



Scotland
National Day Nurseries Association

**★Brighter thinking
for early years**

NDNA 2018/19

Workforce Survey Scotland





Scotland

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 Scotland 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 nurseries in Scotland are facing a full-blown staffing crisis.

Early Learning and Childcare (ELC) providers in the private and voluntary sectors are telling us that they are losing staff at an unsustainable rate. The most common issue is staff leaving to work at a council run setting, as local authorities continue to expand their own provision ahead of August 2020. Some nurseries have said that even paying the Real Living Wage, they cannot compete with salaries on offer from local authorities.

Ministers and the Scottish Government have made it clear that they want to see private and voluntary providers, alongside childminders, playing a crucial role in the delivery of the expanded 1140 hours offer. All providers share their aim of high quality, accessible, flexible and affordable childcare for families and children. However, the workforce crisis we are seeing threatens providers’ sustainability and parental choice.

We will continue to push for the recognition and reward that ELC staff 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



We know that high quality early learning and childcare (ELC) 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 rewarded, produces better outcomes for our youngest children. A high quality workforce provides the strong foundation that children need in the first five years to support their development throughout their educational journey and beyond. The ELC workforce are dedicated and committed to delivering this high quality care but we know that staff qualifications and continued professional development are key to delivering excellence in ELC.

This is NDNA Scotland's first Workforce Survey looking at the make-up, qualification levels, motivations and challenges of the workforce in nurseries and other childcare settings in Scotland. With the expansion of ELC being only a year away, this vital insight into a very real workforce crisis, which could become much worse, if immediate action is not taken by the Scottish Government and local authorities. They have stated that commitment to high quality childcare, addressing the poverty related attainment gap and making Scotland the best place for a child to grow up. This survey covers data from providers operating in all areas of Scotland covering 181 ELC settings who are responsible for employing over 2,200 staff delivering places to more than 12,200 children.

Key Findings

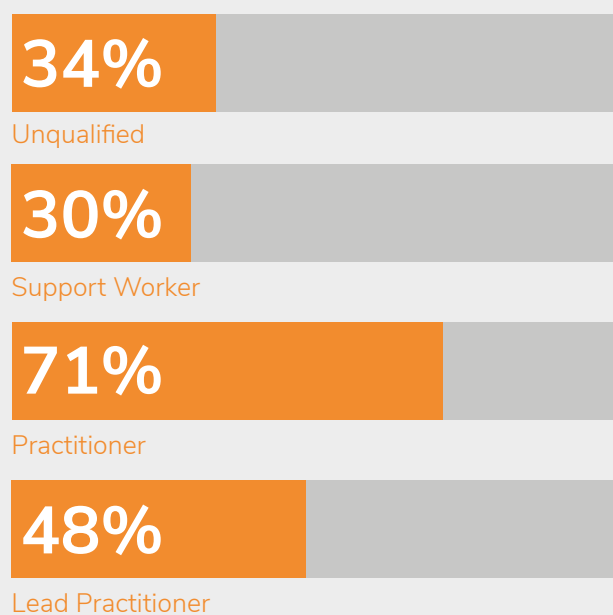
- Private and voluntary sector nurseries are facing a workforce crisis that could affect settings sustainability before August 2020 and the full roll-out of 1140 hours
- The vast majority of respondents reported issues with recruiting staff with at least 71% of providers facing recruitment challenges
- Even when staff are in post retention is a major issue- 62% faced 'significant challenges' in retaining staff
- Staff turnover rate is much higher than the UK average for all employers. With a staff turnover rate of 29% it is estimated to have cost private and voluntary providers £68.4 million in the past year as well as disrupting continuity of care for children and potentially the quality of provision
- Local Authority expansion is seen as the driving factor for staff leaving with 'moving to a school or council setting' the top reason for Practitioners and Lead Practitioners leaving their posts
- Due to the criteria being applied to the phasing-in we know that not all providers have had the opportunity to be involved, despite the scale of change for 2020- 42% of respondents are not involved
- Staffing budgets continue to rise at above inflation rates due to National Minimum and Living wages before the Scottish Living Wage requirement is factored in – but funding rates don't reflect this.

Recruitment challenges

Across Scotland private and voluntary sector early learning and childcare (ELC) providers are reporting serious issues in recruiting staff to the levels they want and need. The biggest challenge identified was recruiting staff to Practitioner level positions requiring a minimum of Scottish Vocational Qualification (SVQ) Level 3, where 71% of employers reported issues in recruiting staff over the past 12 months.

Nursery sustainability is being threatened by these recruitment challenges. The Care Inspectorate indicate that it is good practice to ensure that nurseries have a Lead Practitioner to be able to maintain high quality and good outcomes for children but almost half (48%) of respondents were facing issues recruiting to these positions. These issues could affect whether a nursery is able to remain open. Even when recruiting unqualified assistants, trainees or apprentices, over a third of respondents (34%) said they faced issues regarding the suitability of candidates.

Proportion of employers reporting recruitment issues



Vacancies

Reporting on current vacancies in the sector, data from employers showed an average of 0.6 vacancies per setting. Based on the number of vacancies identified and the existing workforce this survey found that 5.4% of roles in the sector are currently vacant. This amounts to 1074 vacancies across private and voluntary sector providers in Scotland based on the Scottish Social Services Council's (SSSC) total workforce figures of 19,890.

Vacancies in the workforce



Staff turnover and retention

The ELC workforce in Scotland saw a lot of change in the past 12 months. The majority of respondents (62%) said that they had faced 'significant challenges' with staff retention over the past year.

Staff turnover



Nine in 10 providers (89.5%) said they had at least one member of staff leave in the preceding 12 months. Some providers told us that entire teams had to be replaced in short timeframes. This means that only 10% of respondents reported having a completely stable staff with no-one leaving their employment in the preceding year.

Staff leavers

89.5%

Had at least one member of staff leave



As children grow and develop in ELC settings, bonds and attachments between them and key workers are vitally important. At the same time, high staff turnover is a drag on how organisations operate with recruitment costs, training time and reduced productivity of new staff while they become established. The time of valuable and experienced staff is being spent recruiting and interviewing new staff and getting them trained and up to speed in a new setting. Even if they have the qualifications and experience needed, new staff still need time to familiarise themselves to new environments or ways of working. This means high turnover has a detrimental effect on both the children and ELC settings.

Among respondents, turnover presented a worrying picture over the last 12 months. This survey found that turnover rates were at 29% of the entire childcare staff employed by respondents. While some turnover of staff is always to be expected, the UK average employee turnover rate is approximately 15-18%¹ a year, putting nurseries in Scotland well above average.

"The local authority's ongoing recruitment drive is the main reason we are not retaining staff"

This turnover of staff generates a significant cost to the sector. 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 retail sector is often compared with the ELC sector for pay and conditions for staff, despite the qualification, skills and responsibilities of ELC staff.

Taking into account inflation since 2014 and an average advertised salary of £15,000 for the ELC workforce, this 29% turnover can be seen as costing the sector an estimated £68.4 million in the past year alone.

Cost to the sector

Average advertised private and voluntary ELC salary



£15,000

COSTS

£12,068

To replace including recruitment costs, training & other costs

29%

of staff turnover has cost the sector **£68.4 million** in the past year alone

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

Reasons for leaving private and voluntary sectors

As providers from all sectors prepare for the 1140 hours expansion it is important to understand the driving reasons behind this high staff turnover.

In terms of staff leaving settings the biggest reason given to employers was 'moved to a school based or council maintained early years setting'. This was cited as the biggest reason for both Practitioner and Lead Practitioner level staff. The second biggest factor for both groups was seeking higher salaries outside the ELC sector, followed by better salaries within other private or voluntary sector settings.

Among Support Worker level staff, the main reason given was a loss of passion for working in ELC due to changes in policy or the sector as a whole. This was followed by seeking higher salaries outside the ELC sector and moving into a school or council maintained ELC setting was the third biggest factor for them changing employment.

Some of the comments from providers highlight the challenges that private and voluntary settings are facing as council maintained services are expanding.

Nursery Employer

"We are facing a staffing crisis and we have been warning all the relevant parties for years now. Our concern now is that we are struggling to attract qualified staff to our setting and we will have to recruit apprentices. This will make the PVI sector become an apprentice factory, we will train them up and then they will be enticed by the local authority for less hours, more holidays, better pay, less responsibility."

Nursery Employer

"The councils say that they are not actively looking to recruit our staff, but in every instance of the 7 we have lost, they have gone to council jobs. The salary difference of between £7k & £10k is a stretch too far for us. We are teetering on the edge both financially & emotionally with the changes to 1140."

Nursery Employer

"I weep that I cannot remunerate my staff to the same level as a local authority. I worry that whilst I can cut my income to meet the salaries, this cannot continue as utilities rise... rents are increasing & the likelihood of food costs increasing if Brexit happens makes for a bleak picture"



Phasing-in of 1140 hours

An underlying concern for providers is the ongoing phasing-in of 1140 hours which is seen as a driving factor in the current movement of staff from private and voluntary providers to local authority settings. From August 2019 the final stage of phasing-in will begin in councils across Scotland in preparation for full roll-out by August 2020. Data provided by councils to the Scottish Government suggests that at least four councils (Angus, Dundee City, East Dunbartonshire and East Renfrewshire) are not planning to have any partner providers involved in this final stage of phasing-in. Due to the criteria being applied to phasing-in, we know that not all providers in other council areas are being given the opportunity to have any involvement in the phasing-in either.

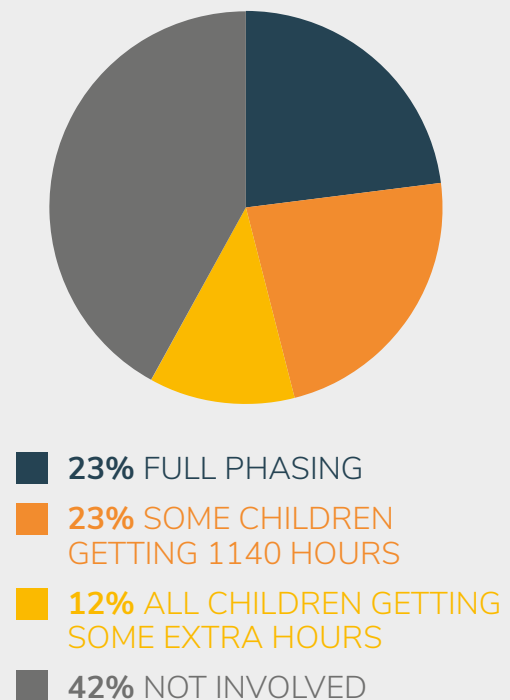
This affects providers in two main ways. Firstly, they are not engaged in the phasing-in process and so may be expected in August 2020 to move from 600 hours to 1140 hours overnight. The premise of a phased approach is to promote a smooth transition from the existing approach to the new one.

Secondly, in areas where providers haven't been involved in the phasing-in they may receive different rates to other nurseries in their local area or have lost families to other settings, such as council providers. We are aware that some providers and families have been prevented from offering a blended approach, where a child could access some of their entitlement in a provider delivering 600 hours and then top these up at a setting which is allowed to deliver increased hours, up to 1140, as part of the phasing-in.

Where providers have been involved in phasing-in we have seen some positive engagement between them and local authorities to identify and address challenges thrown up by the expansion.



Involvement in 1140 hours phasing-in



Nursery Employer

“Due to the increase of funded hours within school settings we have lost our qualified staff to Local Authority nurseries. We can't compete with the wages that councils pay and we're losing our good staff because of this”

Make-up of the ELC workforce: Qualification levels

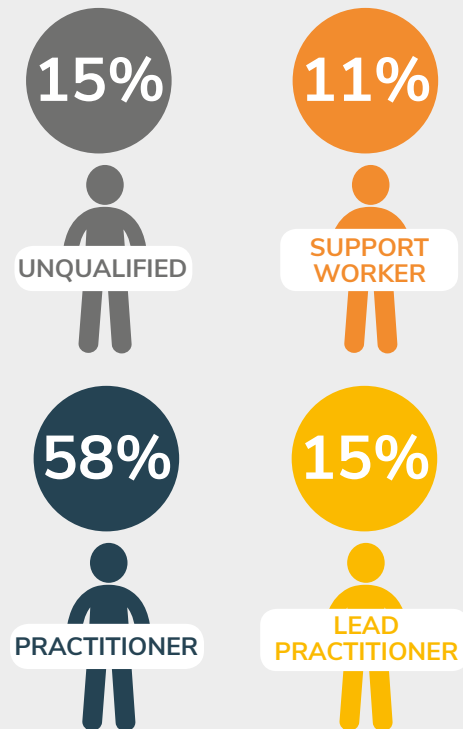
The Scottish Government's ambitious and transformational plan² to increase the provision of funded ELC to 1140 hours by 2020 sets out to do this in a way which offers high quality, flexible, affordable and accessible ELC for families across the country. This approach establishes a clear set of challenges for the ELC sector, none more so than recruiting up to 11,000 more workers to meet this target. The Scottish Government and Skills Development Scotland, along with other key stakeholders worked together to create the Skills Investment Plan (SIP)³. The SIP set out a clear plan of action, with evidence, to ensure the sector could access a high quality, skilled workforce to fuel the expansion, all while meeting the needs of the government's inclusive growth strategy.

The dedicated and hard-working staff in the ELC sector are vital to the future development of Scotland's children and what they can achieve at later stages in their education. A recent Oxford University study⁴ has confirmed that staff qualifications, Continuing Professional Development and better staff to child ratios were the key drivers in delivering higher quality early education and childcare.

This workforce survey found that the majority (58%) of the ELC workforce among private and voluntary providers are at Practitioner level with 15% at Lead Practitioner level. Just over one in 10 (11%) were qualified to work as Support Workers while we found 15% of the workforce are currently unqualified, working either as assistants, trainees or apprentices. The Scottish Social Services Council (SSSC) require modern apprentices to be registered separately as an apprentice and also as an employee⁵, even if they are still a trainee, other non-qualified staff may not be counted in their published workforce data.

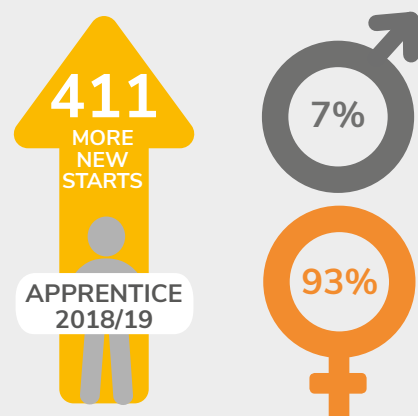
The most recent statistics from Skills Development Scotland⁶ show that there is a significant increase in Modern Apprentices to the sector with 411

Proportion of staff by qualification level



additional starts in 2018/2019 compared to 2017/18. There is a gender split of 93% female and 7% male and a significant increase in over 25's undertaking the MA in 2018/2019 compared to previous years.

Increase in modern apprentices and gender split



2. <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2017/03/blueprint-2020-expansion-early-learning-childcare-scotland-2017-18-action/documents/00515637-pdf/00515637-pdf/govscot%3Adocument/00515637.pdf>

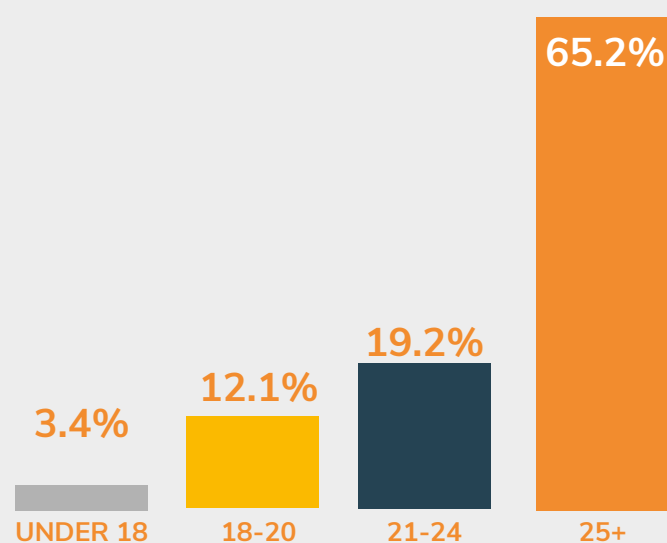
3. <https://www.skillsdevelopmentscotland.co.uk/media/44206/early-learning-and-children-sip-digital.pdf>

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

Make-up of the ELC workforce: Age profiles

Private and voluntary providers are reporting difficulties recruiting the right staff and so are turning to younger employees. Although the majority of staff in respondents' settings were over 25 we found that 34.7% of staff were under the age of 25. This is similar to the SSSC data⁷, which suggests that among private providers 36% of the workforce is under 25 and the figure is 22% for the voluntary sector.

Age profile of the ELC workforce



Nursery Provider

"[I am] starting with a new team again, feel like I am training them up to go to the council settings - very frustrated."

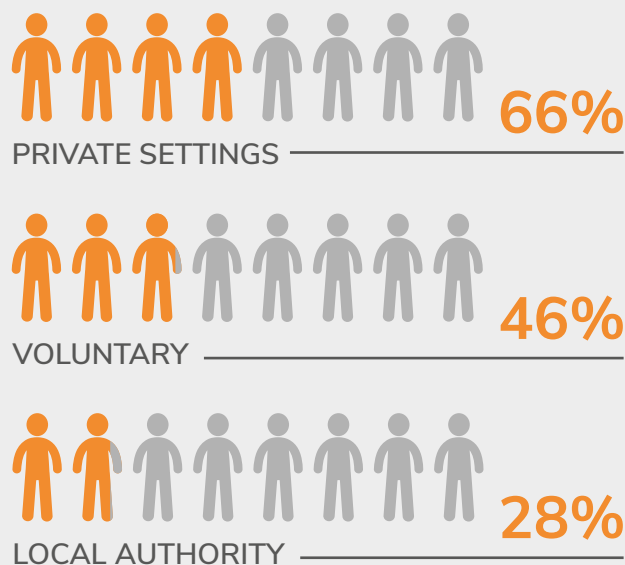
Nursery Provider

"We are struggling to keep our qualified staff due to Local Authority expansion of 1140 hours in their own settings and extremely high wages that they are paying, we simply cannot compete."

Analysing the age profile from the SSSC data we find that 65.8% of the ELC workforce in private settings is 34 years old or younger. This compares with only 27.7% of the ELC workforce in local authorities and 46.1% in voluntary sector providers. This data doesn't include apprentices, trainees and unqualified staff so the proportions may be higher.

These figures suggest that local authority settings rely on young staff being trained in the private or voluntary sector and then recruit them when they have greater experience or have achieved further qualifications in the course of their practice and Continuing Professional Development. This is backed up by reports from providers.

Proportion of under-35s within sectors



"Retaining qualified staff is challenging as I am in the voluntary sector and staff I have had for years which I have trained to a high standard left to go to [local authority] nurseries."

Voluntary Sector Provider

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

6. <https://www.skillsdevelopmentscotland.co.uk/media/45688/modern-apprenticeship-statistics-quarter-4-2018-19.pdf>

7. <https://data.sssc.uk.com/data-publications/194-the-childrens-services-workforce-2017>

Make-up of the ELC workforce: Men in ELC

Latest figures state that currently only 4% of the current workforce in Scotland is male⁸. This survey found that, 5% of the workforce represents men in childcare roles. The figures from single sites show that the proportion is lower among workers in smaller settings as they make up 2.9% of that workforce.

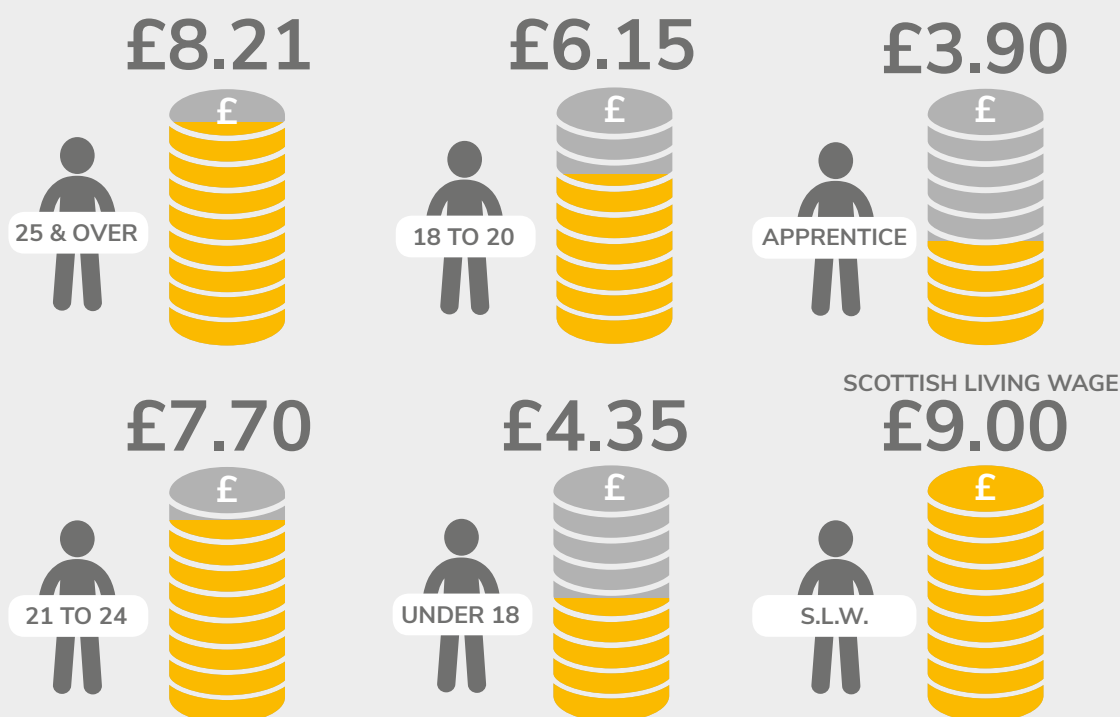
Men in the workforce



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



8. <https://data.sssc.uk.com/data-publications/194-the-childrens-services-workforce-2017>

9. <https://www.gov.scot/publications/funding-follows-child-national-standard-early-learning-childcare-providers-principles-practice/pages/4/>

10. <https://www.scottishlivingwage.org/>

11. <https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2019/04/funding-follows-child-national-standard-early-learning-childcare-providers-guidance-setting-sustainable-rates-august-2020/documents/funding-follows-child-national-standard-early-learning-childcare-providers-guidance-setting-sustainable-rates-august-2020/funding-follows-child-national-standard-early-learning-childcare-providers-guidance-setting-sustainable-rates-august-2020/govscot%3Adocument/funding-follows-child-national-standard-early-learning-childcare-providers-guidance-setting-sustainable-rates-august-2020.pdf>

Expected increase in staffing costs

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.

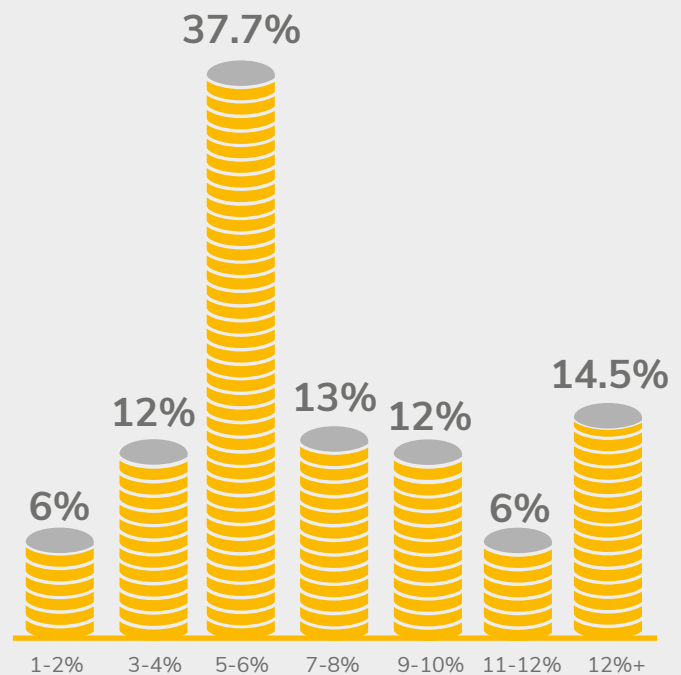
From August 2020 there will be a requirement on all providers delivering funded ELC places to pay the Scottish Living Wage to staff delivering those hours with the National Standard for Early Learning and Childcare Providers stating that partner providers must have *"a fair and equal pay policy across their setting, (including a commitment to supporting the real Living Wage"*.

The Scottish Living Wage is currently £9.00 per hour with new rates being announced in November 2019 to apply from April 2020. The Scottish Government have said that any sustainable rate should include provision to pay the Scottish Living Wage from 2020. Scotland Excel guidance on setting a sustainable rate states:

"The Funding Follows the Child Operating Guidance sets out that the sustainable hourly rate set by local authorities to be paid to funded providers in the private and third sectors, including childminders, to deliver the funded entitlement should (among other things) ... enable payment of the real Living Wage for those childcare workers delivering the funded entitlement".

Currently providers are not required to pay the Scottish Living Wage but the increase in NMW and NLW still impact on staffing costs.

This workforce survey shows that 37.7% of nurseries expect to see an increase in their staffing budgets of between 5% and 6% while 13% believe they will rise by 7-8%. A total of 14.5% of providers said their wage bill will rise by more than 12%.



This survey has shown that retention is a real challenge for providers in Scotland and turnover is currently very high. This takes place against a national backdrop of low unemployment in the country and a large scale recruitment drive by local authorities, making early years an employee led labour market. This, 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%.

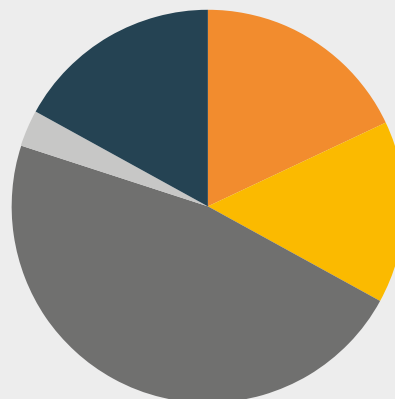
These large increases are over and above the standard inflation which has been between 1.8% - 2.4% through 2018/19. This puts up the price of other business costs such as goods, services, rent and utilities that nurseries need to cover in order to operate. At the same time, the amount that councils are paying per hour for funded childcare has not kept pace so any changes going into 2020 are addressing historic underfunding and may not be sustainable for the new offer.

Training and Continuing Professional Learning

With staff turnover approaching one-third of the workforce and challenges in recruiting more highly qualified Practitioners and Lead Practitioners, we would expect to see increased plans to cover staff training over the coming year as new starters are trained up or existing staff are upskilled.

Respondents to the survey suggest that the majority of providers expect to keep expenditure on training and staff development at the same level as last year. The largest proportion of respondents (46.7%) expect to spend similar amounts to last year. A greater proportion expect to spend more on staff training (33.3%) than less (20%) which is a positive sign.

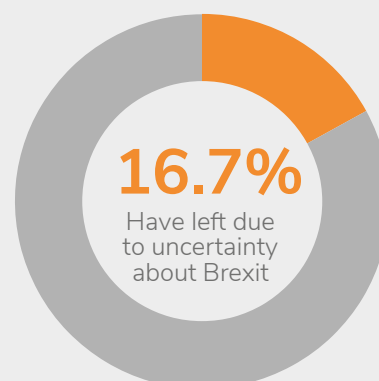
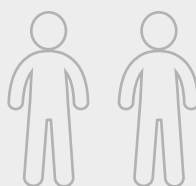
Spending plans for staff development and training



EU and Brexit

Figures from employers suggest the proportion of the workforce from EU countries outside the UK is 9%. When asked whether a member of EU staff had left in the past 12 months due to uncertainty around Brexit 16.7% of providers said that they had seen this while 71% said this was not a factor. Although Brexit seems to only be having a comparatively small impact on the workforce, when considered against a backdrop of providers losing staff and struggling to recruit, providers cannot afford any further losses.

EU nationals



Conclusions

The ELC sector needs a highly qualified and skilled workforce if it is to meet the ambitions around quality and accessibility of childcare set out in *A Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland* and deliver the best possible outcomes for our youngest children. However, quality costs; whether that is hiring experienced staff, developing existing employees into future leaders or ensuring the workforce is properly recognised and rewarded for the work they deliver.

Private and voluntary providers are already facing a workforce crisis which appears to be exacerbated by the way the expansion is being rolled out in many local authority areas. The vast majority of capital funding has been allocated by local authorities for the expansion of council settings or new buildings, with very little made available for partner providers. Due to this imbalance in the expansion some providers are losing families and staff where they haven't been able to be involved in the phasing-in. This threatens efforts to drive up quality and ultimately puts their sustainability at risk.

Children and providers need a stable, happy, motivated and skilled workforce. However, if challenges around staff turnover, phasing-in and differential pay rates aren't addressed urgently, many partner providers may not have the quality staff they need to be able to deliver funded places from August 2020.

There is a real threat to the Scottish Government's vision for parental choice, funding following the child and a provider neutral approach. Losing private and voluntary providers from the mixed ELC economy is clearly not the Scottish Government's aim or intention but it could become an unintended consequence if staff continue to leave at the current rate.

Recommendations

To address some of these challenges NDNA Scotland recommends that:

1. Current and proposed hourly rates for partner providers must be reviewed annually in line with increasing costs to ensure providers are able to cover the cost of delivering the new offer as well as retaining and investing in their current staff
2. As part of the Skills Investment Plan, a clearly costed workforce investment plan should be developed to ensure focus on upskilling and training the ELC workforce across the private and voluntary sectors which provides for:
 - Financial incentives to increase the level of qualified staff in the sector, ensure the retention of experienced staff and enhance the skills of new entrants
 - Incentives for new entrants to join the ELC workforce at all levels through bursaries to train
3. Councils review local recruitment policies and practices to ensure a mixed approach to taking on new staff including; qualified staff, developing trainees and apprentices and recruiting from outside the existing ELC workforce
4. Active and inclusive recruitment programmes should be considered with the aim of getting people, especially men, over 50s and members of the BAME community, who had not previously considered early years as a career, trained and into the ELC workforce
5. As part of any local or national ELC recruitment campaign, ensure there is a dedicated element which focusses specifically on the benefits of working with children in private and voluntary settings.

★ Brighter thinking
for early years



Scotland
National Day Nurseries Association


NDNA Scotland


The Mansfield Traquair Centre,
15 Mansfield Place, Edinburgh, EH3 6BB
01315 166967
scotland@ndna.org.uk

National Day Nurseries Association

Head Office: National Early Years Enterprise Centre,
Longbow Close, Huddersfield HD2 1GQ
01484 407070 / info@ndna.org.uk

 @NDNAScotland

 /ndna.org.uk

 National Day Nurseries Association

www.ndna.org.uk

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