

## POLICY NOTE

### THE PROVISION OF EARLY LEARNING AND CHILDCARE (SPECIFIED CHILDREN) (SCOTLAND) AMENDMENT ORDER 2023

SSI 2023/XXX

1. The above instrument was made in exercise of the powers conferred by section 47(2)(c)(ii) of the Children and Young People (Scotland) Act 2014 (the Act). This instrument is subject to affirmative procedure.

**The purpose of the instrument is to amend the Provision of Early Learning and Childcare (Specified Children) Order 2014, as amended ('the 2014 Order') to protect eligibility for 2 year old children who qualify for access to funded early learning and childcare (ELC) due to their parents' receipt of Working Tax Credits and Child Tax Credits; or Universal Credit.**

#### Policy Objectives

2. Funded ELC for 2 year old children is a 'passport benefit', where the entitlement depends on a child being an 'eligible child', which includes their parent being in receipt of certain benefits, as set out in the 2014 Order.
3. This instrument amends the income threshold from £7,920 to £8,717 per year for those in receipt of both Child Tax Credit and Working Tax Credits.
4. The instrument also amends the Universal Credit threshold from £660 per month to £726 per month.
5. There is a similar criterion for those in receipt of Child Tax Credit only. We are not changing this as this is linked to UK regulations and will be automatically updated by UK Government from £17,005 to £18,725.

#### Background

6. The UK Government confirmed at their recent budget announcement on 17 November 2022 that there would be a further increase to the National Living Wage. From 1 April 2023, the National Living Wage (the legal minimum wage for those age 23 and over, not to be confused with the 'real living wage') will increase from £9.50 to £10.42 per hour.
7. The amendments in this SSI will protect eligibility for those households in receipt of either Working Tax Credit and Child Tax Credit or Universal Credit by reflecting the increase in yearly and monthly income as a result of the increase in the National Living Wage from April 2023.
8. If we make no change to income thresholds, it would mean access to this entitlement would narrow. This and future up-ratings in line with the National Living Wage are therefore necessary to maintain eligibility for funded ELC. If no changes were made to

the threshold, previous modelling suggests the eligible population would decrease by around 1,000 2 year olds.

### **Consultation**

9. As these amendments are being made in order to maintain rather than change eligibility, we have not consulted on the threshold. The Convention of Scottish Local Authorities (COSLA) are aware of, and in agreement with this approach.

### **Impact Assessments**

10. Our previous impact assessments on amendments to the 2014 Order have been updated to reflect the provisions in this instrument and will be published separately. We are of the view that this instrument does not discriminate on the basis of age, disability, race, religion or belief, sex, sexual orientation or gender reassignment. There is no negative impact on children's rights and wellbeing. We do not consider there to be any impacts on island communities, privacy or the environment.
11. As we do not anticipate a significant change to the 2 year old eligible population as a result of these changes, we do not anticipate any material impact on ELC providers in the private and third sectors. We have not therefore updated a Business and Regulatory Impact Assessment.

### **Financial Effects**

12. The income thresholds proposed are based on modelling which protects the current level of entitlement to early learning and childcare for eligible 2 year olds for 2023/2024.
13. We anticipate no material impact on local authorities' ability to fund this provision within the current financial settlement.
14. We intend to continue to review the income thresholds in the 2014 Order annually in order to reflect planned changes to the National Living Wage.

Scottish Government  
Early Learning and Childcare Directorate

*January 2023*