



**Cymru**  
National Day Nurseries Association

★ **Brighter thinking  
for early years**

# NDNA 2018/19 Workforce Survey Wales





**Cymru**

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](http://www.ndna.org.uk)





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*“At NDNA Cymru our vision is for all children and families to flourish through excellent early years care and learning. Evidence shows that a highly qualified, skilled and motivated workforce are the key to providing the best possible outcomes for children. However, our latest survey reveals that nurseries in Wales are struggling to recruit in key areas.*

*Childcare and early years providers in the non-maintained sector are telling us that they cannot easily recruit the staff they need at the level they want. Level 3 qualified staff are most in demand and most likely to be a challenge. Our survey also found they are more likely to leave for pastures new than other staff.*

*The roll out of the Childcare Offer for Wales has created extra demand for childcare hours but it also serves to highlight the difference between the funding available for this element compared with the Foundation Phase. If providers are to be sustainable, offer continuity of care for children and parental choice then the two rates should be fully aligned across Wales.*

*All providers share the Welsh Government’s aims of delivering high quality affordable, and accessible childcare places. We will continue to support our members and other stakeholders so we can continue to attract more of the right people into the sector and then develop them into the early years leaders of the future.”*

Purnima Tanuku OBE, Chief Executive of NDNA



**We know that high quality childcare and early years education improves life chances for young children and provides support for parents.** High quality childcare delivered by staff who are well-trained, secure in their positions and appropriately rewarded, produces better outcomes for our youngest children. A skilled and knowledgeable early years and childcare workforce provides the strong foundation that children need in the first five years to support their development throughout their educational journey. The Welsh Government places great importance on early years and childcare, recognising the crucial role it plays in the lives of families in Wales. High quality affordable, available, and accessible childcare provides opportunities for child development and gives families much needed support.

This NDNA Cymru Workforce Survey looks at the make-up, qualification levels, motivations and challenges of the workforce in nurseries and other childcare settings across the country. With the roll out of the Childcare Offer for Wales complete and a new draft Curriculum for Wales 2022 covering all children from 3 – 16 being published this is a crucial time for the early years and childcare sector. This survey covers data from providers operating all over Wales with respondents covering 118 early years settings and responsible for employing over 1,350 staff who deliver places to more than 8,000 children.

## Key Findings

- The greatest challenge facing early years settings is recruitment of qualified and experienced staff. Over two-thirds of respondents said they had issues recruiting Level 3 Qualified staff
- At other levels of qualification, employers report fewer issues
- Over 83% of the workforce in non-maintained settings have Level 3 qualifications or higher in line with the National Minimum Standards for Regulated Childcare (NMS) and staff with Level 3 qualifications make up 59% of the workforce
- Men still make up less than 5% of the early years workforce
- Turnover of staff is an issue in Wales with a rate of 19.4% costing the entire childcare sector an estimated £59.6m
- Increases in minimum wages and pension requirements are pushing up employer's costs well above the rate of inflation
- Due to other costs rising, early years settings are planning to keep staff training costs at similar levels to last year. If changes are planned they are more likely to reduce than increase training budgets
- Business rates relief is helping the sector remain sustainable, keep costs lower or invest in improving quality
- Brexit uncertainty is causing some employers to lose staff but the numbers are low at present.

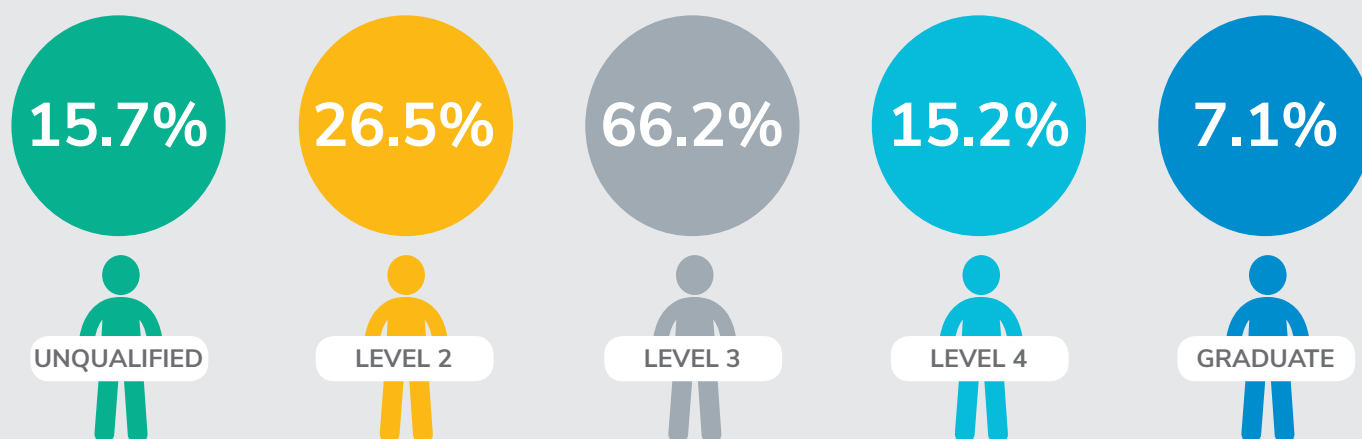


# Recruitment Challenges

Across Wales, non-maintained sector early years settings are reporting issues in recruiting staff to the levels they want and need. The greatest area of challenge is recruiting Level 3 qualified staff with 66.2% of respondents

agreeing that they had faced issues recruiting at this level. The second most problematic area is Level 2 qualified staff with 26.5% reporting difficulties in recruiting here.

## % of employers reporting recruitment issues



Nursery Provider

*“Availability of good quality staff to meet ratios and develop all areas of nursery remains a huge problem.”*

The Welsh Government has successfully rolled out its Childcare Offer for Wales ahead of schedule, meaning that all eligible working parents across Wales can now access up to 30 hours a week of early education and childcare for 48 weeks of the year.

As a result of this policy, many providers have seen an increase in occupancy meaning they have increased the hours of existing staff or needed to recruit more people. This could have contributed to demand for Level 3 qualified staff and been a factor in the recruitment challenges the sector is facing for people with these qualifications.

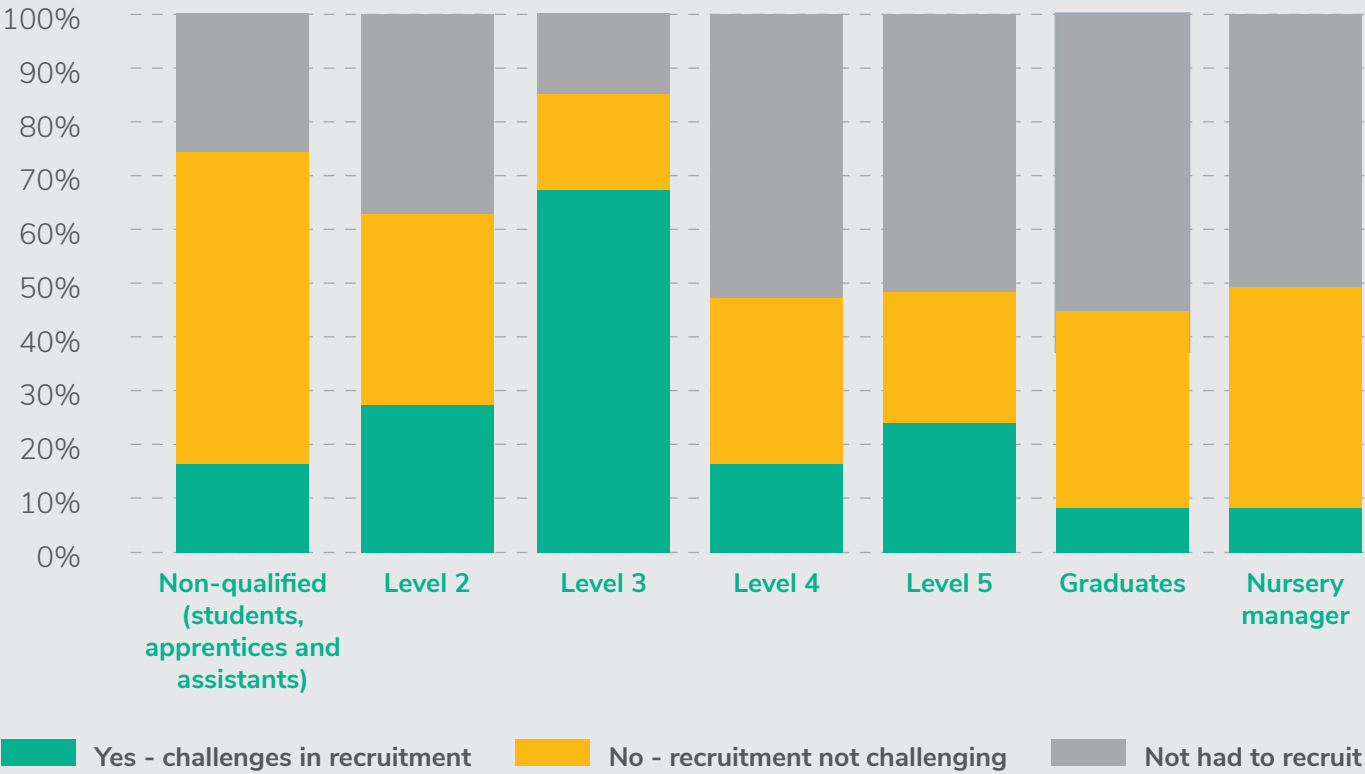
A detailed analysis of responses on how difficult it is to recruit shows that providers found it least problematic to find unqualified staff. Almost three quarters (73.9%) of providers reported recruiting them over the past 12 months but 58.9% said they had not faced challenges in doing this.

At the same time we see a picture of a more stable workforce once staff are more qualified. Over half of respondents stated that they had not had to recruit at Level 4, Level 5, Graduate or Nursery Manager level in the past 12 months. This could be due to greater stability in these roles.

These figures mirror some of the findings of the Welsh Government's Research on Implications of Brexit on Social Care and Childcare Workforce in Wales<sup>1</sup> where 47% of respondents reported that it was 'fairly' or 'very difficult' to recruit to a childcare post in the past 12 months. Breaking the workforce down, it was the 'childcare practitioner' grade staff which employers had the greatest difficulty recruiting. NDNA Cymru's workforce survey has also shown the challenges are greatest at this level.

1. <https://gov.wales/sites/default/files/statistics-and-research/2019-03/implications-brexit-social-care-and-childcare-workforce.pdf>

## Recruitment challenges by qualification level



## Vacancies

Reporting on current vacancies in the sector, data from employers showed an average of 0.68 vacancies per setting. Based on the number of vacancies identified and the existing workforce, an estimated 5.5% of roles in the sector are currently vacant. This amounts to 935 vacancies based on the Welsh Government's estimation of 17,000 people working in childcare across Wales.<sup>2</sup>

### Vacancies in the workforce



935

Vacancies  
across Wales

5.5%

of roles in  
the sector  
are vacant

*"[A real] issue is the difficulty experienced in finding experienced, qualified staff."*

*Nursery Employer*

2. <https://gov.wales/sites/default/files/statistics-and-research/2019-03/implications-brexit-social-care-and-childcare-workforce.pdf>

# Make-up of the Early Years Workforce: Qualifications

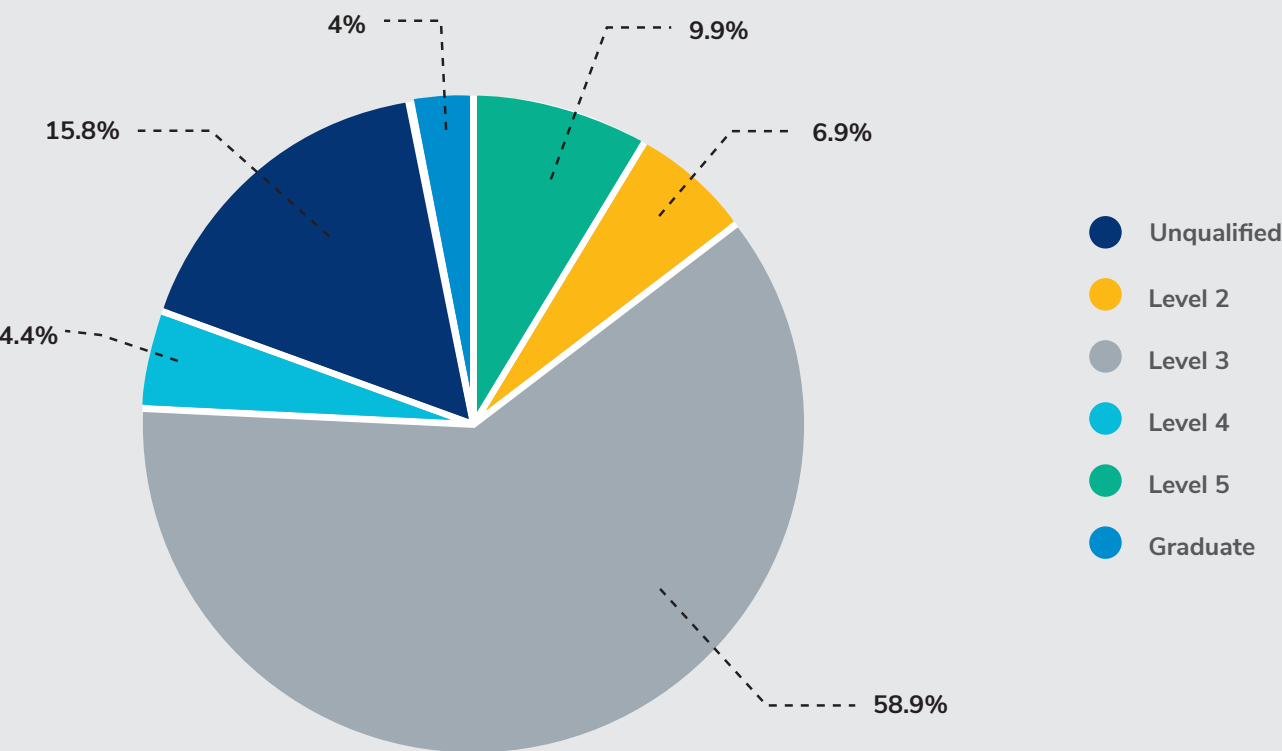
The Welsh Government's ten year 'Childcare, Play and Early Years Workforce Plan' sets out the ambition:

**“to develop a skilled childcare and play workforce, which is highly regarded as a profession and a career of choice and recognised for the vital role the sector plays in supporting our children’s development.”<sup>3</sup>**

To do this they set out plans to attract high quality recruits to the sector through campaigns like Social Care Wales’ ‘We Care’ and to raise standards and skills in the workforce.

Looking at qualification levels in the early years workforce NDNA’s survey found that the vast majority of those working with children are qualified to Level 3 (59%) followed by Level 5 staff making up 16% of the workforce. Those with qualifications at Level 3 or above make up 83.1% of all staff.

## Qualification Levels in the workforce



Those who are leaving their employment in the non-maintained sector are predominantly Level 3 trained staff. Given that these staff make up 58.9% of the overall workforce this is to be expected but they make up almost two-thirds of all leavers (64%). This means that they are more likely to change jobs than other levels of staff which will be contributing to the recruitment challenges for employers.

Outside of roles working directly with children support staff - such as those working in food preparation, administration and cleaning and maintenance - made up 6.8% of the total workforce.

3. <https://gov.wales/sites/default/files/publications/2019-07/early-years-workforce-plan.pdf>

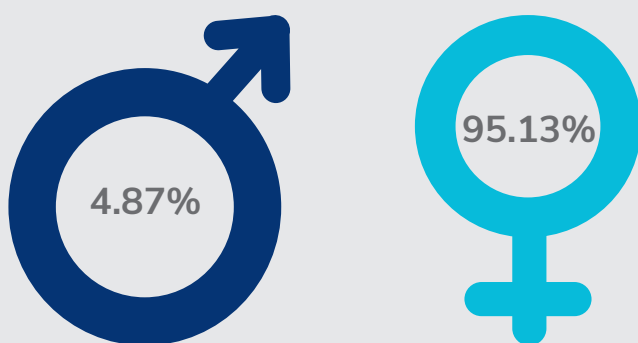




## Make-up of the early years workforce: Men in childcare

Respondents reported that 4.87% of the workforce was currently made up of men working in childcare. The Welsh Government's 'Childcare, Play and Early Years Workforce Plan' makes it clear that creating a more diverse workforce can have a positive impact on children.

### Men in the workforce



*"Recruiting more males to the workforce would provide a virtuous cycle where boys will have more male role models influencing them in the early years and therefore will view a career in childcare and play more positively in the future."*<sup>4</sup>

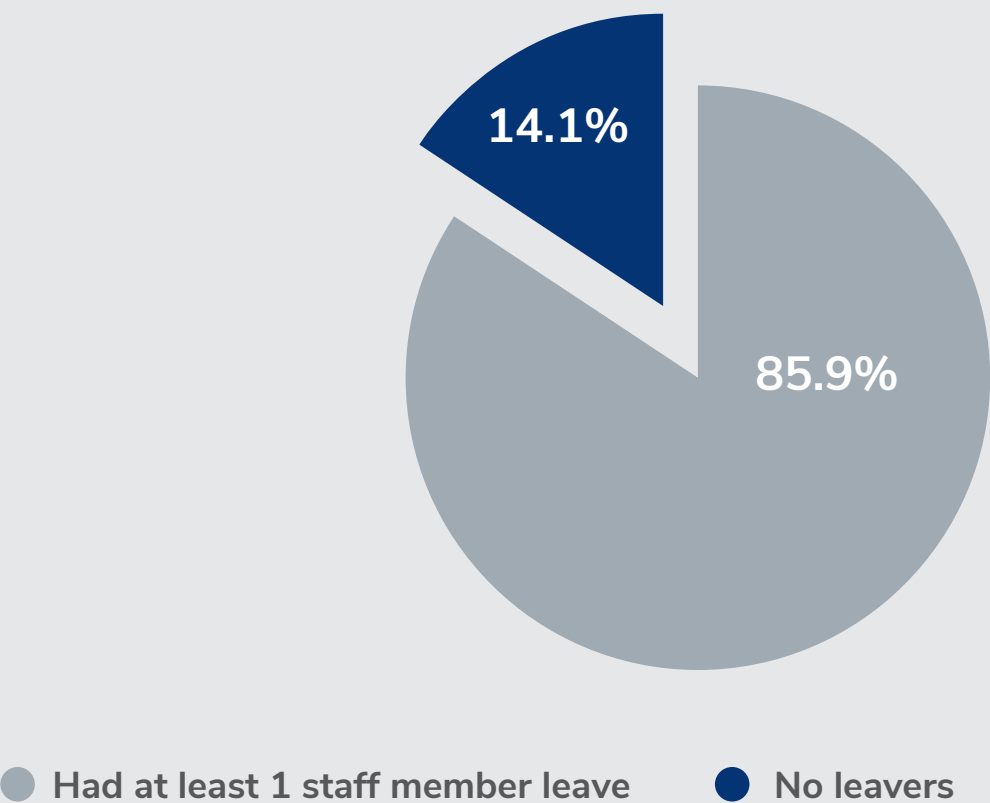
4. <https://gov.wales/sites/default/files/publications/2019-07/early-years-workforce-plan.pdf>

# Staff turnover and retention

Staff turnover among the early years and childcare workforce in Wales was the lowest seen across England, Scotland and Wales in 2018/19. During the course of the year 86% of

respondents reported having at least one member of staff leave, while 14% of respondents had no leavers in the previous 12 months.

## Staff Turnover in past 12 months



Based on the reported number of staff leaving during the course of the year turnover of the workforce is estimated to be around 19.4%. Some turnover of staff is always to be expected as people move, change careers or retire. The stability of the workforce in Wales is reflected in the number of respondents telling us that they haven't had to recruit especially for more highly qualified staff.

The UK average employee turnover rate is approximately 15-18% <sup>5</sup> a year, putting nurseries in Wales just above this figure. However, NDNA workforce surveys have found that reported

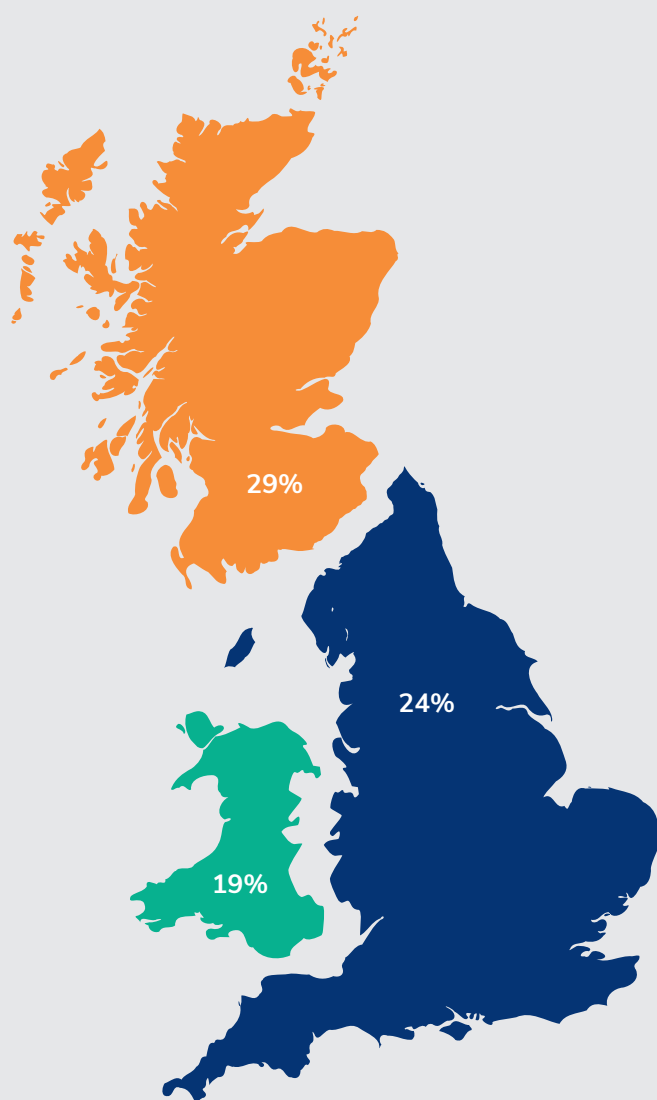
turnover was higher in both England (24%) and Scotland (29%) in the same period.

As children grow and develop in early years settings, bonds and attachments between them and key workers are vitally important. At the same time, staff turnover is a concern for how organisations operate with recruitment costs, training time and reduced productivity of new staff while they become established. This means high turnover has a detrimental effect on both the children as well as childcare and early years settings.

5. <https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Documents/2017-Human-Capital-Benchmarking.pdf>

## NDNA Workforce Surveys

### Staff turnover rates across the UK



This turnover of staff generates a significant cost to the private and third sector provider. Research from Oxford Economics 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 valuable time of experienced staff and managers can be spent finding suitable recruits and even if they have the right training and experience, it still takes new staff members time to become familiarised with new settings, their policies and ways of working.

The retail sector is often compared with early years and childcare for pay and conditions for staff, despite the qualifications, skills and responsibilities of these professionals.

Taking into account inflation since 2014 and an average advertised salary of £15,300 for roles like 'early years practitioner', 'nursery nurse' or 'early years assistant', this 19.4% turnover can be seen as costing the whole early years sector an estimated £59.6 million in the past year alone. This is based on the Welsh Government's estimation of 17,000 people working in childcare across Wales.<sup>6</sup> On an individual basis it equates to an estimated £12,300 per member of staff.

#### Cost to the sector

Average advertised early years practitioner / assistant salary

**£15,300**

**COSTS**



**£12,300**

To replace including recruitment costs, training & other costs

**19.4%**

of staff turnover  
has cost the sector  
**£59.6 million**  
in the past year alone

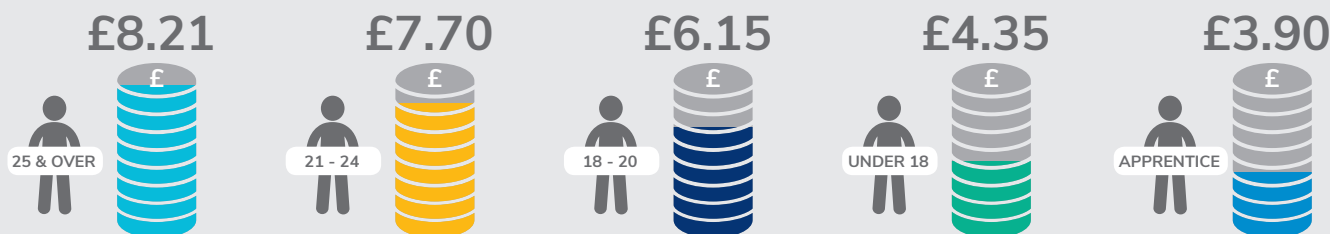
6. <https://gov.wales/sites/default/files/statistics-and-research/2019-03/implications-brexit-social-care-and-childcare-workforce.pdf>



# 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 were as follows:

## Minimum Wage levels



In addition to the NMW and NLW increases, employment costs rose between 2018/19 and 2019/20 due to employers' pension contributions rising from 2% to 3% of an employee's salary.

Our survey shows that the majority (53.8%) of early years settings expect their staffing costs to rise above the rate of inflation at between 3 – 6% as a result of these changes. One in five (20%) believe that these costs will rise by 9 – 10% while almost 14% of respondents believed their costs could rise by more than 12%.

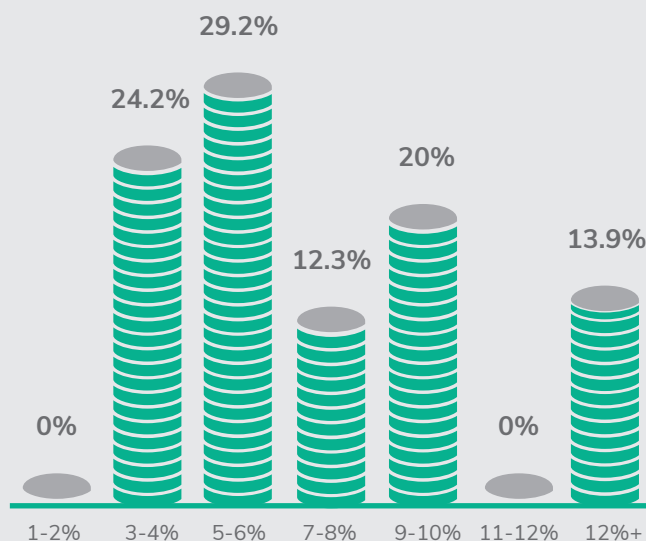
This survey has revealed challenges for employers trying to recruit Level 3 staff as they work to meet the increased occupancy generated through the Childcare Offer for Wales and are seeing higher turnover among this group. These factors alongside the need to maintain salary differentials above the NMW and NLW levels, could account for those seeing their staff costs rise by more than 10%.

These increases in staffing costs are well over and above the standard rate of inflation which has been 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.

*"[There are] real challenges with wage bills and pensions. In thirty years this may be the first September I have actually laid staff off altogether as the wage bill is just too high to carry through."*

*Nursery Employer*

## Expected impact on staffing budgets



## Business Rates – impact of 100% relief

From April 2019, the Welsh Government has exempted registered childcare businesses from paying business rates. Respondents were surveyed in May and June about the impact of the changes. Two thirds (65%) of those who had received the relief were able to provide positive examples of its impact on their sustainability. Providers reported that they had been able to invest in their staff, more training or keep fees for parents lower. Other respondents highlighted that it had helped them stay afloat as a business by making up shortfalls in funding. The average saving reported was £8,204.

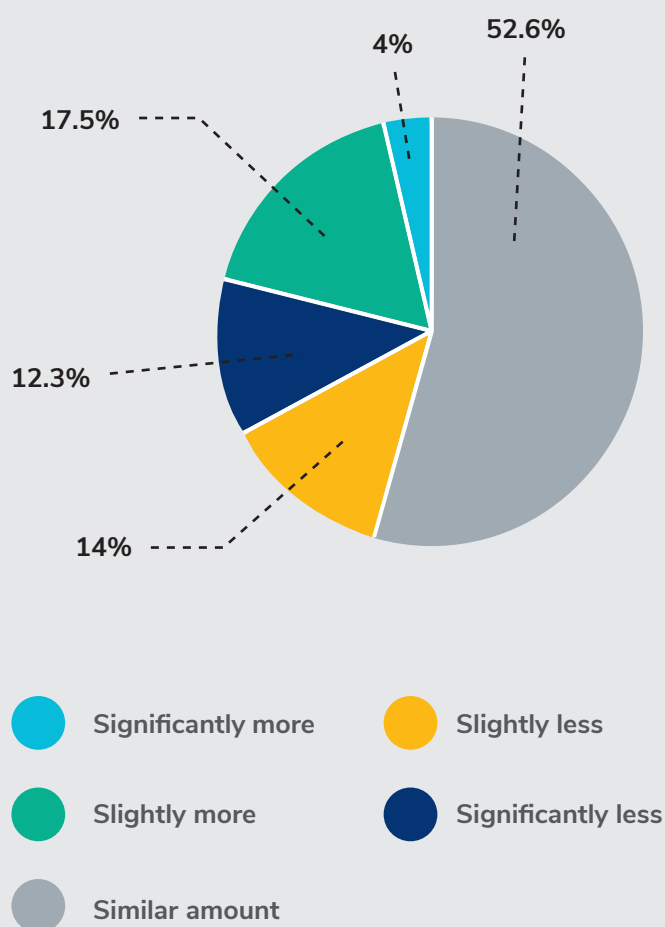
Average reported saving from  
100% Business Rate Relief



£8204

## Training and Continuing Professional Development

### Staff development spending plans



The Welsh Government's Early years, Childcare and Play Workforce plan recognises continuing professional development (CPD) as a route towards professional registration of the workforce.

Respondents to the survey suggest that the majority of non-maintained settings expect to keep expenditure on training and staff development at the same level as last year. The majority of respondents (52.3%) expect to spend similar amounts to last year. A greater proportion expect to spend less on staff training (26.3%) than more (21.5%).

Funding is a key factor, it is concerning that 26.3% expect to spend less on staff training and 52.3% to spend similar amounts as last year, with rising business costs in other areas a possible factor. With staff accounting for 70-80% of a providers' overall budget, any increase here will squeeze costs in other areas, in this case staff development.

*"Admin and time costs to run the Childcare Offer is not reflected in the [funding rate]."*

Nursery Provider

# EU and Brexit

Among the staff employed by respondents to the survey only 2% of employees were from EU countries outside the UK. The Welsh Government's report 'Research on Implications of Brexit on Social Care and Childcare Workforce in Wales' estimated that 4.5% of people employed in the childcare sector in Wales are non-UK EU nationals.

Looking at the impact of Brexit, 6.7% of employers with EU staff said they had seen a member of staff leave due to Brexit uncertainty.

## Conclusion

As the Welsh Government's plans for expanding the Childcare Offer have been fully rolled out and new work continues around driving up quality this survey has shown that the main concern for early years providers is getting the right staff into their settings. NDNA Cymru welcomes the Welsh Government's ten year Early Years, Childcare and Play Workforce Plan and the commitment, investment and support they are providing to the sector in Wales.

The business rates relief is supporting the sustainability of the sector and the roll out of the Childcare Offer for Wales has seen increased occupancy in many settings. Delivering the additional capacity for this requires extra staff hours and potentially the need to recruit more staff as shown by the current challenges in finding suitable Level 3 qualified employees.

If non-maintained settings aren't able to recruit enough staff at the right levels this could undermine the Welsh Government's ambition for childcare and early years education which is high quality, accessible, affordable and flexible for parents.

There is a greater stability in the early years workforce in Wales, especially among more highly qualified staff. At the same time, the non-maintained workforce in Wales is generally more highly qualified than in other parts of the UK. It is clear that the non-maintained sector is crucial to delivering high-quality places for children across the country.

The investment in Social Care Wales 'We Care' national attraction and recruitment campaign is welcome. While support for NDNA Cymru's Childcare Works Phase 2 project is supporting a diverse workforce and enabling people who wouldn't necessarily have undertaken a career in early years and childcare to come into this sector.

Continuity of care and parental choice are crucial in early years and the difference in funding rates between the Foundation Phase and the Childcare Offer makes this more difficult for non-maintained providers. The pilot of aligning the Foundation Phase funding rates with the Childcare Offer in Flintshire is a welcome step and we look forward to the outcome of this pilot. It is important that the Welsh Government and local authorities maintain their commitment to not undermine existing provision through the Childcare Offer Capital Grants. Offering small grants to non-maintained settings will help to support the sector.

This survey has found evidence of staffing costs rising at rates well above inflation so it is important for the Welsh Government to continue to monitor costs that the sector faces. It is vital to ensure that funding rates allow providers to cover the costs of delivering high quality, affordable, accessible childcare to support parents and families in Wales.

NDNA Cymru would like to thank all the settings for taking the time to complete this survey, we will continue to support and represent the sector through changes to the policy landscape and any challenges ahead.



## Recommendations

To support the non-maintained sector NDNA Cymru recommends that:

- The Welsh Government should continue to monitor the rising costs of delivering the Childcare Offer for Wales, including above inflation staffing cost increases. This should be reviewed annually to ensure the funding rates are kept in line with increasing costs to allow providers to support their workforce in the delivery of high quality, affordable, accessible childcare to support parents and families in Wales
- The Flintshire pilot of aligning the Foundation Phase hourly rate with the Childcare Offer rate will support the workforce to deliver high quality early years education. Following the pilot, the Foundation Phase hourly rate should be aligned nationally which will support the sustainability of the non-maintained sector and ensure they are able to offer parental choice and further invest in upskilling their workforce
- The Welsh Government continues to invest in the workforce in respect of continuing professional development, (CPD) to support retention of Level 3 qualified staff, career progression and professionalising the early years, childcare and play workforce
- To address some of the recruitment challenges the Welsh Government continues its support to active and inclusive recruitment programmes that work with individuals with the right attributes, principles and values to work within the childcare, early years and play sector, supporting a highly skilled diverse workforce
- As part of any early years recruitment campaign, the Welsh Government should consider promoting the educational impact of working in childcare within the non-maintained sector through play-based learning



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