

# EARLY LEARNING AND CHILDCARE: MAKING THE SYSTEM WORK FOR LOW-INCOME FAMILIES

**Over the last decade, Scotland has made significant progress in developing and expanding Early Learning and Childcare (ELC), positioning itself as a UK leader in early years policy. The expansion of the funded ELC offer to 600 hours in 2014, and later to 1140 hours per year in 2021 for all three- and four-year-olds and eligible two-year-olds, represented a major investment in children and families.**

However, policy discussion has often overlooked the trade-offs between these objectives. In particular, there has been limited attention to the different policy levers required to support labour market participation compared with those needed to close the attainment gap. As a result, the specific needs of parents or guardians on low incomes (who should arguably benefit most from the policy) have not always been adequately considered.

That is why Scottish Women's Budget Group (SWBG) has been taking a gender budgeting analysis to funded ELC. The recommendations set out in this briefing are based on the findings from that work.

This expansion was designed to deliver three key outcomes:

1. Narrowing the poverty-related educational attainment gap
2. Improving family wellbeing
3. Increasing the opportunities for parents or guardians to take up or sustain work, education, and training



# IS FUNDED ELC WORKING FOR PARENTS ON LOW INCOMES?

## Emerging evidence suggests that the current system is not fully meeting families' needs.

SWBG survey data highlights several shortcomings.<sup>1</sup> For example, our [Aberdeenshire childcare survey](#) found that while around 95% of respondents were able to access their ELC entitlement, only 31% said it fully met their needs. 65% reported that it only partly met their needs, and 4% said it did not meet their needs at all.

Parents' concerns focused on:

- ▶ The insufficiency of 1140 hours, particularly when delivered during term time only
- ▶ Limited flexibility in how funded hours can be used
- ▶ Difficulties aligning childcare availability with working hours

Qualitative evidence from our [work with the Fa'side Women and Girls Group and Making Rights Real in East Lothian](#) similarly highlighted how the way funded childcare is delivered locally can affect women's ability to access suitable work or increase their earnings.

These challenges are increasingly driven by the financial pressures faced by Local Authorities. Across Scotland, some councils are retreating to offering only their statutory minimum provision, for example by:

- ▶ Offering places from the term after a child turns three, rather than the week after their birthday
- ▶ Reducing support for cross-boundary placements

Through our [Investing in Childcare project](#), parents have consistently told us that the current system does not adequately support them to enter or sustain work, education or training.

### Parents told us:

*"Even with funded hours, the cost of wraparound care is often prohibitively expensive, significantly diminishing the financial relief provided by the funded scheme."*

*"My nursery is only open term time, it costs £50 a day to get childcare during the holiday, it's just too expensive when you only have one income coming in."*

*"The DWP expect you to work 30 hours but you only get access to 30 hours a week funded childcare, it's as if they think you can fly to work. You need at least 40 hours childcare to manage drop off and pick-ups and it needs to be over the full year not just term time."*

*"The funded hours are a god send, they allow me to work as I couldn't do it as a single parent otherwise, but they only allow me to work part-time."*

<sup>1</sup> SWBG (2023) [Policy Briefing. Childcare Survey 2023](#)

# WHAT CANDIDATES SHOULD COMMIT TO

**If Scotland is to deliver on the original ambitions of funded ELC, particularly increasing the ability of parents and guardians to take up or sustain work, education and training while helping to close the attainment gap, political parties must commit to strengthening the system ahead of the next 2026 Scottish Parliament election.**

**Candidates should commit to:**

- 1. Linking the implementation of ELC to the delivery of child poverty targets by making the ELC offer more generous for the six priority family groups.**

While the current universal ELC entitlement provides an important foundation, our research shows that the Scottish Government's six priority family groups require additional support to fully benefit from it and to help deliver child poverty targets. Lone parent families, minority ethnic families, families with a disabled adult or child, families with a mother aged under 25, families with a child under one, and larger families (three or more children) often need a greater number of funded childcare hours in order to manage childcare costs and balance paid work with caring responsibilities.

The ELC offer should therefore be expanded to provide additional funded hours for these families, alongside greater flexibility in how the 1,140 hours are delivered.

- 2. Strengthening quality of care.**

Our review of ELC implementation across six Local Authorities shows that quality of care is regulated and supported through roles such as Equity and Excellence Leads, funded by the Scottish Government. However, this approach may not be sufficient to meet the needs of the most disadvantaged children or to meaningfully support efforts to close the attainment gap.

Alongside increased hours, children from priority family groups should receive additional targeted support to help ensure positive developmental outcomes prior to starting school.

- 3. Strengthen ELC delivery for eligible 2-year-olds.**

Scotland has made progress in increasing uptake of ELC among eligible two-year-olds. However, further action is needed to ensure that all children who are entitled to funded provision are able to access it.

This should include adequate and sustainable funding from the Scottish Government to Local Authorities to ensure consistent delivery across Scotland and to remove barriers that currently prevent eligible families from taking up their entitlement.

- 4. Protecting and strengthening Local Authority capacity to deliver childcare and ensuring a robust and transparent funding formula to prevent further erosion of provision.**

The financial constraints faced by Local Authorities, and the decisions being made as a result, highlight the risk that inadequate funding poses not only to the sustainability of the childcare sector but also to the long-term success of the policy. The Scottish Government must therefore review its funding formula to ensure that it genuinely supports the medium- and long-term objectives of Early Years policy. This should include an assessment of the impact that the recent inflationary period has had on spending commitments and on Local Authorities' capacity to deliver the policy, including the implications for partner providers.

Delivering these commitments would contribute to ensuring that Scotland's early years policy not only benefits children's development, but also genuinely supports families' economic security and participation in the labour market.



# ABOUT THE PROJECT

Investing in Childcare is a project funded by The Robertson Trust. It examines the implementation of Early Learning and Childcare through the lens of gender budget analysis across six local authorities. Using a combination of desk-based research and primary qualitative research, the project assesses whether current delivery models are effectively upholding the policy's founding principles, particularly for low-income families. The project's final report will be published in June 2026.

## For further information about the project

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