

Survey (Costs) Approach-- using hourly costs data obtained from most recent IPSOS Mori exercise:

Using the average hourly costs to provide ELC in Moray as detailed in the IPSOS Mori data collection exercise from Feb/Mar 2022 (£4.77), add percentage increases in the Real Living Wage (RLW) on staffing costs (£3.76) plus a percentage increase for inflation on non-staffing associated costs (£1.01) and 8% increase for re-investment. This option is based on suggested method 5.1 Survey (Costs) found in the Funding Follows the Child Guidance for Setting Sustainable Rates.

Year	RLW	RLW percentage increase from previous year	Consumer Price Inflation (CPIH) rate based on figure from October or November of each year*	Re-investment percentage	Average Moray hourly rate from Feb/Mar 2022 IPSOS Mori data for staffing only costs**	RLW percentage increase for staffing costs	Average Moray hourly rate from Feb/Mar 2022 IPSOS Mori Data for non-staffing costs**	Inflation percentage increase for non-staffing costs	Sustainable Rate before re-investment percentage	Total 3-5s Sustainable Rate including re-investment-Survey (Costs) method
2021/22	£9.90	4.2%	4.6%	8%	£3.76	£3.92	£1.01	£1.06	£4.98	£5.38
2022/23	£10.90	10.1%	9.3%	8%	£3.76	£4.32	£1.01	£1.16	£5.48	£5.92
2023/24	£12.00	10.1%	4.7%	8%	£3.76	£4.76	£1.01	£1.21	£5.97	£6.45
2024/25	£12.90	7.5%	4.7%	8%	£3.76	£5.12	£1.01	£1.27	£6.39	£6.90

* RLW percentages are based on previous year's increase to the RLW and estimated for 2024/25. Inflationary increases are based on CPIH rates from October or November of each financial year and estimated for 2024/25. (CPIH rates obtained from Office for National Statistics)

** Although data was submitted by partner providers in Feb/Mar 2022, information provided would have been based on previous year's costs, so percentage increases have been included from 2021/22 to account for this.

*** 2 year old rate for 2024/25 is estimated at £8.28 - with option 1 the estimated 2024/25 rate for 3-5s is 4.2% higher than current rate of £6.62 -- a 4.2% increase on current 2's rate of £7.95 would equate to £8.28 with option 1.

Update to sustainable rate with additional funding from Scottish Government - following 8th March Sustainable Rate Guidance requirements

3-5s rate

Moray's 2024/25 rate for 3-5s determined by survey of costs approach	Additional uplift to meet 7.6% overall uplift to 23/24 rate of £6.62 for 3-5s	Total 2024/25 Sustainable Rate for 3-5s including additional funding from Scottish Government
£6.90	£0.22	£7.12

2s rate

Moray's 2024/25 rate for 2s determined by survey of costs approach	Additional uplift to meet 7.6% overall uplift to 23/24 rate of £7.95 for 2s	Total 2024/25 Sustainable Rate for 2s including additional funding from Scottish Government
£8.28	£0.27	£8.55

2024/25 Full Council budget commitment for £6.90/£8.28 uplift based on survey of costs method:	£342,130
Additional estimated costs for further uplift on top of committed budget of £342,130 for 2024/25:	£276,963
Additional funding provided by Scottish Government to meet 7.6% uplift to 23/24 rates:	£284,400