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ELECTED MEMBER BRIEFING NOTE

Early Learning and Childcare: Eligible two-year olds





Elected Members Briefing Series

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About the Improvement Service

The Improvement Service (IS) is the go-to organisation for local government improvement in Scotland. Established in 2005, the IS supports councils and their partners to deliver better outcomes for communities, reduce inequalities, and achieve efficiencies.

We do this through leading transformation, building capacity and capability for improvement across the sector, supporting collaboration to tackle shared challenges, providing data and intelligence to inform policy and decision-making, and delivering national shared service applications and technology platforms.

Our expertise covers a wide range of areas including digital public services, performance measurement and benchmarking, transformation and change management, workforce and skills development, planning and place-based approaches, economy and employability, poverty and inequalities, and climate change.

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About this briefing note

This briefing note provides Elected Members with an overview of the targeted entitlement to funded Early Learning and Childcare (ELC) for eligible two-year-olds in Scotland, and the role it plays in reducing inequalities and supporting families experiencing poverty.

The briefing highlights the significant gap between entitlement and uptake, outlining local and national challenges. The note also explores the key barriers that prevent eligible families from accessing their entitlement, including issues relating to awareness, system complexity, and practical access. Importantly, the briefing sets out why increasing uptake matters, not only for improving children's early development, but also for supporting parental employment and progressing wider local and national priorities, including tackling child poverty.

This briefing is intended to support Elected Members in exercising effective leadership and oversight, using data and local insight to inform decision-making, and ensuring services are designed to reach those who would benefit most.

What is the challenge?

Funded ELC for eligible two-year-olds in Scotland is a targeted offer aimed at reducing inequalities, improving children's outcomes and supporting families who are most at risk of poverty.

Eligibility is primarily based on receipt of certain benefits, most notably universal credit (subject to an earnings threshold) as well as other income-related supports. Children who are care experienced (looked after or in kinship care) are also automatically eligible. In addition, local government (via national agreement between Scottish Government and COSLA) have agreed to use discretionary powers to extend access to children of care experienced parents. Beyond the national criteria, local authorities can also use these discretionary powers to provide access to funded ELC to any child, depending on local priorities and capacity.

Despite the funded entitlement of up to 1140 hours per year, there remains a significant gap between entitlement and uptake. Data from the Funded Early Learning and Childcare Statistics 2025¹ show that while uptake among three-and-four-year-olds is almost universal, only around 55% of eligible two-year-olds are accessing funded ELC. This means that a substantial proportion of children who could benefit are not taking up their entitlement. However, uptake varies across Scotland and should not be read as a simple measure of system performance. Some families make an active choice not to take up a formal ELC place for the younger children, preferring informal care or other support. The priority is ensuring every eligible family is aware of and able to access the offer - and that local systems are proactively reaching those who stand to benefit most.

Evidence from the Eligible Two-Year-Olds Discovery Phase Report², and from wider research^{3 4}, highlight a range of systemic and behavioural barriers associated with lower uptake. These include:

- **Awareness gaps:** Families are not aware their child is eligible, or do not understand the benefits of funded ELC;
- **Perceptions and stigma:** Targeted provision may feel stigmatising which may cause some families to disengage;
- **Complex systems:** Application processes and eligibility criteria may be difficult to navigate;
- **Practical challenges:** Transport, limited flexibility or access to local provision; and
- **Trust and relationships:** Families, particularly vulnerable families, may have had limited or negative experiences with services previously.

These barriers are often interconnected, meaning that simply offering a place is not always enough to ensure uptake. As a result, levels of uptake vary across Scotland, reflecting differences in local context, delivery models, and how effectively families are identified and supported.

Access to high-quality funded ELC plays an important role in children's development, particularly for disadvantaged children. Beyond this, it also supports parental employment, training or further study and aligns with broader national policy priorities. Access to affordable, high-quality childcare is a key driver in tackling child poverty, supporting parents into work and improving long-term outcomes for children⁵. Findings from the Expansion of funded early learning and childcare to 1140 hours⁶ also highlighted a significant improvement in social, emotional and behavioural development among eligible 2-year-olds after a year of funded ELC.

However, evidence suggests that the current systems do not always reach those who need them most. Families experiencing poverty continue to face barriers to accessing childcare – particularly for younger children—limiting both developmental opportunities for children and employment opportunities for parents.

Addressing uptake therefore requires a whole-systems approach, focused on designing services around the needs of families rather than expecting families to navigate complex systems. There has been a significant increase in the availability of data to support this work, including the [ELC Data pipeline, local authority data, and the ELC Insights Dashboard \(ELCID\)](#).

Improving uptake among eligible two-year-olds plays a key role in reducing inequalities, supporting families and ensuring children have the best start in life.



What does this mean for Elected Members?

Funded ELC for eligible-two-year-olds places clear responsibilities on local authorities and Elected Members to ensure that eligible children can access their statutory entitlement.

Elected Members have a key role in providing leadership and oversight to close the gap between entitlement and uptake. With around only half of eligible-two-year-olds currently accessing funded ELC, it is vital that policy ambitions translate into real outcomes for families. In practice this means that Elected Members may wish to consider the following:

- Promoting awareness of funded ELC, particularly among families less likely to engage;
- Supporting efforts to reduce stigma and improve understanding of the offer;
- Holding services to account for systems that are accessible, simple and family centered;
- Using local data to understand uptake patterns, including differences across communities and priority groups;
- Ensuring sufficient capacity, flexibility and choice in provision;
- Considering how discretionary powers can be used to extend access where appropriate; and
- Supporting a whole-system approach, aligning ELC with employability, family support and child poverty strategic priorities and services.

A key responsibility is making effective use of data. The development of the ELC data pipeline, alongside local authority data and the ELC Insights Dashboard, strengthens the ability to track uptake, identify gaps, and understand which families are not being reached. Elected Members can use this improved intelligence to inform decision making, target interventions, and monitor progress over time.

Importantly, the availability of provision does not guarantee access. It is vital that local systems are actively identifying and supporting eligible families, so that children who stand to benefit most can access high-quality ELC as early as possible.



What Does 'Good Practice' Look like in the Area?

Evidence from across local authorities shows that strong delivery of funded ELC for eligible two-year-olds is underpinned by a proactive, data-informed and system-wide approach.

Good practice is characterised by:

- **Effective use of data and insights:** Local authorities make full use of the ELC data pipeline, ELC Insights Dashboard and local data to understand where eligible children are, which children are not accessing provision, and how demand compares to capacity.
- **Proactive identification and engagement of families:** Rather than relying on applications, local authorities take active steps to identify and contact eligible families, using clear, accessible communication and tailored outreach to increase awareness and reduce stigma.
- **Accessible and streamlined processes:** Application and allocation systems are designed to be simple and timely, with clear pathways from initial application through to placement.
- **Planning for demand and ensuring sufficient capacity:** Data is used to anticipate demand, enabling local authorities to plan provision and work with partners and other agencies to ensure places are available where they are most needed.
- **Partnership working and whole-system working:** Strong collaboration across services supports the identification of eligible children – particularly those eligible through non-economic routes— and ensure families receive holistic support.
- **Continuous improvement and shared learning:** Local authorities adopt a test and learn approach, using data to monitor progress, refine delivery and share learning to improve outcomes over time.

Good practice goes beyond making places available. It focuses on ensuring eligible children are identified early, families are supported to access local provision, and that services are planned and delivered in a way that responds to local need.

Spotlight: Aberdeenshire Council and the National Improvement Project

The Improvement Service is currently working with five local authorities through a National Improvement Project to increase uptake of the eligible twos offer, with learning shared more widely across Scotland.

Aberdeenshire has focused on building the right foundations. Using Power BI alongside anonymised ELC Data Pipeline data, the council has mapped where eligible children are likely to be against the capacity of local settings - informing decisions about where gaps exist. This has led to a review of provision, with work underway to increase capacity through Care Inspectorate registrations, particularly important across a large rural area. With stronger systems now in place, the council is moving into tailored communication campaigns to reach eligible families. Further learning from this and other local authorities is captured in the [Improvement Service's recent Data, Demand and Delivery workshop](#).



Key issues/questions for Elected Members to consider

Elected Members may wish to consider the following key questions in relation to funded ELC for eligible two-year-olds:

- **Uptake and reach:** What is the current level of uptake in our area, and which communities or groups of eligible children are not accessing their entitlement?
- **Identification of eligible families:** How effectively are local systems identifying eligible two-year-olds, particularly those eligible through non-economic routes such as care experience?
- **Awareness and engagement:** Are families sufficiently aware of the offer, and are communications accessible, clear, and non-stigmatising? What more can be done to build trust with families who may be less likely to engage?
- **Accessibility of services:** Are application processes simple and timely? Do practical barriers such as transport, flexibility of provision, and location limit access for some families and how can this be addressed?
- **Capacity and flexibility:** Is there sufficient, high-quality provision in the right places, with flexibility to meet the needs of working parents or those in training?
- **Use of discretion:** How are discretionary powers being used to extend access, and are these being applied consistently and strategically?
- **Data and performance:** Is available data, including data from ELC data pipeline, the ELC Insights Dashboard and local data, being used effectively to target interventions and monitor progress?
- **Whole-system working:** How well is ELC integrated with wider services such as employability, family support, and child poverty initiatives?
- **Strategic prioritisation:** How well is the eligible two-year-old offer embedded within local Children's Services Plans and child poverty strategies and, is ELC understood by senior leaders and members as a key lever for reducing inequalities?



Summary

Funded ELC for eligible two-year-olds is a key intervention to reduce inequalities and support families experiencing poverty. However, uptake remains significantly below entitlement, meaning many children are missing out on early learning and wider benefits. Barriers to access are varied and interconnected, including lack of awareness, stigma, system complexity, and practical challenges.

Elected Members play a critical role in closing this gap through leadership, oversight, and ensuring data and evidence-led decision making. Improving uptake requires a proactive, whole-system approach that focuses on identifying eligible families as early as possible, simplifying access, and ensuring services are designed around family needs. Increasing participation is essential to delivering better outcomes for children and tackling child poverty locally.



Further support

The [Improvement Service Early Learning and Childcare team](#) continues to support local authorities to increase uptake of funded ELC for eligible two-year-olds through data-driven improvements, national projects, and shared learning. This work addresses barriers to access, strengthens local systems, and promotes whole-system approaches aligned to child poverty priorities.

If you have any questions about this briefing or require more information, please contact: elc@improvementservice.org.uk.



End notes

¹ [Registrations for funded ELC - Funded Early Learning and Childcare Statistics 2025 - gov.scot](#)

² [Eligible-2-Year-Olds-Discovery-Phase-Report.pdf](#)

³ [WIS0014 - Evidence on Welfare policy in Scotland](#)

⁴ [Funded Early Learning and Childcare Statistics 2025 - gov.scot](#)

⁵ [Bringing Hope, Building Futures: Tackling child poverty delivery plan 2026-2031](#)

⁶ [4. Capacity to provide 1140 hours - Expansion of funded early learning and childcare to 1140 hours: 2018-2025 national outcomes evaluation - gov.scot](#)

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June 2026

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