



National Day Nurseries Association

★Brighter thinking
for early years

NDNA 2018/19

Workforce Survey

England





National Day Nurseries Association

At NDNA, we don't just provide nursery membership, lobby government and offer training, we are dedicated to making a difference.

We are a charity that believes in quality and sustainability so we put our members' businesses at the very heart of ours. We enhance, support, nurture, cherish and challenge. Our innovative thinking gives your nursery the edge, an advantage that makes it the best it can be.

Quite simply, we are the people behind the people who care, and champion the best for our children.

Find out more at www.ndna.org.uk



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“At NDNA our vision is for all children and families to flourish through excellent early years care and learning. We know that a highly qualified, skilled and motivated workforce are the key to providing the best possible outcomes for children. However, our latest survey reveals nurseries and practitioners facing a full-blown crisis.

Employers are telling us that they would love to pay their staff at the rate they deserve but are hamstrung by government underfunding which leaves childcare providers struggling to make ends meet. Tragically it is the dedicated staff, hardworking owners and ultimately the children who suffer as a result. We are laying the facts bare and calling on the Government to stop ignoring the situation and act on the evidence being provided. The Early Years Workforce Strategy did not have sufficient resources behind it and as a result it is no longer fit for purpose.

The current Secretary of State for Education talks about the importance of intervening early especially for children in disadvantaged areas. However, the workforce crisis goes beyond areas of deprivation and is being felt across the country, risking a detrimental effect on all children. We will continue to push for the recognition and reward that staff in early years so richly deserve – only in this way will we attract more of the right people into the sector, retain them and then develop them into the early years leaders of the future.”

Purnima Tanuku OBE, Chief Executive of NDNA



This sixth Workforce Survey is published at a critical time for the early years sector in England against a backdrop of higher costs, inadequate government funding and increased staff turnover. Together with our surveys of Scotland and Wales, it is the only comprehensive workforce survey across the UK early years sector.

In this report we focus on England looking at the early years workforce profile, qualification levels, motivations and challenges in early years settings. This year the data is derived from 705 nursery settings, employing 14,540 staff, and 257 individual practitioner respondents.

We know from a wide range of research, that high quality early education, delivered by staff who are well-trained, secure in their positions and rewarded, produces better outcomes for our youngest children.

Excellent early years provision helps children by enriching their childhood experiences and sets them on their education journey with a strong foundation for future learning and life. The early years workforce is dedicated and committed but staff qualifications and continuing professional development are key to delivering high quality.

This vital insight demonstrates a real workforce crisis, following three years of chronic under-funding and lack of investment in a fully costed workforce strategy.

The Government must address this underfunding if it is to achieve its ambition for sufficient, high quality provision which also addresses the attainment gap as part of their social mobility agenda.

Key Findings

- Turnover is higher than average with the majority of staff leaving the sector qualified at Level 3 for better paid jobs in retail
- A picture of a younger, less qualified, less experienced workforce emerges; with higher skilled experienced staff leaving the workforce mid-career or approaching retirement
- Staff leaving the sector are mainly heading to retail with salaries and policy changes being the main reasons given
- Nurseries are struggling to recruit – especially at Level 3 and increasingly at Level 2
- In terms of the EU workforce, Brexit is having a small impact but in the context of a workforce crisis it is an impact the sector cannot afford
- Staffing costs are rising at above inflation rates and with funding remaining stagnant this is putting real strain on nurseries' abilities to recruit and retain the high quality workforce they want and need
- As budgets are squeezed training and ongoing Continuing Professional Development (CPD) are suffering, meaning nurseries will continue to struggle in their efforts to upskill the workforce they have.

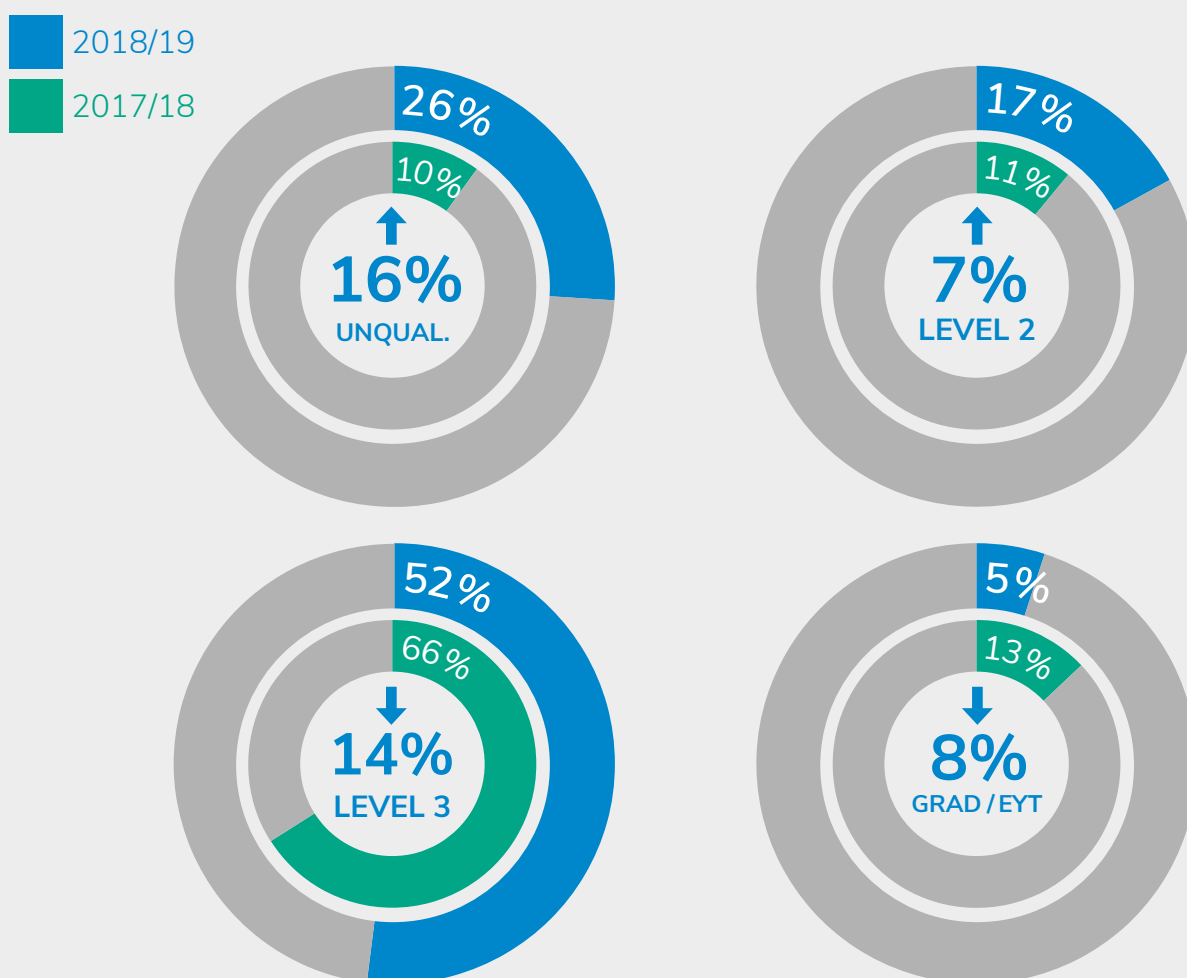
Qualified staff

The dedication and hard-work of staff in the early years sector is vital to the development of our children and what they can achieve at later stages in their education. A recent Oxford University study¹ has confirmed that staff qualifications, effective Continuing Professional Development (CPD) and better staff to child ratios were the key drivers in delivering higher quality early education and childcare.

The NDNA survey found that nurseries are struggling to offer the quality that they strive for. Employers reported having a lower proportion of staff with at least a Level 3 qualification compared with the year before. Just 52% of staff working with children were reported to have qualifications at Level 3. Over a quarter of staff (26%) were reported as either unqualified assistants, trainees or apprentices and 17% were Level 2 qualified. The graphic below demonstrates the changes in the proportions of staff over the past two years.

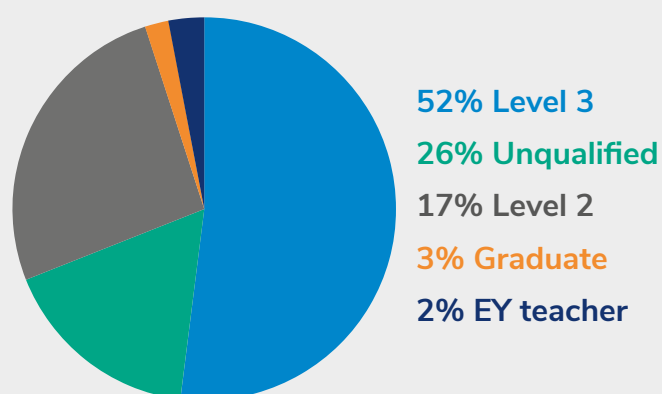
Alarming, this year has seen the proportion of the workforce made up by unqualified staff jump by 16% compared with last year. This is mainly due to staff turnover and decisions based on reduced funding as almost one in five employers said they were taking on more apprentices due to funding pressures.

Changes in qualification level in the workforce



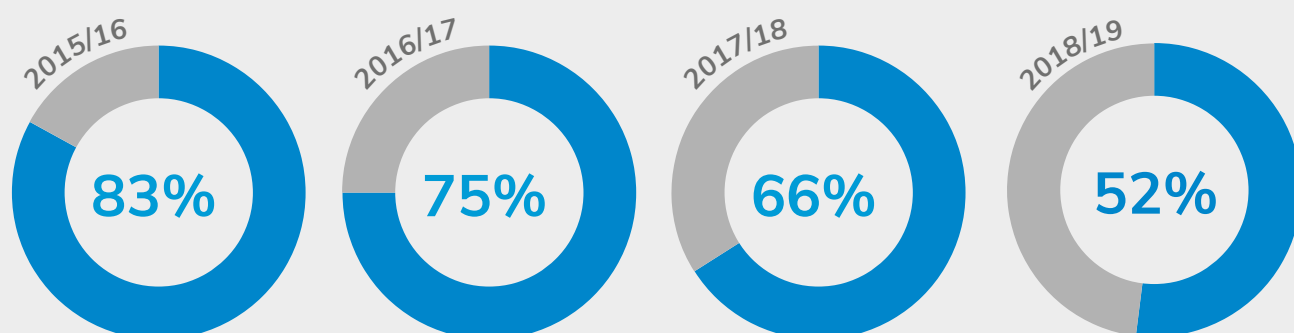
1. <https://www.frontiersin.org/articles/10.3389/feduc.2019.00035/full>

Proportion of staff by qualification



In the past four years, the proportion of the workforce qualified at Level 3 has reduced at an alarming rate. We can see below that between 2015 and 2019 the proportion of the workforce with Level 3 as their highest level of qualification has dropped by 31%. This highlights grave concerns for nursery provision, quality of children's experiences and could also jeopardise the availability of provision to meet the Government's promise of subsidised childcare to parents and families.

Level 3 qualified staff



Between 2016 and 2018 the Department of Education's childcare provider survey suggested that the levels of staff with 'at least' Level 3 qualifications rose from 79% to 81% in group-based settings. However, the question in the 2018 survey explicitly excluded apprentices which providers are telling us are making up an increasing proportion of their staff².

Findings from this 2019 NDNA Workforce Survey showed a reduction by 8.4% of graduates working in the sector. The number of early years teachers working in the sector is unlikely to improve due to lack of funding to support trainees. This has resulted in the low take-up of the Early Years Initial Teacher Training (EYITT) places and we have also seen several universities withdrawing the programme. In 2018/19 there were 365 new entrants taking up EYITT programmes compared with 860 in 2014/15 and 2,300 in 2013-14.

Other studies in recent years by the Education Policy Institute³ and Save the Children⁴ have found a similar downward trend in the qualification levels of the early years workforce.

Nursery Owner

"We need help, this sector is collapsing."

2. Source question [2018]: Excluding apprentices, how many of the paid staff involved in the delivery of your provision hold their highest UK Early Years or teaching related qualification at each of the following levels? Source question [2016]: What is the highest level of early years qualification [staff member] holds?

3. <https://epi.org.uk/publications-and-research/the-early-years-workforce-in-england/>

4. <https://www.savethechildren.org.uk/content/dam/gb/reports/policy/lt%20all%20starts%20here.pdf>

Funding affecting staffing

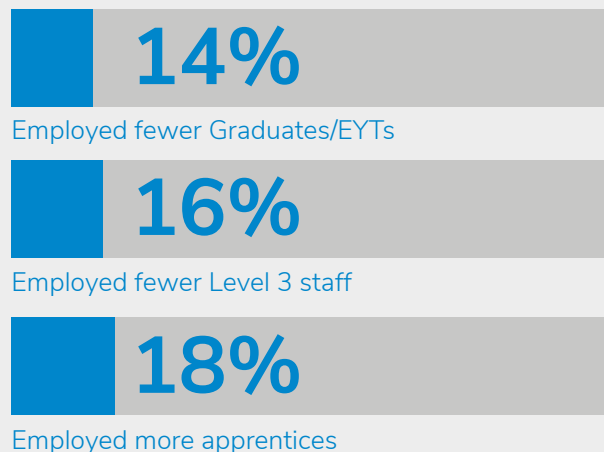
Only 40% of respondents told us that the way government funded hours are delivered has not affected how they run their settings. The most common impacts were negative as they reduced the numbers of experienced or highly qualified staff nurseries could employ.

- 14% employed fewer graduates/EYTs
- 16% employed fewer Level 3 staff
- 18% were taking on a greater number of apprentices to reduce staffing costs and fill gaps.

Nursery Owner

“Funding is having a massive effect on our workforce, staff are stretched to the limits because of lack of funding and an increase in children due to the 30 hours.”

Affected Staffing



Other examples given were a reduction in overall staff numbers or reducing contracted hours to make ends meet. Some owners also told us that they were not taking their own salary from the business to retain staff.

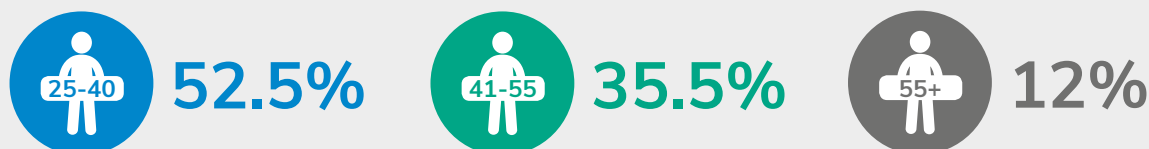
Nursery Practitioner

“I am leaving the sector because the setting closed as funding has not increased.”

Makeup of the early years workforce

Nurseries are finding that their staff are increasingly polarised at the younger and older end of the spectrum, with fewer staying within the sector in the middle of their careers. Providers reported that one third of their staff are now aged 18-20. This reflects the proportion of trainees and apprentices in the sector and also reflects downward cost pressures from reduced funding as providers can only find, or afford, younger and less qualified staff to replace those who are leaving.

When we looked at the practitioners aged over 25 who responded to our survey they were broken down into the following age ranges:



The data from PVI providers and practitioners in our survey matches the trends noted in the Educational Policy Institute's (EPI) Early Years Workforce in England⁵(2019) report. This pointed to increases in the proportion of practitioners at younger and older ends of the workforce and a slow decline in the proportion of those aged 35–50. In 2018, the EPI estimated that around 90,000 childcare workers were 55 years old or above.

This has an impact on the more qualified and experienced end of the workforce as 8.9% of practitioners in this survey who were considering leaving their role gave retirement as the main reason.

Men in the workforce

Estimates of men working in the early years workforce in England range from 2% in the Government's Early Years Workforce Strategy⁶ to 7.4% from the EPI's data⁷.

This survey found that, despite efforts to increase the proportion of men in the workforce, little progress has been made. Within smaller groups or single site settings, men make up less than 1% of the workforce and an average of 0.6 men per employer. However, this proportion was higher among larger nursery groups.

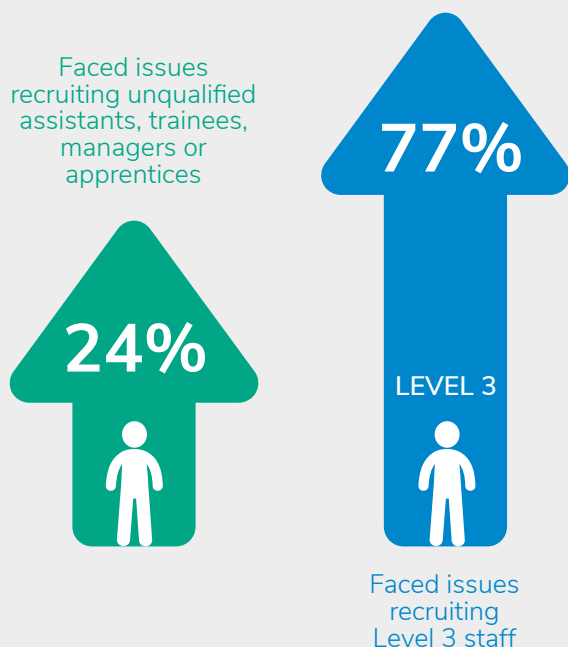


Recruitment and vacancies

Recruitment is a serious concern for employers in the early years sector. Over three quarters (77%) of employers reported having issues recruiting Level 3 trained staff, the positions that are most in demand due to staff leaving and shortages in the sector. Even when recruiting unqualified assistants, trainees or apprentices, a quarter of respondents (24%) said they faced issues hiring suitable staff.

Four in five (81%) said they now found it harder to recruit Level 3 trained staff, with 40% saying it was harder to recruit graduates and 34% reporting it was harder to recruit Level 2 staff. Only twelve per cent of respondents told us that they had seen no change in how difficult it is to recruit staff over the past three years.

Respondents who 'faced recruitment issues' (over the last 12 months)



Employers reporting it harder to recruit at each level (over the last three years)



Nursery Owner

"The standard of candidates is poor, with little or poor experience that is evident within practice."

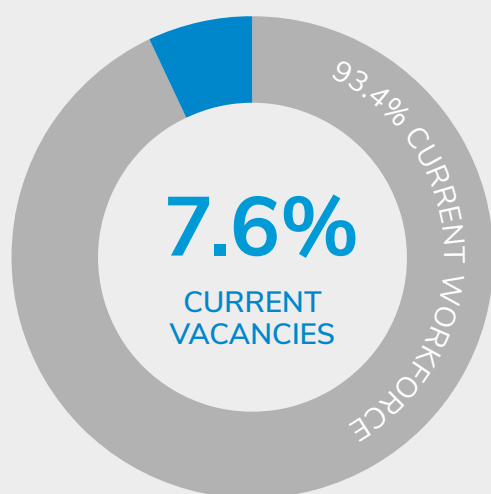
5 <https://epi.org.uk/publications-and-research/the-early-years-workforce-in-england/>

6 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/596884/Workforce_strategy_02-03-2017.pdf

7 <https://epi.org.uk/publications-and-research/the-early-years-workforce-in-england/>

Reporting on current vacancies in the sector, data from employers showed on average 1.6 vacancies per setting. Based on the number of vacancies identified in the existing workforce, 7.6% of roles in the sector are currently vacant. This amounts to 19,200 vacancies across England based on the DfE's latest estimate of 252,800 staff⁸.

Vacancies as a proportion of the required workforce



Staff turnover and retention

Frequent staff changes can be unsettling and distressing for children and can negatively affect children's development. Children need continuity and stability to settle and learn. Bonds and attachments between children and key workers are vitally important as they develop in early years settings. At the same time, high staff turnover increases recruitment costs and operational costs due to reduced productivity while new staff become established and the potential loss of childcare places.

This report showed that even fewer nurseries have retained all staff over the preceding 12 months. In 2017/18 86% of nurseries reported having at least

Nursery Owner

"In the 15 years of operating we have never faced such tough recruitment challenges. Staff at all levels are incredibly scarce, so when we are successful in recruiting they can basically name their price owing to the fact they could walk into any job tomorrow so salaries are going up and up."

19,200

Vacancies across England

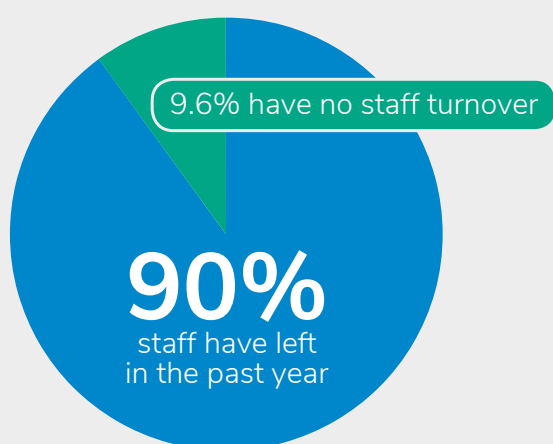
one leaver in the course of the year. This survey shows over 90% of settings had staff leaving with only 9.6% of nurseries stating no staff turnover this year.

Some providers have reported that high vacancies and difficulties in recruitment have led to a greater reliance on temporary agency staff to fill gaps. This is a more expensive, short-term solution for nurseries that makes long-term planning harder.

This approach also puts greater pressure on existing staff who face a greater workload and more responsibilities. It can also lead to a higher turnover of people within a nursery which disrupts continuity of care for children."

⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/788753/Survey_of_Childcare_and_Early_Years_Providers_2018_Main_Summary.pdf

Staff turnover



Looking at the total workforce turnover from respondents it represents almost one quarter (24%) of the entire childcare staff employed in their settings. While some turnover of staff is always to be expected, the UK average employee turnover rate is approximately 15-18% a year, putting nurseries well above average.

This turnover of staff generates a significant cost to the sector. Research from Oxford Economics⁹ in 2014 estimated that in the retail sector, the average UK employee earning £25,000 costs £20,144 to replace factoring in recruitment costs, training, other employees time and lost productivity as new staff become established. The retail sector is sometimes compared to early years for pay and conditions, despite the higher qualifications, skills and responsibilities of early years staff.

Taking into account inflation since 2014 and an average advertised salary of £18,000, this 24% turnover can be seen as costing the sector an estimated £879 million in the past year alone.

This survey also found a lot of uncertainty within the early years workforce. While 28% of practitioners asked were happy to commit to working in early years for the foreseeable future, 37% were unsure how long they might remain

Staff turnover is reducing the numbers of Level 3 trained staff within the workforce. Providers reported that the highest proportion of staff they lost in the past 12 months were at Level 3. A total of 60% of all leavers were at this level, 30% were at Level 2 and 13.5% were unqualified or apprentices. Only 2% of leavers were graduate level or early years teachers which could reflect the better pay and conditions but also the much lower proportion of the workforce they represent.

in the sector and a further 24% said they saw themselves working in the sector for only the coming one to five years. Only 11% of respondents could see themselves in childcare for the next 10 years or more.

Cost to the sector

Average advertised early years salary



⁹ <https://www.oxfordeconomics.com/my-oxford/projects/264283>

Reasons for leaving early years

The biggest reason given by employers for staff leaving was 'to seek higher salaries outside the sector'. This was cited as the biggest reason for Level 2 and Level 3 qualified staff leaving and was the second biggest reason for graduates / EYTs leaving after 'moving to a school setting'. This was backed up by the responses of practitioners themselves with 41% of those considering changing jobs citing higher pay outside early years and childcare as their main reason.

A concerning figure is the number who are leaving due to **losing their 'passion for childcare'** as a result of changes in policy. Employers told us that this was the number one reason for managers leaving their roles. It was also the second biggest factor for Level 2 and Level 3 qualified staff. It was given as a major factor by 21% of practitioners who are considering changing roles.

Reflecting the ageing workforce, 8.9% of practitioners also gave retirement as a reason for leaving their role.

Employers who had seen staff leave, and knew where they had moved to, gave retail as the main destination (48%) followed by care for the elderly (22%) and healthcare (10%). Other routes included hospitality, schools, admin work and further study.

The number of graduates and early years teachers leaving was lower and the main reason given was to move into a school-based role.

Nursery Owner

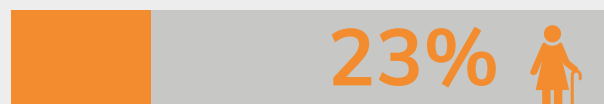
"People just can't afford to be in early years. Why get a minimum wage when you can stack shelves at Aldi for £12 per hour?"

This was mirrored in the responses from practitioners. When thinking about reasons they might change jobs the most common response from practitioners was, looking for higher salaries outside the childcare sector (41%) followed by looking for better hours (23%) and moving to a non-nursery job working with children (23%).

Leaver destinations



Retail



Care of the elderly



Healthcare



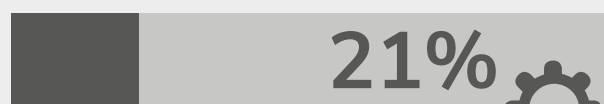
Hair & Beauty



Hospitality

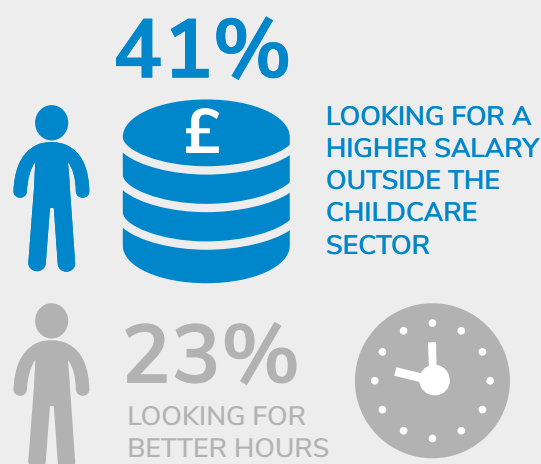


Schools



Other

Why change jobs?



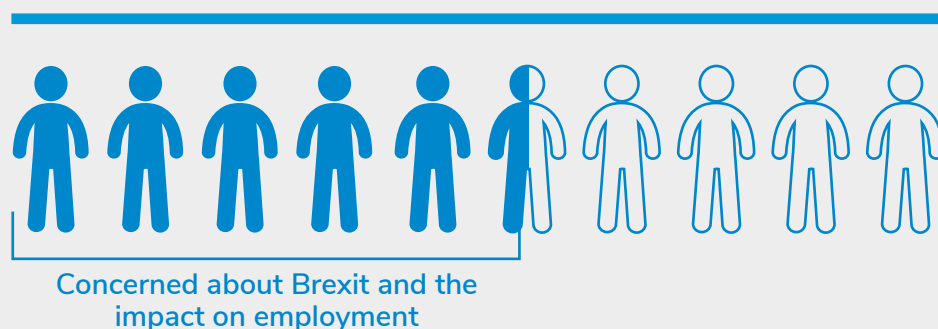
EU and Brexit

Figures from employers suggest the proportion of the workforce from EU countries outside the UK is 3.6% while 10.8% of practitioners who responded said they were an EU national, born outside the UK.

Brexit itself has had an impact on staffing with 16% of employers who had EU nationals working for them saying that at least one of those staff members had left in the previous 12 months due to Brexit uncertainty. The vast majority (77.6%) of employers of EU staff said they had not seen this happen and 4% said EU staff had left for reasons other than Brexit.

However, concerns about Brexit were evident among practitioners. Just under half of EU nationals responding to the survey (48.2%) were concerned about the impact of Brexit on their employment while 44.4% were not concerned and the remainder weren't sure.

EU nationals



Working conditions and patterns

Almost half (48%) of practitioners responding to this survey have worked in the sector for over five years with the majority (54%) only working for one to two employers during their time in childcare and early years. However, 16% have worked for five or more different employers during their career, reflecting the higher turnover seen in the overall workforce.

Findings from the survey show that the average employee is contracted to work just under 36 hours a week, with 90% of staff on permanent contracts. A huge 92% of staff reported working some overtime, which is an increase on the 79% who reported this last year. However, the majority of these worked overtime on an occasional basis (54%) with 29% reporting working up to five hours' overtime a week and 17% stating they regularly worked more than five hours' overtime a week. This shows some of the strain the sector is under due to a staffing crisis, with those in post left to pick up extra hours to ensure that settings remain open for children and families.

The majority of staff who responded were working full time, in permanent roles and taking on additional overtime. This survey finding suggests there is very little room in the system for the workforce situation to deteriorate further without completely collapsing as there is very little capacity to extend the hours of existing staff.

Overtime



92%
of staff work
overtime

Nursery Practitioner

"I'm considering leaving due to stress, low pay and job roles getting bigger."

Training and Continuing Professional Development

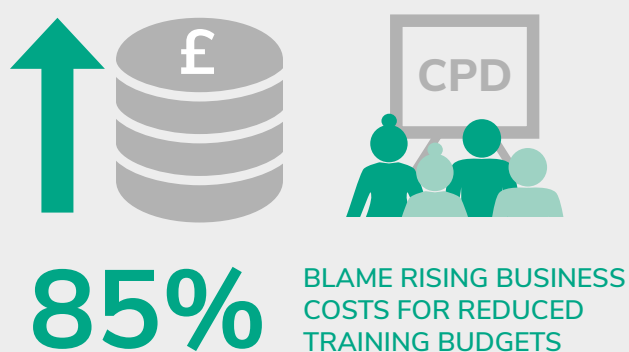
Despite high turnover of staff and the need for mandatory training to ensure staff have the right levels of qualifications to be counted in ratios, only 18% of providers said they were planning to spend more on training in the coming 12 months.

The majority (55%) were planning to spend less, while 27% were planning to spend a similar amount than they had during the current year.

Funding is a key factor with 84.8% of those providers who had less budget to spend on training citing rising business costs as a major factor. This is seen in the increase in staffing budgets that have been reported for the coming year against a backdrop of stagnant government hourly rates. With staffing accounting for 70-80% of a provider's overall budget, any increase will squeeze costs in other areas, in this case staff development.

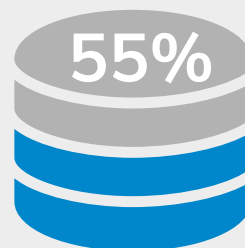
Nursery Owner

"Spending less, the numbers do not 'add up'. Everything is costing far more and funding stays the same."

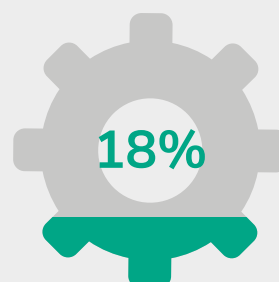


Over a third of respondents said they could only focus on mandatory training (39%) and many highlighted underfunding for government places as a major factor in this situation.

Training spending

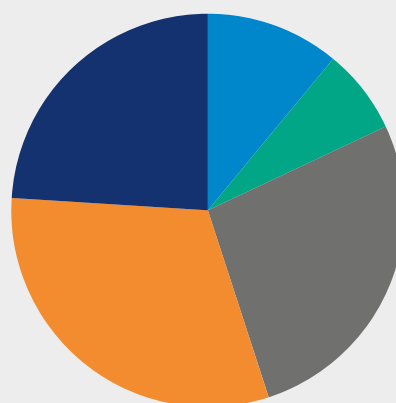


Of providers are planning to spend less on training & development



Of providers said they were planning on spending more on training over the next 12 months

Training budgets



- 11% SIGNIFICANTLY MORE
- 7% SLIGHTLY MORE
- 27% SIMILAR
- 31% LESS
- 24% SIGNIFICANTLY LESS

Impact of National Minimum and Living Wage

The National Minimum Wage (NMW) took effect on 1 April 1999 and since April 2016 it has been supplemented by the National Living Wage (NLW) for those aged 25 and over. From April 2019 the minimum wage levels are as follows:

Minimum Wage levels



Whilst the NMW and NLW have increased year on year, funding levels to deliver the 3 and 4-year-old entitlement have remained stagnant in the past three years, in some areas they have reduced. This also poses a huge burden on nursery providers, especially small single site settings with little budget flexibility.

Nursery Owner

"We are looking for younger staff to keep minimum wage costs down."

Nursery Owner

"The commitment and time needed to complete Level 3 Early Years Educator qualifications versus the salary available is making staff reconsider their career choices."



CASE STUDY

Average nursery salary costs for a provider paying just the minimum wage

Based on our survey data, the average setting appears to have 18 members of staff. Breaking staffing levels down by age we have calculated the minimum staffing cost over the past four years, assuming all staff were paid at the statutory minimum rate for their age group. However, we know that staff with greater experience, more responsibilities, higher qualifications or longer service with an employer are likely to be paid above any national minimum wages. When we asked practitioners about rates of pay 85.2% of practitioners told us they were being paid above or well above NMW.

According to our survey the average nursery has 18 members of staff in the age ranges shown in Figure 1.

Figure 1: Age range of staff

0.28 UNDER 18 YEARS OLD



5.96 18-20 YEARS OLD



2.8 21-24 YEARS OLD



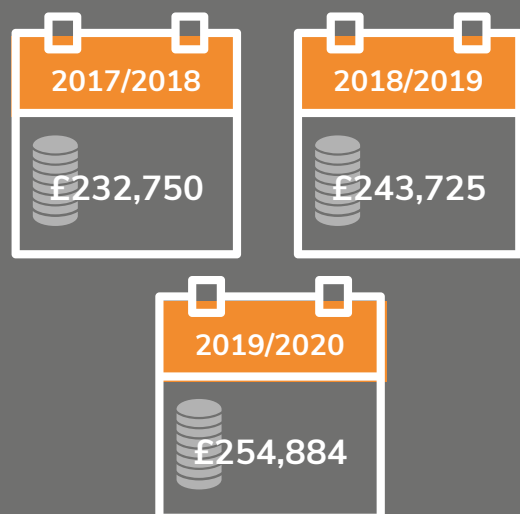
9 OVER 25 YEARS OLD



Respondents to the practitioner survey indicated that 18 to 20 and 21 to 24 year olds are working on average 36 hours per week and those aged 25+ were working an average of 39 hours per week.

Using these assumptions, we have calculated the salary costs for an average nursery per annum and how this has impacted costs between 2017 and 2020.

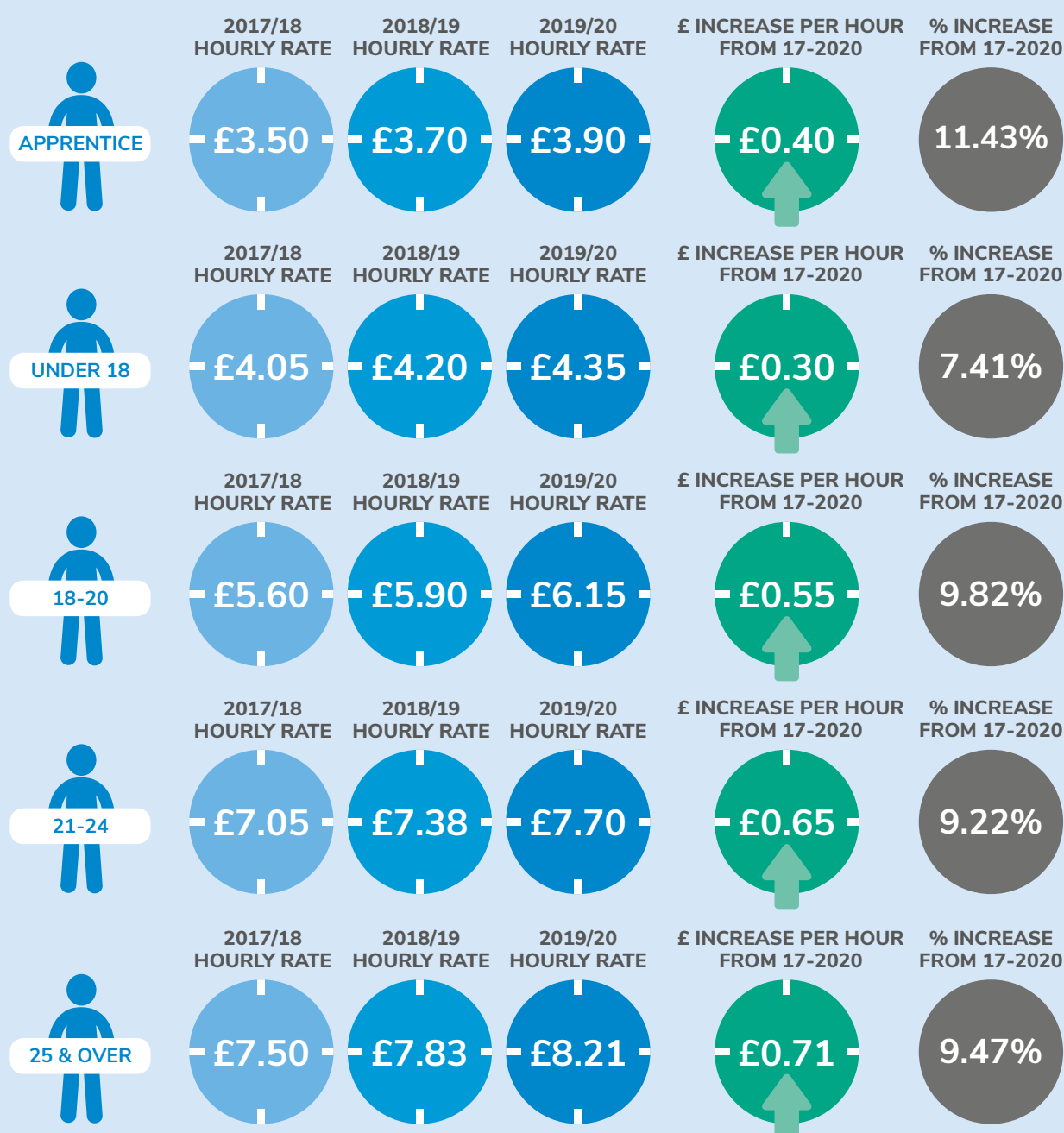
The figures below shows the lowest possible costs per annum. As a result of statutory increases to pay from 2017/8 to 2019/20 we see the overall staffing costs rise by a minimum of 9.5%. **This does not include the rising cost of pensions or on-costs.**



National Minimum Wage/National Living Wage increases v funding rates

Looking at the increased wage costs (Figure 2) against the funding rates (Figure 3) in the early years national funding formula demonstrates that, whilst employers have suffered huge increases in salary costs, the hourly rate has remained stagnant or reduced. Our survey findings demonstrated that 16.4% of employers had fewer Level 3 staff as a result of changes to government funding whilst 18.4% had taken on a greater number of apprentices in a bid to reduce staffing costs.

Figure 2: NMW /NLW rates



CASE STUDY

National Minimum Wage/National Living Wage increases v funding rates. Cont.

Figure 3: Early years funding

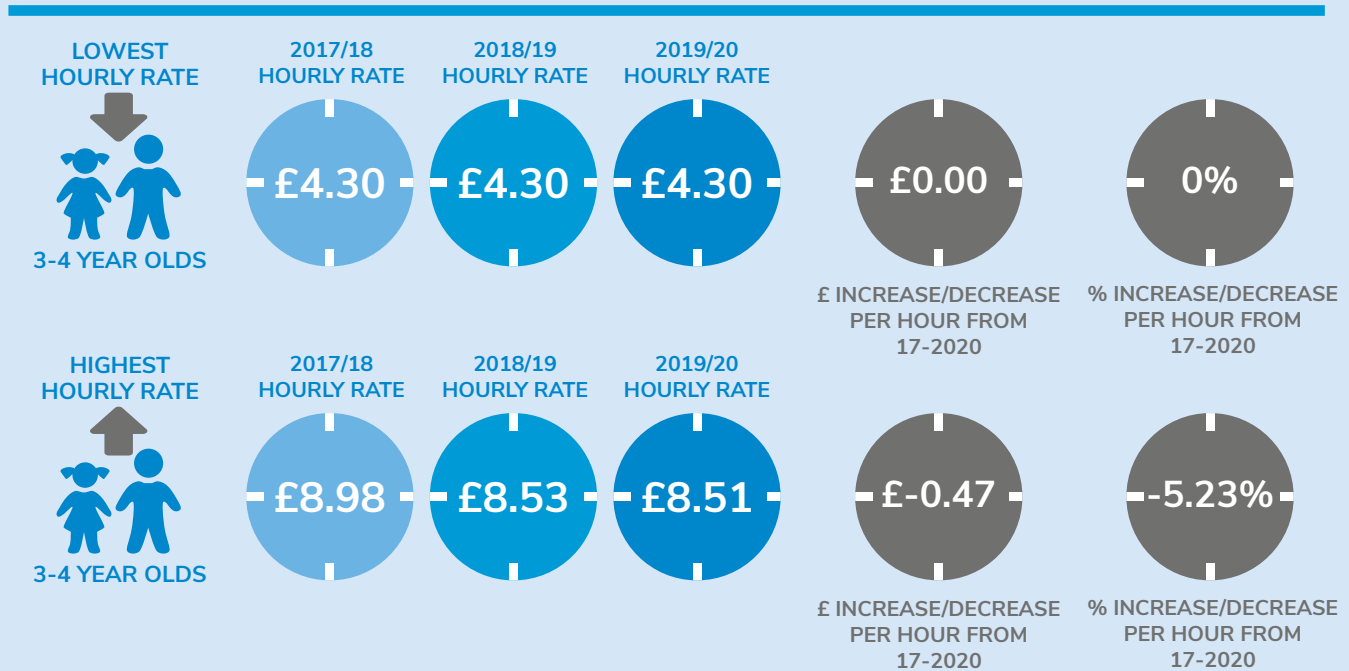


Figure 4: Nursery costs

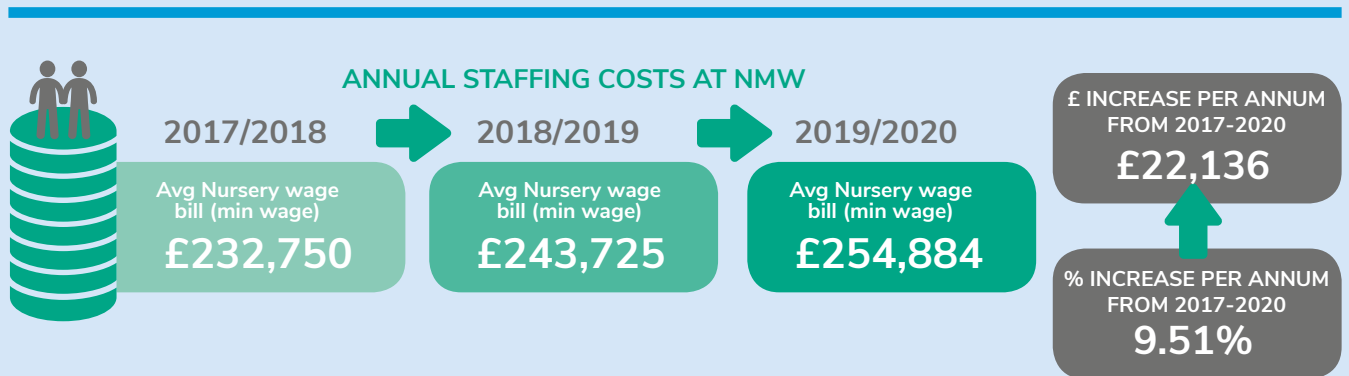
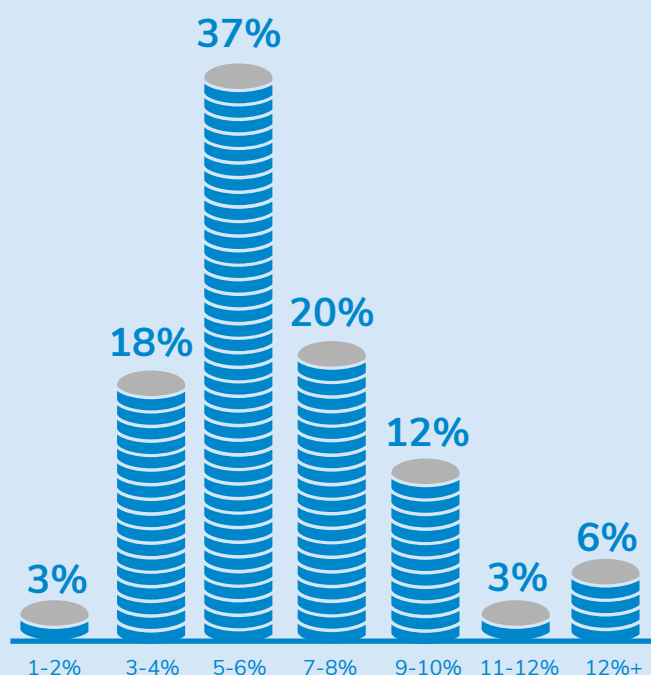


Figure 4 demonstrates a 9.5% increase over three years at the same time as funding as stagnated. The picture is more serious because in addition to the NMW and NLW increases, employment costs rose due to employers' pension contributions rising from 2% to 3% of an employee's salary. which is not factored in to this calculation.

The NDNA Workforce Survey (Figure 5) shows that 37.2% of nurseries expect to see an increase in their staffing budgets of between 5% and 6% while one in five (20%) believe they will rise by 7-8%. A total 15.5% of providers said their wage bill will rise by 9% to 12%, while 6% of respondents believed it could be even higher.

Figure 5: Expected increase in staffing costs



This survey has shown that retention is a challenge and turnover is high against a national backdrop of low unemployment. This is making early years an employee led labour market. Employers told us that there is a need for them to compete with other local settings on pay whilst maintaining salary differentials above the national minimum and living wage levels. This could account for the nurseries that responded saying that they see their staff costs rise by over 10%.

These large increases are over and above the standard inflation rate which has been running at between 1.8% - 2.4% through 2018/19. This puts up the price of other business costs such as goods, services, rent and utilities that nurseries need to cover to operate. At the same time, the amount the Government pays in funding per child per hour is staying the same or decreasing.

Conclusions

Children need a highly qualified and skilled workforce to be able to have the best possible start in their education, which begins in early years. However, quality costs; whether it is recruiting experienced staff, developing existing employees into future leaders or ensuring the workforce is properly recognised and rewarded for the work they do.

These findings clearly demonstrate that we have reached a crisis point in the early years and now is the time for action.

The Department for Education's Early Years Workforce Strategy has failed to have the impact needed to support the stability of the workforce and sustainability of the sector. A future strategy should take into account any government imposed cost increases such as NMW/NLW, pension and business rates.

Children and providers need a skilled, stable, happy and motivated workforce. However, through lack of investment and chronic underfunding this survey has revealed a sector which has fewer qualified practitioners, is losing staff at key points in their career, is less able to invest in training and focussed on surviving day-to-day rather than planning for a stronger future.

Failing to address the workforce challenges this survey shows will have a negative impact on the Government's social mobility plans and ambitions to improve outcomes for all children, especially those with additional needs or from disadvantaged backgrounds.

Recommendations

NDNA recommends that:

1. The Government's upcoming spending review addresses underfunding in early years which is a major contributing factor to the workforce crisis
2. The Department for Education should recognise the cost of quality and work closely with the sector to urgently develop a comprehensive and fully costed early years workforce strategy which addresses:
 - The level of qualified staff in the sector, the skills of new entrants and increased support for nurseries to upskill their staff
 - The status of early years teachers to ensure those with the qualification are valued and more take up teacher training
 - The number of qualified staff needed across the country to deliver quality care and education
3. Investment should be made in a sector-led campaign to address the workforce crisis to:
 - Raise the profile of working in early years
 - Promote the vital work of practitioners and the rewarding nature of working with children
 - Encourage people of all ages to start, or return to, a career in childcare at different stages of their working lives
4. As part of the review of the Early Years Foundation Stage, the DfE should review the existing historical indoor and outdoor space requirements taking into account changes in childcare practice and policy.




National Day Nurseries Association


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