

31 July 2023

Dear Colleagues,

I am honoured to be serving as Scotland's Minister for Children, Young People and Keeping the Promise. Since my appointment I have been out visiting services across Scotland, and I have been delighted to meet so many dedicated professionals working hard to deliver the best possible outcomes for our children and families.

I know first-hand just how critical flexible, accessible and affordable childcare, and Scotland's private, third and childminding sector providers are a really valued and important partners in delivering that.

However, in the first few months of my new role I have heard directly from many parts of the sector about the significant challenges facing providers just now in relation to the costs crisis, workforce pressures and the lasting impacts of the pandemic. I understand that the impact of these challenges are causing real concerns for many of you, and for the families accessing the valuable services that you provide.

The childcare sector in Scotland delivers a diverse and vital range of provision to children of all ages. From caring for our youngest children, to the delivery of funded early learning and childcare (ELC) for eligible 2 year olds and all 3 and 4 year olds, through to provision for school age children. I am committed to supporting this diversity of provision and to ensuring a sustainable and thriving childcare sector.

I am writing to provide an update about work we are taking forward with our partners to understand these challenges and what action we are taking to address them.

### **Financial Sustainability Health Check Publication and PVG fee waiver**

The Scottish Government has just [published an update](#) of the Financial Sustainability Health Check of the Childcare Sector in Scotland. This update provides further evidence about the impact of some of the pressures described above that are facing the sector. I am very grateful to all childcare providers who took the time to complete the time to participate in informing this report.

A summary of the immediate actions we are taking include:

- A commitment by the Scottish Government to cover the costs of the Protecting Vulnerable Groups (PVG) membership fees for new entrants to the sector for the remainder of the 2023-24 financial year.

- Publishing a resource setting out sources of funding to undertake qualifications and Continuous Professional Learning, and consolidating wellbeing resources for practitioners.
- Building on our programme of targeted business support for childcare providers by linking with childminder recruitment pilot induction process. We will also explore what more can be done in this area with Business Gateway and through engagement with the sector in order to inform any further targeted support.
- Continuing to fund the Care Inspectorate to deliver the ELC Improvement Programme to support funded providers to meet the quality criteria included in Funding Follows the Child and the National Standard.
- Publishing the Strategic Framework for Scotland's Early Learning and School Age Childcare Profession. The Framework will set out priorities for action now and over the coming months and years to ensure the qualifications, training, recruitment, and retention needs of all parts of the sector are met.

We will ensure that provider sustainability and workforce issues are addressed as a priority through the programmes of work that are in train on building a system of school age childcare and developing a new offer for one and two year olds, starting with those who will benefit most.

We also continue to work with local government and private, third and childminding sector providers to further strengthen setting of sustainable rates. Later this year we will publish the joint Scottish Government and COSLA Review of the approach to setting sustainable rates in 2022-23. This review aims to identify where the rate-setting process can be improved further, and to ensure that sustainable rates being paid to partner providers reflect the costs of delivering funded ELC and payment of the real Living Wage to staff.

The findings of this evidence-based review, which has included input from both partner providers and local government, will inform what further action may need to be taken on the wider approach to sustainable rate setting over the rest of this Parliament. I will be considering the findings of this Review very carefully.

We will continue to work with the sector and delivery partners to progress the actions outlined above, and to explore further opportunities for providing support. This includes continuing to engage with providers in the private, third and childminding sector, including through the work of the National Childcare Providers Forum, to ensure that your views are heard, and that we work together to explore further opportunities to provide support to the childcare sector.

I look forward to continuing to work with you.

Yours sincerely,



Natalie Don  
Minister for Children, Young People and Keeping The Promise

