

REPORT TO: Cabinet

MEETING DATE: 8 November 2022

BY: Executive Director for Education and Children's Services

SUBJECT: Sustainable Hourly Rate for Partner Providers Delivering 1140 hours of Early Learning and Childcare

1 PURPOSE

- 1.1 To seek Cabinet approval of a sustainable hourly rate to be paid by East Lothian Council to Early Learning and Childcare (ELC) partner providers in the Private, Voluntary and Individual (PVI) sectors, to deliver funded early learning and childcare from August 2022. This is in line with guidance from the Scottish Government that requires all local authorities to review and set a sustainable rate for private providers.

2 RECOMMENDATIONS

Cabinet is asked to:

- 2.1 Note the review of the hourly rate to be paid to PVIs delivering Early Learning and Childcare as outlined in this report.
- 2.2 Agree an increase from £5.31 per hour, currently paid for both eligible 2 year olds and eligible 3 – 5 year olds to be a separate amount payable with effect from August 2022, as follows :

| | |
|--------------------------|----------------|
| Eligible 2 year olds | £7.90 per hour |
| Eligible 3 – 5 year olds | £6.39 per hour |

- 2.3 Note that the cost of providing a lunch will no longer be a separate payment and the calculation of the new hourly rate includes lunch costs.

- 2.4 Agree that the hourly rate is uplifted to support children who have been identified and agreed as meeting the criteria for exceptional additional support needs. Exceptional additional support needs has 3 levels and therefore the uplift will be allocated over 3 levels, with an increase to the new hourly rate of 40%, 60% or 80% to enable PVI settings to provide additional support to meet the needs of those children.
- 2.5 Agree to review the hourly rate annually from the date of this report.

3 BACKGROUND

- 3.1 Under section 47(1) of the Children and Young People (Scotland) Act 2014, education authorities must ensure that the statutory amount of funded early learning and childcare entitlement is made available for each eligible child.
- 3.2 The Scottish Government requires Councils to establish and pay a rate that ensures sustainability, reflects national policy priorities and enables reinvestment for ELC partner providers. [Annex A: Payment of sustainable rates for the delivery of funded early learning and childcare from August 2022 - Funding Follows the Child and the National Standard for Early Learning and Childcare Providers: interim guidance - update - gov.scot \(www.gov.scot\)](#)
- 3.3 The Scottish Government have recently completed a cost collection exercise for private and voluntary nurseries and childminders to ascertain the hourly cost of providing early learning and childcare across the country.

The proposed hourly rate to be paid to partner nurseries for the provision of ELC has been calculated taking account of the following;

- The prices charged by private nursery providers
- The existing hourly rate of £5.31 taking into account the increase in the real living wage (£10.90 Per hour) and additional costs incurred by providers due to inflation.
- An Ipsos MORI data collection exercise commissioned by the Scottish Government. (Appendix 2)
- The staffing ratios of 1:5 to provide early learning and childcare for 2 year olds compared to 1:8 for 3 – 5 year olds in nursery settings.
- The reduction of available places with childminders when accommodating 2 year olds.
- Benchmarking against neighbouring authorities

- 3.4 The findings were as follows :

- **Charges by private provider nurseries**

| Nursery | 2year old full day charge | 3 – 5 year old full day charge | Averaged hourly charge 2 – 5 year olds (10hr day) | |
|--------------------------|---------------------------|--------------------------------|---|--|
| Almond Park | £59.00 | £61.00 | £6.00 | |
| Argyle Bridge | £58.00 | £58.00 | £5.80 | |
| Musselburgh Kindergarten | £60.00 | £60.00 | £6.00 | |
| Musselburgh Private | £56.00 | £56.00 | £5.60 | |
| Links | £59.00 | £59.00 | £5.90 | |
| Camperdown | £50.00 | £50.00 | £5.00 | |
| Seahorse | £60.60 | £56.50 | £5.86 | |
| Cherrytree | £61.75 | £60.75 | £6.13 | |
| Fenton Barns | £67.00 | £73.00 | £7.00 | |
| | | | | |
| Average hrly charged | | | £5.92 | |

- **Ipsos MORI data.**

Private nursery providers in East Lothian were invited to participate in the Ipsos Mori data collection exercise. Participation rates were low and as a result Ipsos MORI data had to use the South East Improvement Collaborative information to establish the hourly rate. The Ipsos MORI data is attached as Appendix 1.

Appendix 2 provides a summary of data used to calculate the sustainable hourly rate from the Ipsos MORI return.

- **The hourly rate agreed by neighbouring Authorities**

| | | |
|------------------|---------------|------------------------|
| Scottish Borders | 2 year olds | £6.55 plus £2.40 lunch |
| Scottish Borders | 3-5 year olds | £6.21 plus £2.40 lunch |

| | | |
|------------|-----------------|-----------------------------|
| Edinburgh | 2 year olds | £6.48 plus £3.10 lunch |
| Edinburgh | 3 – 5 year olds | £6.03 plus £3.10 lunch |
| Midlothian | | Have still to confirm rates |

3.5 The proposed hourly rate must be affordable to the Council from the 1140 hours specific grant received from the Scottish Government, whilst also enabling PVI partners to be sustainable, pay employees the real living wage, reinvest in their service and provide high quality ELC in line with the National Standard and East Lothian Council's contractual conditions.

3.6 In addition PVIs have access to training and support from the Council's Early Years Officers, Outreach Early Years Teachers and Psychological Services.

4 POLICY IMPLICATIONS

4.1 None.

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial – The Scottish Government currently provides ring-fenced funding to support the delivery of enhanced early learning and childcare. During financial year 2022/23 the settlement from Scottish Government to East Lothian Council for the delivery of 1140 hours has been reduced by £1.2m. Subject to approval of this new rate, the overall costs of the 1140 programme must be met within the available budget.

6.2 Based on the estimated number of children accessing 11 Private, 2 Voluntary and 33 Individual partner ELC settings, the projected additional costs for financial year 2022/23 would be £8,206. This will be met from the available budget for 2022/23.

6.3 The full year 2023/24 estimated additional costs for eligible two to five year olds would be £ £811,273. This is assuming the Council is in partnership with 15 private nurseries, 2 in the voluntary sector and 33 childminders.

- 6.4 If no additional funding is provided by the Scottish Government the increase in costs will have to be met from the budget allocated to the Early Years' Service, and as such this may require a change to existing service delivery models.
- 6.5 Personnel - none
- 6.6 Other - none

7 BACKGROUND PAPERS

- 7.1 None.

Appendix 1 – Ipsos MORI collection data

Appendix 2 – Modelling used to determine sustainable hourly rate

| | |
|----------------------|---|
| AUTHOR'S NAME | Fiona Brown |
| DESIGNATION | Principal Officer, School Admissions and Planning |
| CONTACT INFO | 01620 827415 |
| DATE | 21 October 2022 |

Author: Chris Martin
 Date: 10th May
 Version: V3D1_East Lothian

Table number Table title

- Contextual 1 Sample sizes
- Contextual 2 Currently provides funded places for funded 2 year-olds?
- Contextual 3 Currently provides funded places for 3-5 year-olds?
- Contextual 4 Estimated proportion of total hours delivered to 0-1 year-olds
- Contextual 5 Estimated proportion of total hours delivered to 2 year-olds
- Contextual 6 Estimated proportion of total hours delivered to 3-5 year-olds
- Cost 1 Average total cost per hour of ELC provided to 0-5 year-olds
- Cost 2 Average total cost per hour of ELC provided to 0-5 year-olds – cost quartiles by provider type
- Cost 3 Average STAFF costs per hour of ELC provided to 0-5 year-olds
- Cost 4 Average STAFF costs per hour of ELC provided to 0-5 year-olds – cost quartiles by provider type
- Cost 5 Average RENT/MORTGAGE cost per hour of ELC provided
- Cost 6 Average RENT/MORTGAGE costs per hour of ELC provided to 0-5 year-olds – cost quartiles by provider type
- Cost 7 Average UTILITIES cost per hour of ELC provided
- Cost 8 Average UTILITIES costs per hour of ELC provided to 0-5 year-olds – cost quartiles by provider type
- Cost 9 Average CONSUMABLES cost per hour of ELC provided
- Cost 10 Average CONSUMABLES costs per hour of ELC provided to 0-5 year-olds – cost quartiles by provider type
- Cost 11 Average EXTERNAL CATERING cost per hour of ELC provided
- Cost 12 Average PLAY AND LEARNING EQUIPMENT cost per hour of ELC provided
- Cost 13 Average PLAY AND LEARNING ACTIVITIES cost per hour of ELC provided
- Cost 14 Average STAFF TRAINING cost per hour of ELC provided
- Cost 15 Average ICT AND OFFICE cost per hour of ELC provided
- Cost 16 Average TRANSPORT cost per hour of ELC provided
- Cost 17 Average BUILDING MAINTENANCE cost per hour of ELC provided
- Cost 18 Average BUILDING SERVICES cost per hour of ELC provided
- Cost 19 Average BUSINESS RATES cost per hour of ELC provided
- Cost 20 Average OTHER TAXES cost per hour of ELC provided
- Cost 21 Average OTHER costs per hour of ELC provided
- Cost 22 Average salary costs of different types of employee

Cost 23 Average salary costs of FT early years practitioner - deciles by RIC/LA etc.

Fees 1 Average hourly fees - 4 year-olds

Fees 2 Average hourly fees - 3 year-olds

Fees 3 Average hourly fees - 2 year-olds

Income 1 Annual income from parents

Income 2 Annual income from government or council funding

Income 3 Proportion of staff paid at the living wage

Income 4 Average salary of staff paid below living wage

Expectations 1 Expectations of growth/contraction of setting

Expectations 2 Expectations of staff cost inflation

Expectations 3 Expectations of utility cost inflation

Expectations 4 Expectations of premises cost inflation

Expectations 5 Expectations of other cost inflation

Expectations 6 Expectations of level of fee increases

RIC by sector

| | Not-for-profit/Vol/Soc Econ | Private provider | Total |
|-------------------------------------|------------------------------------|-------------------------|--------------|
| South East Improvement Collaboratio | 24 | 30 | 54 |

LA by sector

| | Not-for-profit/Vol/Soc Econ | Private provider | Total |
|--------------|------------------------------------|-------------------------|--------------|
| East Lothian | * | * | 2 |

RIC by number of registered places banded.

| | Up to 30 | 31 to 50 | 51+ | Total |
|--------------------------------------|-----------------|-----------------|------------|--------------|
| South East Improvement Collaboration | 22 | 12 | 20 | 54 |

LA by number of registered places banded.

| | Up to 30 | 31 to 50 | 51+ | Total |
|--------------|-----------------|-----------------|------------|--------------|
| East Lothian | * | * | * | 2 |

QB3 - Do you currently provide any government or council funded early learning and childcare places for eligible 2 year-olds?

| | | Yes | No | Don't know | Sample size |
|------------|--------------------------------------|------------|-----------|-------------------|--------------------|
| RIC | South East Improvement Collaboration | 33% | 67% | 0% | 54 |

QB3 - Do you currently provide any government or council funded early learning and childcare places for eligible 3-5year-olds?

| | | Yes | No | Sample size |
|------------|--------------------------------------|------------|-----------|--------------------|
| RIC | South East Improvement Collaboration | 94% | 6% | 54 |

Proportion of total childcare hours provided to 0-1 year-olds

| | | Mean | Median | Standard Deviation | Sample size |
|------------|--------------------------------------|-------------|---------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | 10% | 6% | 11% | 54 |

Proportion of total childcare hours provided to 2 year-olds

| | | Mean | Median | Standard Deviation | Sample size |
|------------|--------------------------------------|-------------|---------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | 18% | 20% | 15% | 54 |

Proportion of total childcare hours provided to 3-5 year-olds

| | | Mean | Median | Standard Deviation | Sample size |
|------------|--------------------------------------|-------------|---------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | 72% | 69% | 21% | 54 |

Average total costs per hour of ELC provided to 0-5s

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £4.60 | £5.44 | £2.82 | 54 |

Total costs per hour of ELC provided to 0-5s - quartiles by area

| | | Percentile 10 | Percentile 20 | Percentile 30 | Percentile 40 | Median | Percentile 60 | Percentile 70 | Percentile 80 | Percentile 90 | Sample size | |
|--|--------------------------|---|---------------|---------------|---------------|--------|---------------|---------------|---------------|---------------|-------------|----|
| | RIC | South East Improvement Collaboration | £3.35 | £3.72 | £4.16 | £4.42 | £4.60 | £4.96 | £5.43 | £6.01 | £8.43 | 54 |
| South East Improvem ent Collaborat | Registered places banded | Up to 30 | * | £3.72 | * | * | £4.71 | * | * | £5.83 | * | 22 |
| | | 31 to 50 | * | * | * | * | £4.65 | * | * | * | * | 12 |
| | | 51+ | * | £3.53 | * | * | £4.52 | * | * | £7.86 | * | 20 |
| | Sector | Not-for-profit/Voluntary/Social Economy | * | £4.25 | * | * | £4.71 | * | * | £5.73 | * | 24 |
| | | Private provider | * | £3.43 | * | * | £4.55 | * | * | £7.86 | * | 30 |

Average staff cost per hour of ELC provided.

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £3.50 | £3.87 | £1.61 | 54 |

Staff costs per childcare hour quartiles

| | | Percentile 10 | Percentile 20 | Percentile 30 | Percentile 40 | Median | Percentile 60 | Percentile 70 | Percentile 80 | Percentile 90 | Sample size | |
|--|---------------------------------|-------------------------------|---------------|---------------|---------------|--------|---------------|---------------|---------------|---------------|-------------|----|
| | RIC | £2.44 | £2.61 | £2.99 | £3.31 | £3.50 | £3.89 | £4.07 | £4.70 | £5.88 | 54 | |
| South East Improve ment Collabora | Registered places banded | South East Improvement Colla | * | * | * | * | * | * | * | * | 22 | |
| | | Up to 30 | * | £2.61 | * | * | £3.73 | * | * | £4.70 | * | 22 |
| | | 31 to 50 | * | * | * | * | £3.85 | * | * | * | * | 12 |
| | | 51+ | * | £2.43 | * | * | * | * | £5.28 | * | 20 | |
| | Sector | | * | £2.99 | * | * | * | * | £3.94 | * | 24 | |
| | | Not-for-profit/Voluntary/Soci | * | £2.99 | * | * | * | * | £3.94 | * | 24 | |
| | | Private provider | * | £2.53 | * | * | * | * | £3.30 | * | 30 | |
| | | | * | £2.53 | * | * | * | * | £3.30 | * | 30 | |

Average Rental/mortgage costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|-------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboratio | £0.25 | £0.33 | £0.42 | 54 |

Rent/mortgage costs per childcare hour

| | | Percentile 10 | Percentile 20 | Percentile 30 | Percentile 40 | Median | Percentile 60 | Percentile 70 | Percentile 80 | Percentile 90 | Sample size | |
|---|---------------------------------|--------------------------------------|---------------|---------------|---------------|--------|---------------|---------------|---------------|---------------|-------------|----|
| | RIC | South East Improvement Collaborati | £0.02 | £0.06 | £0.19 | £0.23 | £0.25 | £0.29 | £0.32 | £0.44 | £0.64 | 54 |
| South East Improvement Collabora | Registered places banded | Up to 30 | * | £0.09 | * | * | £0.27 | * | * | £0.47 | * | 22 |
| | | 31 to 50 | * | * | * | * | £0.21 | * | * | * | * | 12 |
| | | 51+ | * | £0.10 | * | * | £0.27 | * | * | £0.35 | * | 20 |
| ment | Sector | Not-for-profit/Voluntary/Social Econ | * | £0.05 | * | * | £0.24 | * | * | £0.32 | * | 24 |
| | | Private provider | * | £0.15 | * | * | £0.29 | * | * | £0.46 | * | 30 |

Average Utilities costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.06 | £0.09 | £0.10 | 54 |

Utilities costs per childcare hour

| | | Percentile 10 | Percentile 20 | Percentile 30 | Percentile 40 | Median | Percentile 60 | Percentile 70 | Percentile 80 | Percentile 90 | Sample size |
|-----|--------------------------------------|---------------|---------------|---------------|---------------|--------|---------------|---------------|---------------|---------------|-------------|
| RIC | South East Improvement Collaboration | £0.00 | £0.02 | £0.04 | £0.05 | £0.06 | £0.07 | £0.09 | £0.15 | £0.19 | 54 |

Average Consumables costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.14 | £0.15 | £0.11 | 54 |

Consumables costs per childcare hour

| | | Percentile 10 | Percentile 20 | Percentile 30 | Percentile 40 | Median | Percentile 60 | Percentile 70 | Percentile 80 | Percentile 90 | Sample size |
|-----|--------------------------------------|---------------|---------------|---------------|---------------|--------|---------------|---------------|---------------|---------------|-------------|
| RIC | South East Improvement Collaboration | £0.02 | £0.04 | £0.08 | £0.10 | £0.14 | £0.15 | £0.19 | £0.25 | £0.34 | 54 |

Spend on external catering costs per hour of childcare given

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.00 | £0.09 | £0.12 | 54 |

Average Play and learning equipment costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collabo | £0.08 | £0.12 | £0.11 | 54 |

Average Play and learning activities costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.00 | £0.02 | £0.03 | 54 |

Average staff training costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.02 | £0.03 | £0.03 | 54 |

Average ICT and offices supplies costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.03 | £0.04 | £0.04 | 54 |

Average Transport costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.00 | £0.03 | £0.08 | 54 |

Average building maintenance costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.07 | £0.24 | £0.93 | 54 |

Average building services costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.01 | £0.06 | £0.11 | 54 |

Average business rates costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.00 | £0.14 | £0.92 | 54 |

Average other tax costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.00 | £0.14 | £0.35 | 54 |

Average other costs per hour of ELC provided

| | | Median | Mean | Standard Deviation | Sample size |
|------------|--------------------------------------|---------------|-------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £0.06 | £0.10 | £0.17 | 54 |

Average salary costs of different types of employee

| | | Full-time manager | | | Part-time manager | | | Full-time EY supervisor | | | Part-time EY supervisor | | | Full-time EY practitioner | | | Part-time EY practitioner | | | Trainee | | | |
|---|---------------|---|---------|---------|-------------------|---------|---------|-------------------------|---------|---------|-------------------------|------|---------|---------------------------|---------|---------|---------------------------|---------|---------|---------|---------|---------|----|
| | | Median | Mean | Valid N | Median | Mean | Valid N | Median | Mean | Valid N | Median | Mean | Valid N | Median | Mean | Valid N | Median | Mean | Valid N | Median | Mean | Valid N | |
| | RIC | South East Improvement Collaboration | £30,000 | £29,366 | 41 | £16,642 | £16,750 | 10 | £23,106 | £22,873 | 32 | * | * | 6 | £19,924 | £19,383 | 42 | £13,877 | £14,619 | 12 | £15,100 | £15,134 | 26 |
| | | Up to 30 | £24,187 | £24,908 | 12 | * | * | 9 | * | * | 5 | * | * | 4 | £17,480 | £17,426 | 13 | * | * | 9 | * | * | 6 |
| | | 31 to 50 | £30,680 | £29,518 | 11 | * | * | 0 | £23,903 | £22,937 | 10 | * | * | 2 | £21,066 | £20,370 | 10 | * | * | 2 | * | * | 6 |
| | | 51+ | £34,900 | £32,246 | 18 | * | * | 1 | £22,917 | £23,286 | 17 | * | * | 0 | £20,384 | £20,202 | 19 | * | * | 1 | £15,388 | £15,125 | 14 |
| South East Improvement Collabora | Sector | Not-for-profit/Voluntary/Social Economy | £25,400 | £25,431 | 14 | * | * | 9 | * | * | 5 | * | * | 6 | £19,430 | £18,336 | 12 | £13,877 | £14,619 | 12 | * | * | 6 |
| | | Private provider | £32,000 | £31,407 | 27 | * | * | 1 | £22,917 | £22,898 | 27 | * | * | 0 | £20,202 | £19,802 | 30 | * | * | 0 | £14,780 | £14,746 | 20 |

Average salary costs of Full-time Early Years Practitioners, deciles

| | | Percentile 10 | Percentile 20 | Percentile 30 | Percentile 40 | Median | Percentile 60 | Percentile 70 | Percentile 80 | Percentile 90 | Sample size | |
|---|---------------------------------|---|---------------|---------------|---------------|---------|---------------|---------------|---------------|---------------|-------------|----|
| | RIC | South East Improvement Collaboration | £15,048 | £17,480 | £19,020 | £19,158 | £19,924 | £20,384 | £20,800 | £21,125 | £21,840 | 42 |
| South East Improvement Collaboration | Registered places banded | Up to 30 | * | * | * | * | £17,480 | * | * | * | * | 13 |
| | | 31 to 50 | * | * | * | * | £21,066 | * | * | * | * | 10 |
| | | 51+ | * | * | * | * | £20,384 | * | * | * | * | 19 |
| | Sector | Not-for-profit/Voluntary/Social Economy | * | * | * | * | £19,430 | * | * | * | * | 12 |
| | | Private provider | * | £18,239 | * | * | £20,202 | * | * | £21,170 | * | 30 |

Average fee per hour 4 year-olds

| | | Mean | Median | Standard Deviation | Sample size |
|------------|--------------------------------------|-------------|---------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £4.71 | £4.92 | £2.21 | 54 |

Average fee per hour 3 year-olds

| | | Mean | Median | Standard Deviation | Sample size |
|------------|--------------------------------------|-------------|---------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £4.78 | £4.92 | £2.11 | 54 |

Average fee per hour 2 year-olds

| | | Mean | Median | Standard Deviation | <i>Sample size</i> |
|------------|--------------------------------|-------------|---------------|---------------------------|---------------------------|
| RIC | South East Improvement Collabo | £5.10 | £5.03 | £1.96 | 54 |

QE4a - Total ANNUAL income from fees and additional charges paid by parents

| | | Mean | Median | Standard Deviation | Sample size |
|------------|--------------------------------------|-------------|---------------|---------------------------|--------------------|
| RIC | South East Improvement Collaboration | £170,248 | £123,000 | £197,835 | 41 |

QE5a - Total ANNUAL income from government or council funding of ELC places

| | | Mean | Median | Standard Deviation | Valid N |
|-----|--------------------------------------|----------|----------|--------------------|---------|
| RIC | South East Improvement Collaboration | £145,602 | £133,334 | £88,635 | 47 |

QG1 Proportion of staff paid under the Living Wage

| | |
|------------------------------------|---|
| | South East Improve ment Collabor ation |
| None, less than 1% of Staff | 23 |
| Up to 10% of staff | 0 |
| 10 to 20% | 9 |
| 20 to 30% | 3 |
| 30 to 40% | 5 |
| 40 to 50% | 3 |
| 50 to 60% | 2 |
| 60 to 70% | 3 |
| 70 to 80% | 0 |
| 80 to 90% | 3 |
| 90% or above | 1 |
| Sample size | 52 |

QG2 Average staff salary of staff paid under the Living Wage

Mean and Median

| | | Mean | Median | Standard Deviation | Valid N |
|------------|---|-------------|---------------|---------------------------|----------------|
| RIC | South East Improvement Collaboration | £8.96 | £9.50 | £1.00 | 28 |

Banded

| | RIC |
|--------------------|---|
| | South East Improvement Collaboration |
| Up to £6 | 0 |
| £6-£7 | 5 |
| £7-£8 | 0 |
| £8-£9 | 2 |
| £9 to £9.89 | 21 |
| Total | 28 |

QH1 Expecations of what will happen in next year.

| | | Expand (cater for more children or provide more hours of childcare in total) | Stay the same size | rs of childcare in total) | Close down altogether | Don't know | Sample size |
|-----|--------------------------------------|--|--------------------|---------------------------|-----------------------|------------|-------------|
| RIC | South East Improvement Collaboration | 15% | 74% | 6% | 0% | 6% | 54 |

QH2a - "In the next year, how much do you expect Staff costs to rise? (Inflation is currently around 5%)"

| | | A lot less than inflation | A little less than inflation | Around inflation | A little more than inflation | A lot more than inflation | Don't know | Sample size |
|-----|--------------------------------------|---------------------------|------------------------------|------------------|------------------------------|---------------------------|------------|-------------|
| RIC | South East Improvement Collaboration | 6% | 6% | 22% | 24% | 31% | 11% | 54 |

QH2b - "In the next year, how much do you expect Gas and electricity costs to rise? (Inflation is currently around 5%)"

| | | A lot less than inflation | A little less than inflation | Around inflation | A little more than inflation | A lot more than inflation | Don't know | Sample size |
|-----|--------------------------------------|---------------------------|------------------------------|------------------|------------------------------|---------------------------|------------|-------------|
| RIC | South East Improvement Collaboration | 4% | 0% | 4% | 9% | 59% | 24% | 54 |

QH2c "In the next year, how much do you expect Costs of premises to rise? (Inflation is currently around 5%)"

| | | A lot less than inflation | A little less than inflation | Around inflation | A little more than inflation | A lot more than inflation | Don't know | Sample size |
|-----|--------------------------------------|---------------------------|------------------------------|------------------|------------------------------|---------------------------|------------|-------------|
| RIC | South East Improvement Collaboration | 4% | 0% | 35% | 15% | 28% | 19% | 54 |

QH2d - "In the next year, how much do you expect Other costs to rise? (Inflation is currently around 5%)"

| | | A lot less than inflation | A little less than inflation | Around inflation | A little more than inflation | A lot more than inflation | Don't know | Sample size |
|-----|--------------------------------------|---------------------------|------------------------------|------------------|------------------------------|---------------------------|------------|-------------|
| RIC | South East Improvement Collaboration | 0% | 4% | 22% | 26% | 35% | 13% | 54 |

QH3 "Finally, the next year, how much do you expect the fees your charge to parents to increase? (Inflation is currently around 5%)"

| | | No increase | An increase of less than inflation | An increase in line with inflation | An increase of little more than inflation | An increase of much more than inflation | Don't know | Sample size |
|-----|--------------------------------------|-------------|------------------------------------|------------------------------------|---|---|------------|-------------|
| RIC | South East Improvement Collaboration | 0% | 19% | 29% | 14% | 29% | 10% | 21 |

Data used to calculate a sustainable hourly rate

Ipsos MORI data

| | Average | |
|--|---------|-----------------|
| Cost 1 Average total cost per hour of ELC provided to 0-5 year-olds | 5.44 | |
| Cost 2 Average total cost per hour of ELC provided to 0-5 year-olds – cost quartiles by provider type | 6.01 | 80th percentile |
| Cost 3 Average STAFF costs per hour of ELC provided to 0-5 year-olds | 3.87 | |
| Cost 4 Average STAFF costs per hour of ELC provided to 0-5 year-olds – cost quartiles by provider type | | |
| Cost 5 Average RENT/MORTGAGE cost per hour of ELC provided | 0.33 | |
| Cost 6 Average RENT/MORTGAGE costs per hour of ELC provided to 0-5 year-olds – cost quartiles by provider type | | |
| Cost 7 Average UTILITIES cost per hour of ELC provided | 0.09 | |
| Cost 8 Average UTILITIES costs per hour of ELC provided to 0-5 year-olds – cost quartiles by provider type | | |
| Cost 9 Average CONSUMABLES cost per hour of ELC provided | 0.15 | |
| Cost 10 Average CONSUMABLES costs per hour of ELC provided to 0-5 year-olds – cost quartiles by provider type | | |
| Cost 11 Average EXTERNAL CATERING cost per hour of ELC provided | 0.09 | |
| Cost 12 Average PLAY AND LEARNING EQUIPMENT cost per hour of ELC provided | 0.12 | |
| Cost 13 Average PLAY AND LEARNING ACTIVITIES cost per hour of ELC provided | 0.02 | |
| Cost 14 Average STAFF TRAINING cost per hour of ELC provided | 0.03 | |
| Cost 15 Average ICT AND OFFICE cost per hour of ELC provided | 0.04 | |
| Cost 16 Average TRANSPORT cost per hour of ELC provided | 0.03 | |
| Cost 17 Average BUILDING MAINTENANCE cost per hour of ELC provided | 0.24 | |
| Cost 18 Average BUILDING SERVICES cost per hour of ELC provided | 0.06 | |
| Cost 19 Average BUSINESS RATES cost per hour of ELC provided | 0.14 | |
| Cost 20 Average OTHER TAXES cost per hour of ELC provided | 0.14 | |
| Cost 21 Average OTHER costs per hour of ELC provided | 0.1 | |
| Cost 22 Average salary costs of different types of employee | | |
| Cost 23 Average salary costs of FT early years practitioner - deciles by RIC/LA etc. | | |

Modelling to reach sustainable rate

To take account of the different staff costs associated with the different adult:child ratios the following adjustment is applied to the hourly rate

| Age group | no of children | ratio |
|-----------|----------------|-------|
|-----------|----------------|-------|

The calculation assumes a 1:5 ratio for eligible 2 year olds and 1:7 for 3-5 years in recognition that ratios will flex during a

| | | |
|----|----|-------|
| 2s | 44 | 1 : 5 |
|----|----|-------|

typical day

The average ratio is calculated using the number of 3-5 year old children currently attending funded ELC settings and the number of eligible 2 year olds applications

The hourly staffing cost is taken from Ipsos MORI data above

Sustainable rates

average Ipsos MORI hrly rate

staff ratio adjustment

investment = 8% of £6.01

Sustainable rate =

3 - 5s 629 1 : 7

all 673 6.82

2s 1 : 5 £3.87

3-5s 1 : 7 £3.87

all ages 1 : 6.5 £3.87

adjustment = 2s

3 - 5s

2 yolds 3-5 yolds

£6.01 £6.01

£1.41 -£0.10

£0.48 £0.48

£7.90 £6.39

Used as this uplifts the average total costs by 10.1%

total staff
required

8.80

89.86

98.66

£19.35

£27.09

£26.40

£1.41

-£0.10