



Provision and use of preschool childcare in Britain

Summary of research findings

Antonia Simon, Charlie Owen and Katie Hollingworth (UCL Institute of Education),
with Jill Rutter (Family and Childcare Trust)

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Access to childcare matters because it has been shown to be an important vehicle for increasing female employmentⁱ which in turn helps reduce family povertyⁱⁱ. Additionally, studies have concluded that it is only high quality childcare that improves the cognitive and social development outcomes of children, and narrow gaps between disadvantaged children and their peersⁱⁱⁱ. Quality provision has been shown to be closely associated with staff qualifications: key to achieving ‘good quality’, therefore, is an upskilling of the childcare workforce^{iv}. Consequently, improving the qualifications profile of the early childhood education and care (ECEC) workforce has been a recurrent government priority. For example, the Department for Education (DfE) and the Department of Health (DH) jointly published a major strategic document, *Supporting Families in the Foundation Years*, which stated the fundamental importance of the early years and recognised the importance of a well-qualified workforce.

In 2012 Cathy Nutbrown in her review of the workforce called for at least 50 per cent of childcare workers to be qualified to NVQ level 3 by 2013^v, and in September 2014, a new Level Three Early Years Educator qualification was introduced. In the context of these ongoing debates around ‘quality’, we undertook this research with the aim of understanding childcare provision and usage in Britain. In particular, we examined patterns of childcare usage, including combinations of formal and informal care, and the childcare workforce in terms of identifying the size of the workforce and who they were. We did this by carrying out a secondary analysis of a number of large-scale UK datasets, including the Family Resources Survey (FRS), Childcare and Early Years Survey of Parents (CEYSP), Labour Force Survey (LFS) and Childcare and Early Years Providers Survey (CEYPS). The needs of those using childcare and those providing it have thus far been considered separately. However, only by examining these together can a full picture of usage and provision be obtained. This study uniquely incorporated both perspectives, thereby contributing to the development of policy in this vital area.

Childcare Provision

Key Findings

- **Defining the workforce is not straightforward.** ECEC is commonly understood in the British context as grouping together childcare and both nursery education and reception class for under-5s. Childcare would include nurseries, playgroups and childminders. However, many national data sources with information about the workforce, such as the Labour Force Survey (LFS), do not lend themselves to considering 'care' with 'education'. We selected only clear categories of childcare using the Standard Occupational Classification System (SOC) in the LFS: Figure 1 gives an estimate of around 300,000 self-classified workers in childcare. These figures count the 'childcare' workforce, excluding education workers such as teachers and exclude managers, as SOC does not include these within the childcare occupations.
- **Workforce, excluding managers and teachers, has shrunk over time.** The LFS suggests a decrease of around five per cent for the childcare workforce in Britain since 2005 (from 329k in 2005-07 to 313k in 2012-14; Figure 1). Taking England alone, both the LFS and CEYPS report a decline of approximately one per cent (the CEYPS reports a drop of over 10,000 between 2008 and 2013 and LFS reports a drop of almost 9,000 between 2005-07 and 2012-14). Our analysis of the LFS, supported by Ofsted registration statistics, shows a decline in the number of childminders since 2005. Particularly important is that more people describe themselves as childminders than are registered with Ofsted as childminders (Between 2008 and 2014 Ofsted reported a decline of 7%, whilst the LFS reported a decline of 4%). This difference could indicate a rise in unregistered (illegal) childminding, but it could also be a result of the variation in the way 'childminders' are defined between the two sources. For example, the LFS SOC childminder category includes 'related occupations', for example nannies and au-pairs. These occupations are not required to register with Ofsted, and there is no reliable estimate of their numbers. A rise in these workers over time might account for some of the discrepancy between the LFS and Ofsted. However, as the most recent LFS estimate is over 100,000 and the Ofsted registration figure is just over 50,000, it seems unlikely that these differences would account for much of the discrepancy.
- **Gendered and young.** The overall childcare workforce is overwhelmingly female: 98% (LFS 2012-14), with little change in the gender profile in the last 10 years. This is despite attempts to increase the number of men in nurseries^{vii}. Childcare workers are young relative to the general workforce. The average age of the group is 36 years compared to 41 years for all other occupations. Nursery nurses & assistants are the youngest (34 years) followed by Playworkers (37 years) and Childminders and related occupations (38 years). Over a quarter (27 per cent) of childcare workers are aged under 25 years.
- **Rising qualifications but persistent low pay.** The childcare workforce used to be poorly qualified relative to the general workforce, but now there is evidence qualification levels are modestly rising. We found a 12 per cent increase between 2005 and 2014 in NVQ level 3+ qualifications in the LFS; Figure 2 shows almost three-quarters of childcare staff now have NVQ level 3 or higher. However, childcare workers are not being rewarded for this increase in level of qualification; childcare workers are persistently low paid (on average £6.60 per hour or £10,324 per annum in 2012-14) compared with other occupations (£13.10 per hour or £24,128 per annum in 2012-14). This level of pay is only 10 pence above the 'National Minimum Wage' level and £1.25 below the 'Living Wage for the UK'. Pay is particularly low for childcare workers employed in the private sector (£5.60 per hour compared with £7.80 per hour in the non-private sector, LFS 2012-14), which suggests a large proportion of under 21s and apprentices are employed in private sector early education and childcare provision. The overall low level of pay we have found in the LFS could partly be explained by the young age profile of this workforce or because the pay figures we have calculated exclude managers working in the field, but our picture of low pay is supported by findings from a recent report by the Low Pay Commission, which suggests 41 per cent of the childcare workforce is paid less than £7 per hour^{viii}.
- **Turnover is less of a problem now.** Staff recruitment, retention and workforce turnover are commonly cited problems in the sector press for childcare services. Many providers argue that these factors can undermine the quality of early education and childcare^{ix}. Low pay is a frequently cited reason for high levels of staff turnover in private sector nursery provision, with providers reporting a loss of staff to independent and state school nursery classes. However, analysis of the data does not suggest such high levels of staff turnover as indicated in some press articles. The Childcare and Early Years Providers Survey (2013) showed annual staff turnover to be 12% in daycare settings, similar to 2006 figures. The same survey reported the mean length of service in full daycare settings as 6 years and 7 months (compared to 5 years and 8 months in 2010). The analysis of the LFS for 2012-14 showed a similar picture: childcare workers had been continuously working with their current employer on average for 5 years and 7 months. While the mean length of service has increased in recent years, so have staff vacancies, with the Childcare and Early Years Providers Survey suggesting that 24% of daycare providers were actively trying to recruit in 2013, compared with 18% in 2010.

Figure 1: Workforce size in Britain, LFS

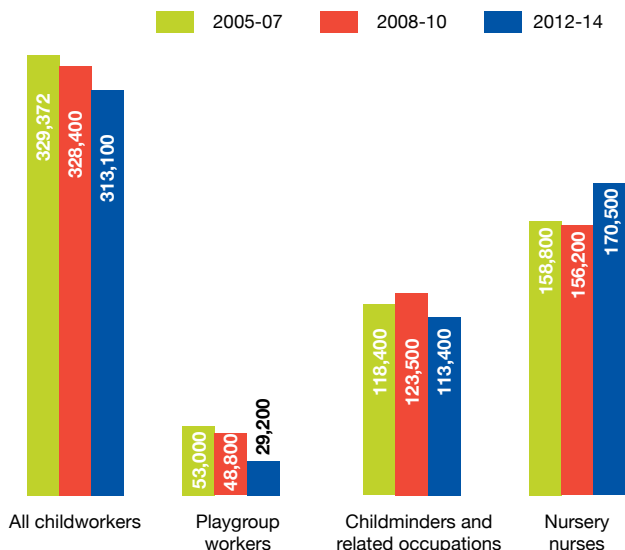
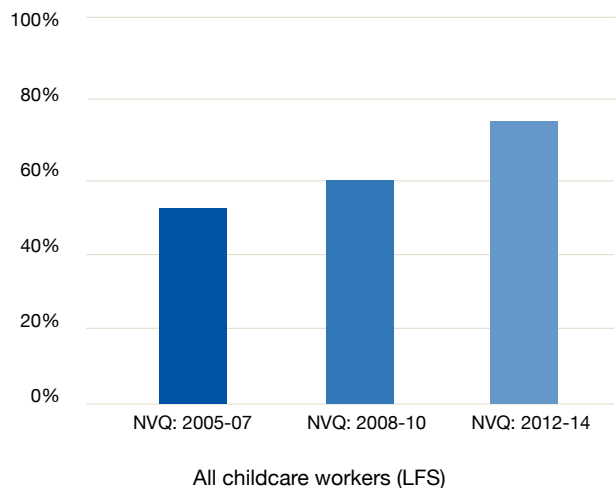


Figure 2: Proportion of childcare workers with NVQ level 3 or higher



Policy implications

- Despite policy rhetoric, the ECEC system is not joined up and this is reflected in the data where the SOC currently excludes workers providing childcare in school based settings and managers. We suggest a new code should be created in the next revision of the SOC for managers working within and across education and care.
- Given the gendered and young profile of the workforce, future recruitment efforts may need to target men and older workers.
- Despite the trend towards a better qualified workforce, childcare workers remain poorly paid compared to other occupations. While the trend in the LFS is not supported in the CEYPS (which shows pay has increased for all levels of staff in group based provision but most significantly for more senior staff*), the annual report of the Low Pay Commission in 2014^{xi} argued that the National Minimum Wage has become the de facto rate of pay for those employed in private sector nurseries scale, paid to nearly 84% of staff in 2013, a substantial increase from just over 69% in 2008^{xii}. For much nursery and childminder provision increasing salaries for childcare staff would mean increasing fees for parents, which they may be unable to pay. Additionally, the government's free places offer (currently 15 hours free childcare per week for 3-4 year olds in England and 10 hours free childcare per week for 3-4 year olds in Wales and Scotland) doesn't cover the cost of providing childcare^{xiii} and arguably puts at risk the viability of nurseries, if income falls below costs. We recommend childcare sector pay is reviewed, especially in light of the possible gap in funding expected from increasing the free place entitlement pledged by the government.

- Whilst we cannot provide evidence for the observed differences between the LFS and Ofsted figures for childminders, we did find anecdotal evidence suggesting that some people who used to be registered have not renewed their registration because of what they feel is an onerous burden of regulation. Moreover, some people may be helping friends and family on an informal basis without realising they need to be registered. There needs to be about a review of the registration and inspection process. We recommend increasing public awareness about the registration rules and Ofsted look at making the registration process simpler for childminders.

Key Findings

- **Use of childcare is very high** (FRS shows 68% of families were using some form of childcare), with around half of families using more than one type (FRS shows 42% of families are using more than one type of childcare, Figure 3). The proportion of families using more than two types of childcare has increased over time.
- **There is high usage of informal care.** The single largest category of usage is care by grandparents (FRS 2010-11 shows 31% of all usage is by grandparents). Those combining different types of childcare typically use grandparents plus some formal provision.
- **Usage is not evenly distributed** but is related to family circumstances. For example, from our analysis of the FRS (21010-11), we found that formal childcare is used more by employed, higher income families whereas informal care is used more by mothers who are not employed and by younger mothers. Couples where both partners were in employment were most likely to use childcare (Childcare and Early Years Survey of Parents 2012, Figure 4).





Policy implications

- Despite policies to increase the use of formal childcare, parents continue to use informal childcare, especially grandparents, to supplement their childcare needs (a third of all childcare usage is from grandparents). Although parents are not asked about reasons for their choice of care in the national data sources, it seems plausible that grandparents may be covering the gaps in formal childcare provision. Informal childcare might be a particularly attractive option for those parents struggling to afford the soaring costs of UK childcare, especially unemployed and younger mothers whom we found were most likely to use informal childcare.^{xiv} The need to use multiple sources of childcare has potential implications on the number of hours mothers can work because it necessitates more time for mothers to take their children to and from different childcare providers.
- The national data sources do not collect data on the volume and frequency of informal childcare, nor at what time of the day this type of childcare use occurs. Without this information, it is difficult to build up a comprehensive picture of the ways in which parents use different forms of childcare, which is important for understanding how childcare can work best to support mothers back to work or to increasing their hours of work. We recommend national surveys include more questions about the hours of informal childcare.

Figure 3: Percentage of all childcare used that is one source or multiple sources (CEYP)

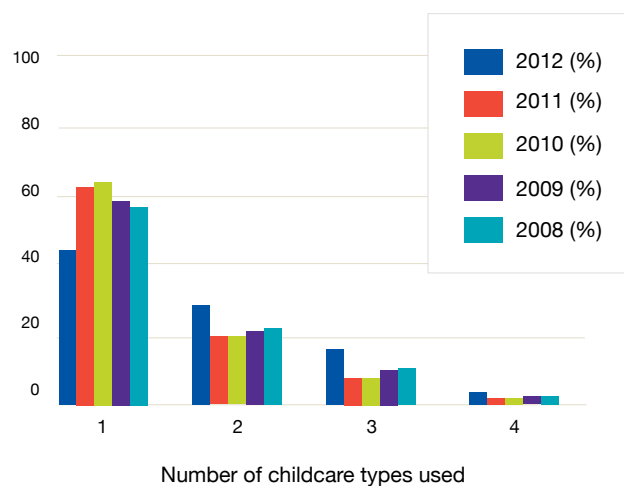
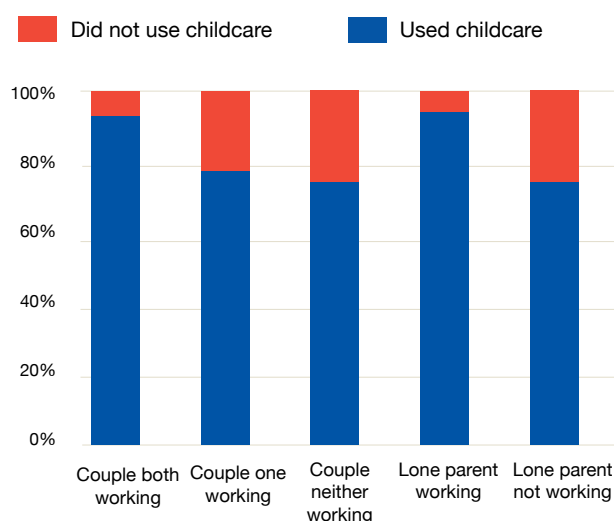


Figure 4: Childcare use by parental work status, Childcare and Early Years Survey of Parents 2012





Conclusions

Fears that low pay may deter better qualified staff and discourage further training are not born out in our analysis; the qualifications profile of the workforce has increased in recent years. Nor is there evidence of high workforce turnover, with the mean length of service now over six years and increasing. Overall, the analysis points to the early years and childcare workforce coming from a particular social sector, young women who are not intending to progress on to higher education. This group may have a limited range of alternative job opportunities, particularly in areas of high unemployment. Employment in early years and childcare provision may also offer other non-financial benefits such as satisfying work and the opportunity for part-time employment that can be combined with family life. These factors may explain long periods of service among workers, given the low pay. It should also be noted that the period of analysis for this report coincides with the recession, growing youth unemployment and job cuts in the public sector. This means alternative job opportunities may have been reduced for young women. The lack of alternative work opportunities for young women is not an unchangeable condition. In future, low pay may act to limit recruitment and retention of the childcare workforce and its upskilling. Current childcare does not cover what parents need, especially to work full-time, as parents are using more than one form of childcare to provide cover for what they need. Whilst extending the free childcare offer is intended to help with this, providers are likely to struggle to cover the cost of providing these places. The childcare market makes preschool childcare the private responsibility of parent-consumers, and yet parents are limited by the availability of quality childcare at times which are suitable to them. In addition, they may not find it easy to afford increases in fees. Whilst positive steps have been made in increasing the quality of childcare, and in providing some free hours, there is still a long way to go, and further developments must take into account accessibility, quality and affordability, and improvements must not be at the expense of decent pay for the workforce.

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ⁱⁱ House Of Lords Select Committee on Affordable Childcare. 2015. *Affordable Childcare: Report of Session 2014–15* (HL Paper 117). London: The Stationery Office.

ⁱⁱⁱ Mathers, S., Eisenstadt, N., Sylva, C., Soukaku, E. and Ereky-Stevens, K. 2014. *Sound Foundations*. London: Sutton Trust.

^{iv} Sylva, K., Melhuish, E., Sammons, P., Siraj-Blatchford, I. and Taggart, B. 2010. *Early Childhood Matters*. London: Routledge.

^v DfE. 2011. *Supporting Families in the Foundation Years*. Crown Copyright.

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^x DfE. 2014. *Childcare and Early Years Providers Survey 2013*. London: DfE.

^{xi} *ibid*

^{xii} *Ibid*; page 235.

^{xiii} Pre-school Learning Alliance. 2014. *Counting the Cost*. London: Preschool Learning Alliance.

^{xiv} Hirsch, D. 2014. *The Cost of a Child in 2014*. London: Child Poverty Action Group.

**UCL Institute of Education
University College London
20 Bedford Way
London WC1H 0AL**

Telephone +44 (0)20 7612 6000
Email info@ioe.ac.uk
Web ucl.ac.uk/ioe
Twitter [@IOE_London](https://twitter.com/IOE_London)

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