

Members' Library Service Request Form

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Originator	Kelly Weir
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Document Title	Sustainable Hourly Rate for Funded Providers delivering Early Learning and Childcare in East Lothian, August 2024

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REPORT TO: Members' Library Service

DATE:

BY: Head of Education

SUBJECT: Sustainable Hourly Rate for Funded Providers
Delivering Early Learning and Childcare in East Lothian,
August 2024

1 PURPOSE

- 1.1 To note that the sustainable hourly rate to be paid by East Lothian Council to Early Learning and Childcare (EL&CC) funded providers in the private and third sector to deliver funded early learning and childcare will increase from August 2024.

2 RECOMMENDATIONS

- 2.1 To note an increase to the sustainable hourly rate for 3 – 5-year-olds to £7.00 per hour from August 2024.
- 2.2 To note the sustainable hourly rate for eligible 2-year-olds remains at £8.47 per hour.

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 East Lothian currently has a variety of funded early learning and childcare providers.
- 12 private and third sector settings
 - 34 council settings
 - 29 childminders
- 3.3 As set out in the [Guidance for setting sustainable rates for the delivery of funded early learning and childcare \(ELC\) in 2024-25 \(www.gov.scot\)](https://www.gov.scot/publications/guidance-for-setting-sustainable-rates-for-the-delivery-of-funded-early-learning-and-childcare-2024-25/pages/1-3.aspx), in setting sustainable rates for 2024-25, the Scottish Government and COSLA require Councils to reflect the following elements:

a. fixed minimum percentage uplift to reflect the estimated average increase in staffing costs required to enable delivery of the £12 per hour pay commitment (this is assumed to account for, on average, 75% of the sustainable rate)

b. the remainder of the sustainable rate is set in line with the requirements of the sustainable rates guidance (assumed to account on average, 25% of the sustainable rate, and reflecting the non-staffing cost elements of the rate, including providing scope for reinvestment

- 3.4 The Scottish Government provided local authorities with additional funding to enable EL&CC workers in the private and third sector to be paid at least £12 per hour (the new real Living wage rate from April 2024). A minimum of 7.6% uplift was to be applied to 2023/24 rates to reflect the increase in staffing costs.

East Lothian Council's Education and Children's Services Committee agreed to increase the hourly rate as follows from 1 April 2024.

	Hourly Rate 2023/24 (including meal allowance of 35p per hour)	Hourly Rate from 1 April 2024 (including meal allowance of 35p per hour)
Eligible 2-year-olds	£7.90 per hour	£8.47 per hour
3 – 5-year-olds	£6.39 per hour	£6.85 per hour

- 3.5 Of the £6.85 hourly rate for 3–5-year-olds, £5.14 (75%) is for staffing and £1.71 (25%) is for non-staffing costs.

- 3.6 The non-staffing costs were reviewed using Section 5: Options for Local Rate Setting in the Scottish Government guidance [Funding follows the child and the national standard for early learning and childcare providers: guidance for setting sustainable rates from August 2020 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/funding-follows-the-child-and-the-national-standard-for-early-learning-and-childcare-providers/guidance-for-setting-sustainable-rates-from-august-2020/pages/11.aspx).

The proposed hourly rate to be paid to funded providers is calculated taking account of the following:

- The current rates charged by private nursery funded providers in the local area.
- A cost data collection exercise, gathering information from our current funded providers.
- The existing hourly rates of £8.47 for Eligible 2-year-olds and £6.85 for 3–5-year-olds increased from 1 April 2024.
- Benchmarking against neighbouring councils.

3.7 The findings were as follows:

3.7.1 Charges by private funded provider nurseries

Funded Provider – Private Nursery	Hourly Rate 2-3 year olds (* average based on 10hr day)	Hourly Rate 3-5 year olds (* average based on 10hr day)
Almond Park	£7.20	£7.33
Argyle Bridge	£7.00	£7.00
Musselburgh Kindergarten	£8.00	£8.00
Musselburgh Private	£6.80	£6.60
Links	£7.80	£7.14
Camperdown	£6.00*	£6.00*
Seahorse	£8.00	£8.00
Cherrytrees	£7.21	£7.06
Average hourly charge	£7.25	£7.14

3.7.2 Funded Provider Data Collection Exercise

- 5 private nurseries and third sector services and 1 childminder completed the full data collection exercise for the non-staffing element. The non-staffing element cost of delivery for these settings ranged from £1.17 to £2.19.

3.7.3 The hourly rate agreed by neighbouring Councils.

	Eligible 2-year-olds	3–5-year-olds
Edinburgh	£6.97 plus £3.10 per meal	£6.49 plus £3.10 lunch
Fife	£7.47 includes £0.40 meal rate per hour	£7.47 includes £0.40 meal rate per hour
Midlothian	£7.42	£6.91

Scottish Borders	£7.80 plus £2.64 per meal	£7.41 plus £2.64 per meal
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- 3.5 The proposed hourly rate must be affordable and sustainable to the Council in terms of the budget available whilst enabling funded providers to be sustainable, pay employees the real living wage, reinvest in their service and provide high quality ELC in line with the National Standards and East Lothian Council's contractual conditions.

4 POLICY IMPLICATIONS

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 – from financial year 2024/25, the Early Learning and Childcare budget is no longer ringfenced and is now included within the General Revenue Grant (GRG).

Increasing the hourly rate for 3–5-year-olds will cost approx. £49k based on expected uptake figures for financial year 2024/25.

There is no additional funding available for the non-staffing element of the sustainable rate and the increase in costs will need to be met from the Early Years budget for 2024/2025. In calculating the new rate, finance officers have ensured that the increase is affordable within the available budget.

- 6.2 Personnel - none

- 6.3 Other - none

7 BACKGROUND PAPERS

None

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