800	4.000	16.050
Fife	2.280	8.800	10.200	7.100	28.380
Glasgow City	3.330	13.700	16.000	11.100	44.130
Highland	1.690	10.400	12.100	8.400	32.590
Inverclyde	0.380	1.900	2.200	1.500	5.980
Midlothian	0.530	5.400	6.300	4.300	16.530
Moray	0.640	2.400	2.800	1.900	7.740
North Ayrshire	0.740	3.600	4.200	2.900	11.440
North Lanarkshire	0.650	6.600	7.700	5.400	20.350
Orkney Islands	0.140	0.700	0.800	0.600	2.240
Perth & Kinross	0.890	4.800	5.600	3.800	15.090
Renfrewshire	0.910	4.400	5.100	3.600	14.010
Scottish Borders	0.690	2.400	2.800	1.800	7.690
Shetland Islands	0.190	1.100	1.300	0.900	3.490
South Ayrshire	0.560	5.000	5.800	4.000	15.360
South Lanarkshire	1.740	5.900	6.900	4.700	19.240
Stirling	0.300	2.300	2.600	1.800	7.000
West Dunbartonshire	0.580	1.800	2.100	1.400	5.880
West Lothian	1.090	4.100	4.800	3.300	13.290
<b>Scotland</b>	<b>30.000</b>	<b>150.000</b>	<b>175.000</b>	<b>121.100</b>	<b>476.100</b>