

# 2005 Childcare and Early Years Providers Survey Full Day Care Providers

Sam Clemens, Robert Kinnaird, Anna Ullman and Jon Cooper  
BMRB Social Research

Research Report

No 760

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Providers Survey  
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# **1 Summary and conclusions**

## **1.1 Introduction**

The Department for Education and Skills (DfES) commissioned BMRB to undertake four surveys to collect information about childcare providers and the childcare workforce. This report outlines the findings for full day care providers (facilities that provide day care for children under 8 for a continuous period of four hours or more in any day in non-domestic premises) and is based on interviews with the senior manager at 1,171 full day care providers sampled from the Ofsted database.

Findings from the 2005 survey have been compared with those from similar surveys conducted in 2003 and where appropriate 2001. Data have been weighted and grossed to provide national estimates.

## **1.2 Characteristics of provision**

The total number of full day care providers has increased from 9,964 in 2003 to 11,811 in 2005, continuing the trend seen since 2001. During the same time, there has been a decrease in the number of sessional day care providers, so it is possible that some of the sessional providers now provide full day care (care for more than 4 hours per day).

Settings are not evenly distributed across England – the South East accounts for nearly a fifth (18 per cent) of all settings, while the East Midlands accounts for just eight per cent. The rate of increase has also varied, with the South West seeing the highest rate since 2003 (25 per cent), and East Midlands the smallest percentage increase (11 per cent).

Six in ten full day care providers are managed by a private sector organisation, and a fifth are managed by a voluntary or community organisation. The proportion of settings owned by a private organisation continued to fall since 2001 while the proportion owned by a voluntary or community organisation continued to increase. A fifth (18 per cent) of the providers managed by a private organisation have been set up on a not-for-profit basis.

Seven in ten full day care providers have been operating for five years or more. Those set up in the most deprived areas were more likely to be relatively new, 63 per cent had been in operation for 5 years or more compared with 72 per cent for the least deprived areas.

Three-fifths of full day care providers had either covered their costs or made a profit in the last financial year. The majority (56 per cent) of full day care providers were set up as profit-making organisations.

### **1.3 Places and children**

The total number of active Ofsted registered places available in full day care providers is 511,000. This is an increase of 79,400 places since 2003, which is due to the increase in the number of providers.

The total number of children attending full day care settings in 2005 is 704,200. This is 54,800 more children than attended in 2003. Again, this increase is roughly in line with the increase in the number of providers, although on average, the number of children attending per setting has fallen from 65.7 in 2003 to 59.9 in 2005.

Nearly all (93 per cent) of the children attending are pre-school children aged under five years old. Children of black or minority ethnic origin make up 16 per cent of all children attending. Three per cent of enrolled children were defined by the providers as having special educational needs.

At the time of the survey, there were 88,400 vacant places in full day care providers – an average of eight places per provider. Vacancies were more common in more densely populated areas and in the East of England. West Midlands based settings were least likely to have vacancies.

A fifth (18 per cent) of full day care providers had expanded in the last 12 months, and a further 16 per cent planned to expand in the next 12 months. However, the majority (70 per cent) felt that they were not able to expand in their current premises.

### **1.4 Characteristics of staff**

The overall number of paid staff working in full day care settings is 132,650, an increase of 21,550 since 2003. The proportion of staff who are defined as supervisory staff has increased since 2003, suggesting that the workforce is becoming better qualified and more professional.

There are also large numbers of unpaid staff working within full day care settings – in total, 15,500, made up of 5,400 volunteers and 10,100 students on placement.

The average hours worked by paid childcare staff has decreased slightly since 2003 to 32 hours a week, with seven in ten of the full day care workforce working full time (30 hours a week or more).

Pay levels for childcare staff have increased across all grades of staff. The average hourly pay is £6.40, an increase of 16 per cent since 2003. Senior managers earn, on average, £8.80 an hour (a four per cent increase compared to 2003). (In the same time period the average hourly pay for all employees in the UK increased by 10 per cent).

## **1.5 Training**

Eight in ten senior managers felt that the amount of training received by their staff was about right, but 16 per cent thought they had received too little.

The proportion of full day care providers with a training plan stayed the same since 2003 at 70 per cent. Just over half had a specific training budget. Funding for training most commonly came from the Local Authority or Sure Start.

## **1.6 Qualifications of staff**

The overall trend is that since 2003 a larger proportion of all grades of full day care childcare staff have higher level qualifications. Four-fifths have some type of qualification relevant to working with children or young people, 77 per cent have at least a level 2 qualification. Around six in ten childcare staff have at least a Level 3 qualification.

Nine in ten senior managers had at least a Level 3 qualification, up five percentage points from 2003. Just over one in ten (13 per cent) had a Level 6 qualification. Eighty four per cent of supervisory staff had at least a Level 3 qualification; while about half of other childcare staff had a least a Level 2 qualification.

Nearly a third of childcare staff were currently working towards a relevant qualification, and most providers were supportive of this (allowing time off or funding such training).

## **1.7 Recruitment and retention**

Overall, 41,200 childcare staff were recruited in the last year. The recruitment rate was 37 per cent, an increase on 2003.

About two-thirds of providers had lost at least one member of staff in the last year, which was similar to 2003. The turnover rate in 2005 was 17 per cent, similar to 2003 (18 per cent). Employment growth in 2005 was 20 per cent, an increase from 2003 (13 per cent). Around half of those who left took other jobs in the childcare and early years sector (47 per cent).

Adverts in the local press and word of mouth were the most commonly used recruitment methods. The most notable changes since 2003 were the growth in the use of the internet (up from three per cent to 35 per cent) and use of the national press (up from two per cent to 33 per cent).

Half of full day care providers who had tried to recruit in the last year had had a fair amount or a great deal of difficulty. A quarter were actively trying to recruit at the time of the survey, and had vacancies for around 3,000 staff in total<sup>1</sup>.

## **1.8 Income and expenditure**

Many providers were unable to say how much they spent on various categories of expenditure, or how much money they received from various sources. Thus, the figures provided should be treated with caution.

Among those providing a figure, the largest item of expenditure was staff costs, which accounted for around 82 per cent of total expenditure (on average). The overall average expenditure for full day care providers was £156,600 a year. (This is a very rough figure, based on sometimes small numbers of providers).

Nearly all full day care providers spent money on insurance and on toys and books etc for the children. Only a third spent any money on transport and half paid business rates.

In terms of income, the largest proportion came from the fees paid by parents. Average income per year was around £136,500. (This is a very rough figure, based on sometimes small numbers of providers).

A quarter of full day care providers had made a profit or surplus in the last financial year, 31 per cent had covered their costs, 21 per cent had made a loss and 21 per cent were unable to say. There has been a definite increase in the proportion making a loss (up nine percentage points from 12 per cent in 2003), and a decrease in those making a profit (down 16 percentage points from 43 per cent in 2003). In total, approximately, 2,400 full day care providers were operating at a loss at the time of the survey.

Half of the loss-making providers said that the loss was due to a one off circumstance and was unlikely to be repeated. A small proportion of all providers (three per cent) felt that they could not keep operating at a loss for more than another 12 months before they would have to close.

## **1.9 Conclusions**

Full day care provision is on the increase. A greater number of providers are registered to provide this type of care, and more children are attending. This is most likely to be due to a shift away from sessional day care towards full day care provision, with sessional providers shifting into the full day care sector and providing care for more than four hours per day.

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<sup>1</sup> Estimate weighted to provide figure across all full day care providers in England.

The number of children attending full day care settings had increased, but the average number of children per setting had decreased.

Around half of full day care providers manage to break even or make money. There has been an increase in the proportion making a loss, and a decrease in those making a profit.

Staff working in full day care providers are better qualified than they were two years ago, and settings now have a greater proportion of supervisory staff than in 2003.



## **2 Introduction**

### **2.1 The 10 year strategy for childcare**

The Government's Ten Year Strategy for early years and childcare, published in December 2004, outlined a number of key principles and objectives:

- *Choice and Flexibility* - greater choice for parents in how they balance their work commitments and family life;
- *Availability* – flexible, affordable, high quality childcare for all families with children aged up to 14 who need it;
- *Quality* - high quality provision delivered by a skilled early years and childcare workforce; and
- *Affordability* – families to be able to afford flexible, high quality childcare that is appropriate for their needs.

The Government's vision is to ensure that every child gets the best start in life, and to give parents more choice about how to balance work and family life. By 2010, all 3 and 4 year olds will be entitled to 15 hours a week of free high quality care, for 38 weeks a year and there will be an out of school childcare place available for all children aged 3-14 from the hours of 8am-6pm every weekday. This will be accompanied by a package of measures to help address the issue of affordability of childcare, including increases in the childcare costs that can be claimed through Working Tax Credit and measures to help parents balance work and family life, including the extension of paid maternity leave.

To support this, and to help improve the quality of childcare, there is to be a radical reform of the workforce. This will include measures to strengthen professional leadership in all full day care settings, improve the qualifications and status of early years' and childcare workers and provide training opportunities for childminders and other home-based carers.

A Transformation Fund of £250m over the period April 2006 to August 2008 will support investment to raise the quality of the early years' workforce without undermining efforts to improve affordability.

### **2.2 Objectives of the research**

The Department for Education and Skills needs robust information on the key characteristics of childcare provision in the early years and childcare sector, as well as information on its workforce and the costs of childcare that is available.

The DfES carried out surveys amongst childcare and early years' providers in 1998, 2001 and 2002/3. The 2005 Childcare and Early Years' Providers' Survey is a modified version of the 2002/03 Childcare and Early Years' Workforce Survey, expanded in places to provide more information on recruitment and retention issues and the costs of childcare.

The 2005 survey consists of 4 separate sample surveys aimed at collecting information from the following Ofsted-registered settings:

- full-day childcare: facilities that provide day care for children under 8 for a continuous period of four hours or more in any day in non-domestic premises (for example, day nurseries and children's centres).
- sessional childcare: facilities that provide day care for children under 8 for a session which is less than a continuous period of 4 hours in any day in non-domestic premises, for example, playgroups. (There must be a break between sessions with no children in the care of the provider).
- out-of-school childcare: after school clubs, breakfast clubs and holiday clubs that are registered with Ofsted. (This will not include out of school provision solely for children aged 8 and over, as this does not need to be registered)
- childminders: those looking after one or more children aged under 8 for a total of more than two hours a day, for reward. (People who look after children wholly or mainly in the child's own home do not need to be registered with Ofsted).

## **2.3 The Survey**

The survey examines the key characteristics of childcare provision and its workforce:

- Provider characteristics (ownership, business performance, length of operation);
- Number of places and children attending (number of places, ages, ethnicity, opening hours);
- Staff characteristics (number of staff, demographics of paid staff, pay);
- Training (current level of training, training plans and budgets);
- Qualifications (qualifications held and working towards by paid staff);
- Recruitment and retention (level of recruitment, methods of recruitment, vacancies);



- Income and expenditure (costs, fees, funding).

## 2.4 Survey Design

This report is based on 1,171 interviews conducted with senior managers<sup>2</sup> of full day care providers, or in small number of cases, an alternative senior member of staff. Other surveys were conducted with 1,007 senior managers of sessional providers, 1,039 senior managers of out of school provision and 1,132 childminders.

The sample for each provider type was stratified by Ofsted region<sup>3</sup> to ensure a representative sample was interviewed in each region. This sample was then randomly divided into two equal groups and assigned to module A or B. In order to reduce the time it took to complete the interview, it was decided that the questionnaires would be divided into two sections. The first section would include core questions to be asked of all respondents and a second section that would consist of one of two modules (module A or B). Module A asked questions on costs and income and module B asked questions on training and recruitment. A copy of the questionnaire is included in the appendices to the overview report. The same questionnaire was used for all of the group settings, but a slightly different questionnaire was used for the childminder survey.

Data are weighted by Ofsted region (as of March 2005) to ensure the figures are representative of full day care providers throughout England.

Interviews were conducted by telephone using CATI (Computer Assisted Telephone Interviewing) by The Operation Centre's<sup>4</sup> fully trained telephone interviewers in Hull. Interviews were carried out between 28<sup>th</sup> June 2005 and 2<sup>nd</sup> September 2005.

Full details of the methodology and analysis are included in the Technical Appendix to this report.

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<sup>2</sup> No specific definition was provided for "Senior Manager". Settings decided themselves who best fitted this description. Supervisors were defined as staff qualified to supervise a group of children on their own, whether or not they manage staff.

<sup>3</sup> Ofsted divides England into eight regions: East of England, East Midlands, London, NE and Yorkshire, North West England, South East England, South West England, West Midlands

<sup>4</sup> BMRB is part of the Kantar Group, the information and consultancy arm of WPP, BMRB's parent company. In addition to BMRB, other market research agencies in the Kantar Group include Research International and Millward Brown, as well as a number of smaller, specialist organisations. In April 2004 the support services of the Kantar companies were grouped to form a shared resource called The Operations Centre. The majority of BMRB's existing operational services, including field management, sampling and data processing continue to be based at BMRB's Head Office in Ealing but, while still wholly owned by WPP, the new operations centre is now a separate legal entity from BMRB. The Operations Centre continue to work to existing quality standards and BMRB continue to take responsibility for the quality of the work undertaken by their support services.

## **2.5 Structure of the report**

This report is one of five produced from the results of the 2005 Childcare and Early Years' Providers' Survey – the latest in a series of surveys going back to 1998. The other four reports cover:

- Sessional providers
- Out of school providers
- Childminders
- Overview report – drawing together the findings from all four settings

The remainder of this report is structured as follows:

Chapter 3	Characteristics of provision and its development since 2001
Chapter 4	Number of places available and number and types of children enrolled
Chapter 5	Characteristics of staff
Chapter 6	Training
Chapter 7	Qualifications of staff
Chapter 8	Recruitment and retention
Chapter 9	Income and expenditure

## **2.6 Notes on reading the report**

In the tables, grossed up figures are provided along with percentages. These grossed up figures are based on the total number of full day care providers registered with Ofsted in March 2005, excluding the proportion found by the survey to be no longer eligible for the survey (e.g. closed down, no longer in business).

These grossed up figures are not exact, and like the percentages reported are subject to confidence intervals. Grossed figures in this report have been rounded to the nearest 100.

Where appropriate, comparisons are made between these findings and those of the previous childcare workforce surveys (mainly the 2003 survey conducted by MORI, but in some cases with the 2001 survey conducted by SQW and NOP). However, some caution must be applied, especially with regard to the 2001 findings, as different data

sources were used to weight and gross the data. In 2001, data from the Children's Day Care Facilities Survey (March 2001) were used for weighting and grossing purposes. Both the 2003 and 2005 surveys used Ofsted data for weighting and grossing (which is a more reliable source).

However, the sample for the childcare audiences in 2003 came from a different source – the Childcarelink database held by Opportunity Links. This did not have full details of all providers in all parts of the country and some work was done to obtain the necessary contact details on certain areas. Therefore, there needs to be some caution in comparing results from 2003 with those from 2005 due to differences in sampling.

In the 2003 report, some analysis was carried out to look at providers in the 20 per cent most deprived wards. By 2005, there had been a change in the areas used to define the level of deprivation from wards to Super Output Areas (SOA). Therefore, this report looks at the 30 per cent most deprived areas. For comparative purposes, the 30% most deprived SOAs can be considered as roughly equivalent to the 20 per cent most deprived wards.

There is also some analysis by the population density of an area. This is defined in the same way as in 2003: low density - less than 10 people per hectare; medium density - between 11-24 people per hectare and high density - more than 25 people per hectare.

The percentages in the tables do not always add to 100 per cent due to rounding, and, where percentages in the text differ to the sum of percentages in the tables, this too will be due to rounding.

A \* in a table signifies a value between 0 and 0.49, while a – signifies a zero.

Unless otherwise stated, figures referred to are weighted.

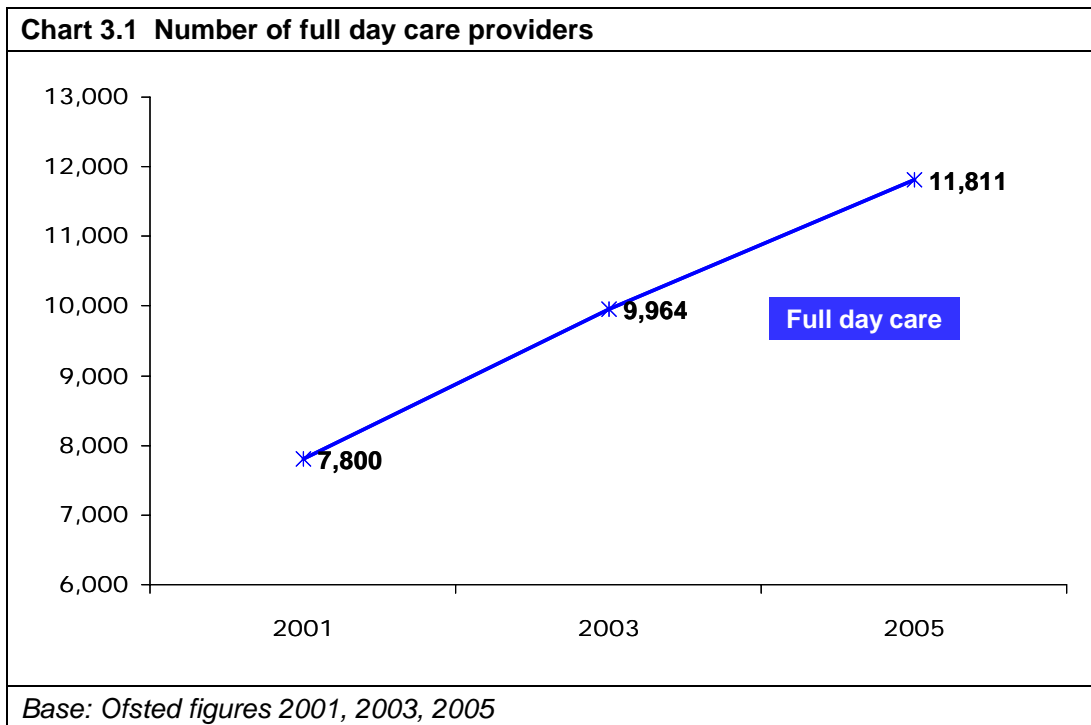


### 3 Characteristics of Provision

This chapter discusses the characteristics of full day care providers in operation. It considers factors such as ownership, length of time providers have been operating and whether providers have business plans.

#### 3.1 Number of providers

The total number of full day care providers in 2005 was 11,811<sup>5</sup>, an increase from 7,800 in 2001 and 9,964 in 2003.



The number of settings was not evenly distributed across the regions. The East Midlands accounted for just eight per cent of the total number of providers while the South East accounted for nearly a fifth (18 per cent).

The rate of increase also varied across the regions. Overall the number of providers had increased by 19 per cent. The percentage increase was highest in the South West at 25 per cent and lowest in the East Midlands at just 11 per cent (see Table 3.1).

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<sup>5</sup> Ofsted figures March 2005 less a percentage deemed ineligible based on fieldwork outcome codes from the 2005 survey – 2.39%. Providers were classified ineligible if they said that they

	Total 2005		Total 2003		Change in the number of providers from 2003 to 2005	
	%	No.	%	No.	%	No.
<b>Region</b>						
East Midlands	8%	886	8%	800	+11%	+86
East of England	9%	1,083	9%	900	+20%	+183
London	15%	1,772	16%	1,500	+18%	+272
NE & Yorkshire & Humberside	13%	1,575	14%	1,400	+13%	+175
North West	13%	1,575	13%	1,300	+21%	+275
South East	18%	2,067	18%	1,800	+15%	+267
South West	12%	1,378	11%	1,100	+25%	+278
West Midlands	12%	1,476	12%	1,200	+23%	+276
<i>Base 2005: All full day care providers (unweighted 1,171; weighted and grossed 11,811)</i>						
<i>Base 2003: All full day care providers (unweighted 850, weighted and grossed 9,964)</i>						

### 3.2 Ownership

Providers were owned by a number of different groups. While the majority were privately owned by a manager or by a chain, 2005 saw a continued decline in this form of ownership from 81 per cent in 2001, 78 per cent in 2003 to 60 per cent in 2005. At the same time there was a continued increase in the number of full day care providers owned by voluntary organisations from five per cent in 2001, nine per cent in 2003 to 20 per cent in 2005. The data suggests settings owned by voluntary organisations are augmenting, and possibly replacing, privately run provision.

A substantial minority (18 per cent) of the providers managed by private owners are, in fact, set up on a not-for-profit basis.

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did not offer full day care provision, or if the setting had closed down or was no longer in business.

Table 3.2 Ownership of provision

	Total 2005		Total 2003		Change from 2003 to 2005	Total 2001	
	%	No.	%	No.		%	No.
Voluntary sector (inc. church, charity, committee)	20%	2,300	9%	900	+11 (+1400)	5%	400
Private sector (owner/manager or part of group chain)	60%	6,750	78%	7,700	-18 (-915)	81%	6,300
Local Authority	9%	1,000	6%	600	+3 (+400)	6%	400
School/college	4%	450	7%	700	-3 (-250)	1%	100
Other	6%	750	4%	400	+2 (+350)	9%	700

*Base 2005: All full day care providers (Module A) (unweighted 556, weighted and grossed 5,623)*

*Base 2003: All full day care providers (unweighted 850, weighted and grossed 9,964)*

*Base 2001: All full day care providers (unweighted 850, weighted and grossed 7,800)*

Providers located in the 30 per cent most deprived areas were less likely to be owned by the private sector than those based in the 70 per cent least deprived areas (48 per cent and 66 per cent respectively).

Also, providers in the most deprived areas were more likely to be owned by a local authority than those in the least deprived areas (17 per cent and five per cent respectively). This suggests that local authorities are attempting to plug the gaps in childcare provision in the most deprived areas, possibly with the rolling out of Sure Start Local Programmes (SSLP) and Children's Centres in the most deprived areas.

Table 3.3 Ownership of provision by level of deprivation

	Total 2005		30 % most deprived areas		70% least deprived areas	
	%	No.	%	No.	%	No.
Unweighted base		556		195		361
Voluntary sector (inc. church, charity, committee)	20%	2,300	24%	1,000	18%	1,300
Private sector (owner/manager or part of group chain)	60%	6,750	48%	1,950	66%	4,800
Local Authority	9%	1,000	17%	700	5%	300
School/college	4%	450	4%	150	4%	300
Other	6%	750	7%	300	6%	450

*Base: All full day care providers (Module A) (unweighted 556, weighted and grossed 5,623), 30% most deprived areas (unweighted 195, weighted and grossed 2,010), 70% least deprived areas (weighted 361, unweighted and grossed 3,614)*

### 3.3 Length of operation

The majority (69 per cent) of full day care providers had been operating for five years or more, a similar figure to 2003 when 73 per cent said the same.

Settings located in the 30 per cent most deprived areas were less likely (63 per cent) to have been operating for five years or more, than those based in the 70 per cent least deprived areas (72 per cent). Correspondingly, there was a higher percentage within the most deprived areas (19 per cent) that said they had been operating for just a year compared with the least deprived areas where the figure was just nine per cent.

### 3.4 Business plans

The majority (78 per cent) of full day care providers had a written business plan. Of those who had a plan, four fifths (80 per cent) had updated it in the last two years. Overall 62 per cent of providers had a written business plan that had been updated in the past two years, an increase on 2003 when the figure was 56 per cent. Fifteen per cent did not have a written business plan and nine per cent had a written business plan that had not been updated in the last two years.

Settings based in the 30 per cent most deprived areas were more likely to have a written business plan than the 70 per cent least deprived areas (83 per cent compared with 76 per cent respectively).

Table 3.4 Whether provider has a written business plan

	Total 2005		Total 2003		Change from 2003 to 2005	30 % most deprived areas		70% least deprived areas	
	%	No.	%	No.		%	No.	%	No.
Yes	78%	8,800	70%	7,000	+8	83%	3,300	76%	5,450
No	15%	1,650	19%	1,900	-4	11%	450	17%	1,200
Don't know	7%	800	10%	1,000	-3	6%	250	8%	300

*Base 2005: All full day care providers 2005 (Module A) (unweighted 556, weighted and grossed 5,623), 30% most deprived areas (weighted 195, unweighted and grossed 2,010), 70% least deprived areas (weighted 361, unweighted and grossed 3,614)*

*Base 2003: All full day care providers (unweighted 850, weighted and grossed 9,964)*

There was no significant difference in the proportion of private sector and voluntary sector full day nurseries with a business plan.



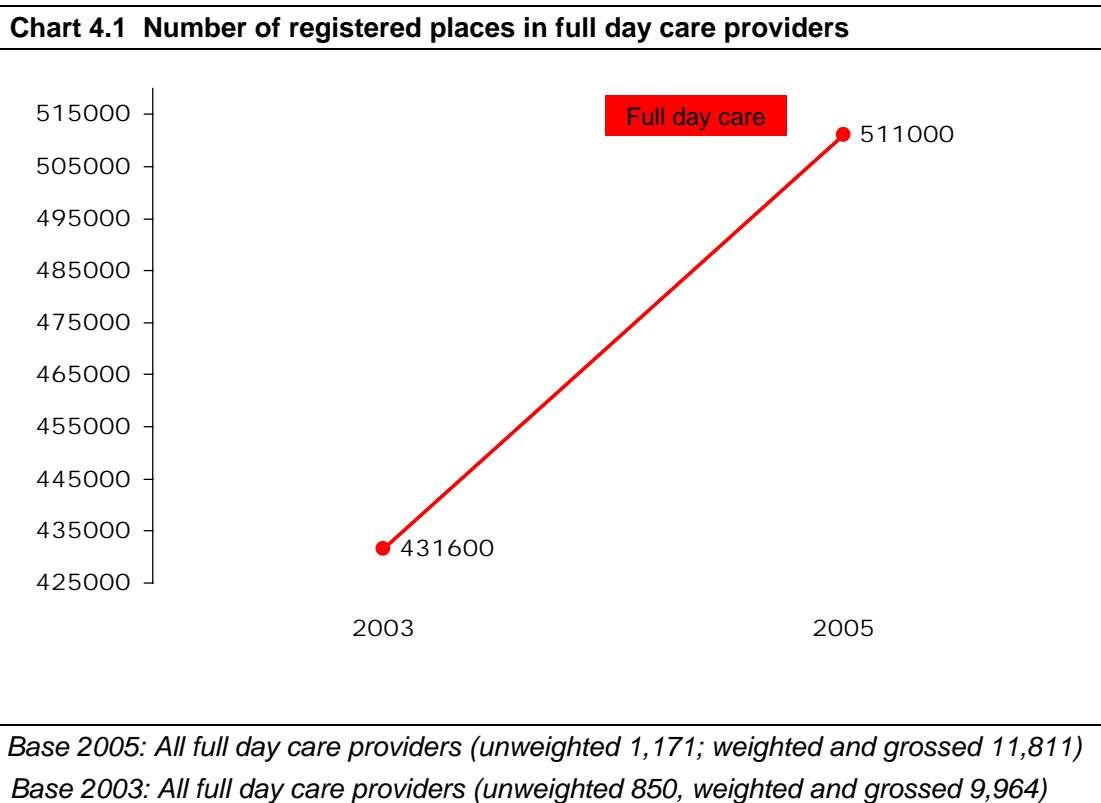
## 4 Places and Children

This chapter discusses the number of Ofsted registered places and the number of children attending full day care providers. It also presents data on the demographic make-up of the children attending in terms of age and ethnicity, how many children have special educational needs, the number of vacant places, opening hours and days and whether there is potential for expansion.

### 4.1 Number of places

Providers register with Ofsted as full day care providers if they offer places to children under 8 for a continuous period of 4 hours or more a day.

The estimated number of active Ofsted registered places in the full day care sector is 511,000. This is an 18 per cent increase from 2003 when the equivalent figure was 431,600. This percentage is very similar to the increase in the number of providers (18 per cent), which is due to the fact that the average number of places per provider has remained unchanged since 2003 (43.5 per provider)<sup>6</sup>.



<sup>6</sup> The question from 2001 is not comparable, and so comparisons with 2001 can not be made.

A third (31 per cent) of full day care providers offered over 50 places, and only a few (11 per cent) had fewer than 20 registered places. On average, full day care providers set up on a for-profit basis offered slightly more places than those set up as not-for-profit (44 places on average compared with 39).

Not surprisingly, full day providers in high density areas tended to offer more places (on average providers in high density areas offered 46 places each compared with those in low density areas which offered 36 places each)<sup>7</sup>.

## **4.2 Types of care offered**

The full day care sector has seen a significant diversification in the types of childcare<sup>8</sup> that providers offer parents. There has been a shift away from the typical day nursery provision towards including a wider range of care. Three quarters (77 per cent) of settings offered a day nursery, a sharp decrease from 2003 when the figure was 91 per cent. About half (48 per cent) offered a play-group or pre-school, a substantial increase on 2003 when the figure was just six per cent. This suggests that the increase in full day care settings may be due to the fact that settings originally registered as sessional providers are now offering sessions longer than 4 hours, or are combining sessions to provide parents with more seamless care. This ties in with the decrease in the number of settings registered to provide sessional care since 2003.

Nearly half (46 per cent) also offered a private nursery school, again a significant increase from 2003 when only a fifth (18 per cent) provided this type of care. Other types of care offered were holiday clubs (27 per cent), out of school clubs (e.g. after school club, breakfast club) (24 per cent), extended day playgroup (14 per cent) and combined nursery centres (10 per cent).

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<sup>7</sup> Low density - less than 10 people per hectare; medium density - between 11-24 people per hectare; high density - more than 25 people per hectare.

<sup>8</sup> No definitions were provided for each type of childcare. Providers were read out each in turn and asked if that described their organisation. It seems that some providers misunderstood the term "Children's Centres" as the numbers describing themselves as this was too high given that there were only around 400 or so designated Children's Centres in existence at the time of the survey.

	Total 2005		Total 2003		Change from 2003 to 2005
	%	No.	%	No.	
Day nursery	<b>77%</b>	<b>9,100</b>	91%	9,000	-14
Playgroup or pre-school	<b>48%</b>	<b>5,650</b>	6%	600	+42
Private nursery school	<b>46%</b>	<b>5,400</b>	18%	1,800	+28
Holiday club	<b>27%</b>	<b>3,150</b>	3%	200	+24
Out of school club	<b>24%</b>	<b>2,800</b>	5%	500	+19
Extended day playgroup	<b>14%</b>	<b>1,650</b>	1%	100	+13
Combined nursery centre	<b>10%</b>	<b>1,150</b>	*	0	+10
Children's centre	<b>9%</b>	<b>1,100</b>	N/A	N/A	+9
Early excellence centre	<b>7%</b>	<b>850</b>	1%	100	+6
Other answer	<b>3%</b>	<b>400</b>	*	0	+3

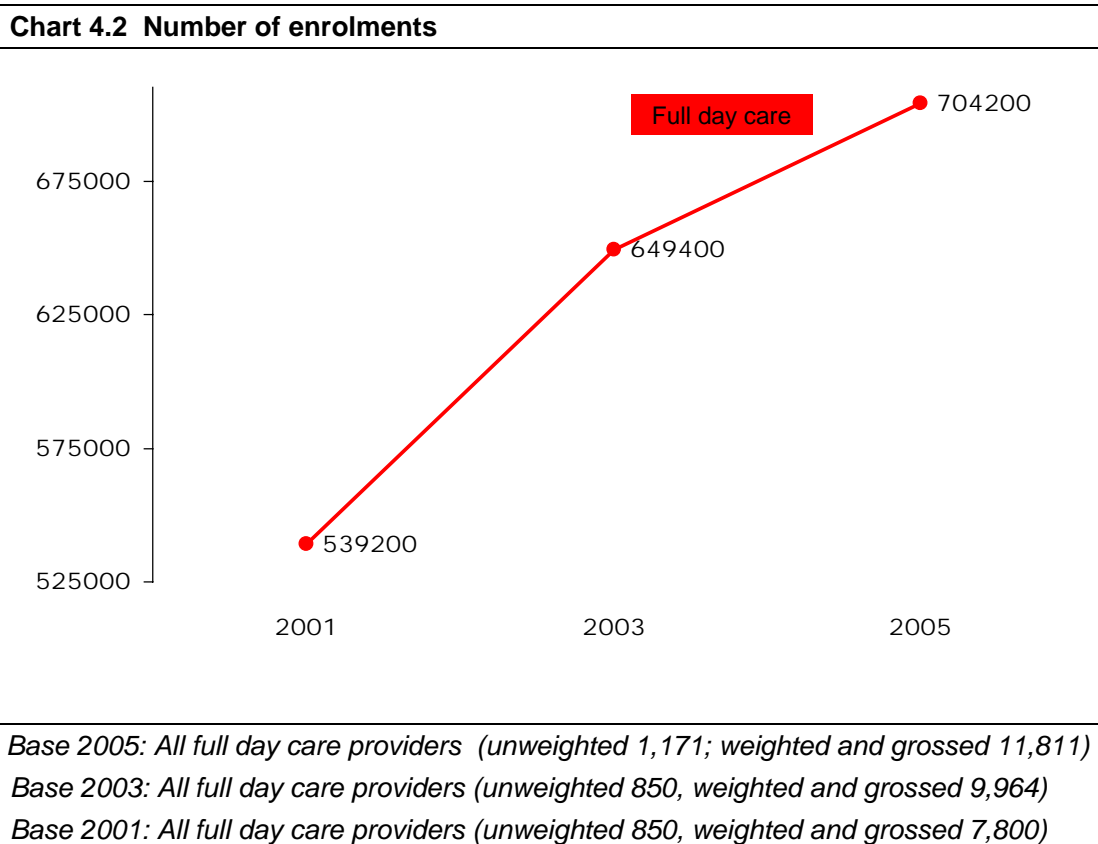
*Base: All providers (unweighted 1,171; weighted and grossed 11,811)*

Profit-making providers were more likely to describe themselves as a day nursery than non-profit making organisations/charities – 89 per cent compared with 61 per cent respectively. They were less likely to describe themselves as a play group or pre-school care – 39 per cent compared to 60 per cent.

### 4.3 Number of children attending

The total number of children attending full day care settings in 2005 was 704,200, an increase of eight per cent from 649,400 in 2003. This increase is not surprising given the increase in the number of full day care providers in the same time period, and continues a trend seen since 2001.

The number of children per place has decreased slightly from 1.5 children per registered place in 2003 to 1.4 children per registered place in 2005.



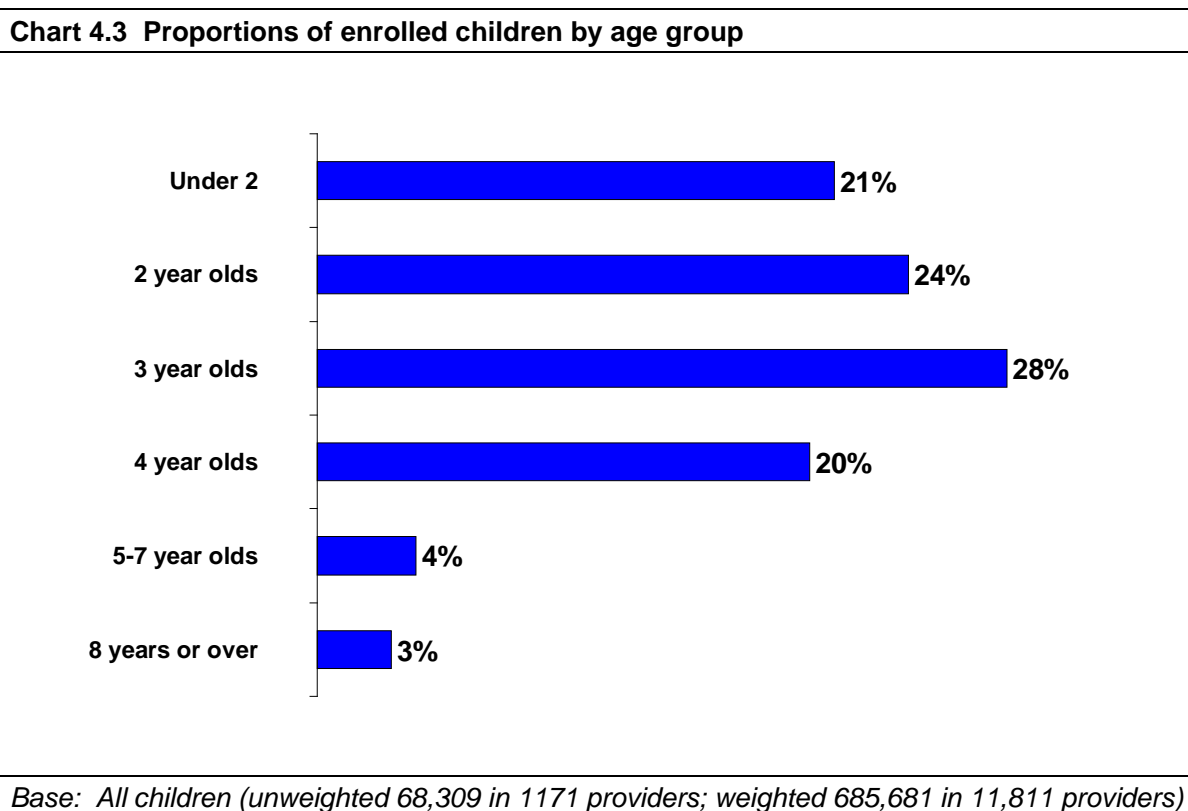
During this time the average number of children enrolled per setting has fallen from 69.1 in 2001, 65.7 in 2003 to 59.9 in 2005.

Therefore, since 2001 the number of children attending full day care settings has increased at a lower rate than the increase in the number of providers. This may be because the increased availability of full day care providers means that they are having to compete more for children (which may partly explain the decrease in profitability that is described in Chapter 8); or may be because parents are making more use of full day care rather than part day care, so that fewer children are sharing registered places, and so fewer children are needed to fill the available places.

#### 4.4 Ages

The overwhelming majority of children attending full day care settings were pre-school children aged under five years old (93 per cent). A fifth (21 per cent) of the children were aged under 2. Four per cent of the children attending were aged 5-7, and three per cent were aged 8 or over.

Providers who offered more places were more likely to care for children aged 8 or over than those with fewer places (on average, settings offering 50 or more places had 3 children aged 8 or over enrolled, whereas those with fewer places had, on average, less than one child of this age enrolled).



#### 4.5 Black or minority ethnic groups (BME)

Overall there were 95,400 children of black or minority ethnic origin attending full day care, representing 16 per cent of all the children (for whom ethnic origin was provided).

Data from the 2001 Census shows that although people of black or minority ethnic origin make up around 9 per cent of England's population, among those aged 0-7 the proportion rises to 15 per cent. This suggests that children of BME origin are using full day care as would be expected from their proportion in the population. Information from other surveys (such as the Millennium Cohort Study) suggests that parents of BME origin are more likely than white parents to use childcare, but are less likely to use formal childcare.

Providers based in the 30 per cent most deprived areas and those in areas of high density have higher numbers of children of black or minority ethnic origin, and these children make up a higher proportion of their enrolments.

Table 4.2 Proportion of children of black or minority ethnic origin

<b>Total 2005</b>		30% most deprived areas		70% least deprived areas		
Unweighted base	<b>1,171</b>	409		762		
	<b>%</b>	<b>No.</b>	%	No.	%	No.
None	<b>21%</b>	<b>2,500</b>	11%	400	27%	2,000
1- 5%	<b>28%</b>	<b>3,250</b>	20%	850	31%	2,400
6-10%	<b>14%</b>	<b>1,650</b>	11%	500	16%	1,200
11% or more	<b>34%</b>	<b>4,000</b>	54%	2,300	23%	1,700
Don't know	<b>3%</b>	<b>400</b>	3%	100	4%	300
Mean (inc. zeros)	<b>16%</b>		29%		9%	

*Base: All full day care providers (unweighted 1,171, weighted and grossed 11,811), 30% most deprived areas (unweighted 409, weighted and grossed 4,187), 70% least deprived areas (unweighted 762, weighted and grossed 7,624)*

There are also significant differences by region. In London, on average, half (51 per cent) of children enrolled are of BME origin, and only one per cent of London based providers have no children of BME origin enrolled. In the South West, two fifths (38 per cent) of providers have no children of black or minority ethnic origin enrolled and, on average, five per cent of children are of BME origin.

Table 4.3 Proportion of children of black or minority ethnic origin by region

	East Mids	East of England	London	N.E. and Y&H	North West	South East	South West	West Mids
Unweighted base	84	106	153	168	158	206	149	147
	%	%	%	%	%	%	%	%
None	13	22	1	28	23	21	38	24
1- 5%	37	25	5	29	35	36	36	22
6-10%	13	17	7	15	16	19	13	12
11% or more	35	35	83	26	22	19	9	39
Don't know	2	2	5	2	4	5	4	2
<b>Mean (inc. zeros)</b>	<b>13%</b>	<b>12%</b>	<b>51%</b>	<b>11%</b>	<b>9%</b>	<b>8%</b>	<b>5%</b>	<b>16%</b>

*Base: All full day care providers (unweighted 1,171, weighted and grossed 11,811)*

#### 4.6 Special Educational needs (SEN)

Overall there were 23,950 children with a special educational need (SEN), this represents three per cent of the children enrolled, and on average is two children per setting.

Two-fifths (38 per cent) of providers had no children with SEN enrolled, while a similar proportion (39 per cent) had between 1 and 5 per cent of their children with a special educational need. In a tenth (8 per cent) of providers, children with SEN accounted for over ten per cent of all children enrolled.

The data shows a link between the number of children with a special educational need and providers based in the most deprived areas. In the 30 per cent most deprived areas, 15 per cent of providers had 11 per cent or more of their children with a special educational need, compared with four per cent in the less deprived areas. There were also higher percentages of providers reporting that they had over ten per cent of their children with special educational needs in areas of high density (9 per cent compared with three per cent in low density areas and four per cent in medium density areas) and in London (14 per cent). Again, these higher reported percentages are most likely linked to the higher number of the most deprived areas being located in high density areas, in particular London.

In 2004, 17 per cent of children at maintained primary schools were assessed as having special educational needs (around 2 per cent with statements). This is much higher than the proportion in full day care – but full day providers will be relying on their own judgement, as many pre-school children will not have been formally assessed, and even if they have been, the managers of full day providers may not have access to this information.

Table 4.4 Proportion of children with Special Educational Needs

		Total 2005		30% most deprived areas		70% least deprived areas	
Unweighted base		1,171		409		762	
	%	No.	%	No.	%	No.	
None	38%	4,500	34%	1,400	41%	3,100	
Less than 5%	39%	4,600	35%	1,400	41%	3,100	
6-10%	11%	1,300	14%	600	9%	700	
11% or more	8%	900	15%	600	4%	300	
Don't know	4%	500	3%	100	5%	400	
Mean (inc. zeros)	3%		4%		2%		

*Base: All full day care providers (unweighted 1,171, weighted and grossed 11,811), 30% most deprived areas (unweighted 409, weighted and grossed 4,187), 70% least deprived areas (unweighted 762, weighted and grossed 7,624)*

#### 4.7 Vacancies

In summer 2005 there were approximately 88,400 vacant full day care places in England, about eight per setting. A quarter of providers (25 per cent) had no vacant

places, 28 per cent one to five places, 20 per cent had six to ten, 12 per cent had 11 to 20 and seven per cent had 21 or more.

Providers based in high density areas tended to have more vacancies than those in lower density areas (on average 8.6 per provider compared with 6.4). There seemed to be some regional differences – settings in the East of England had, on average, the highest number of vacancies (10 per setting), while settings in the West Midlands and the South West had the lowest number (6.4 per setting).

Table 4.5 Vacancies by region

	East Mids	East of England	London	N.E. and Y&H	North West	South East	South West	West Mids
Unweighted base	84	106	153	168	158	206	149	147
	%	%	%	%	%	%	%	%
None	21	14	31	18	26	29	27	26
1- 5	23	29	26	28	27	28	31	31
6-10	24	25	18	21	22	16	19	22
11 or more	23							
Don't know	10	11	6	11	8	7	7	5
<b>Mean (inc. zeros)</b>	<b>9.7</b>	<b>10.1</b>	<b>7.1</b>	<b>8.9</b>	<b>8.0</b>	<b>9.3</b>	<b>6.4</b>	<b>6.4</b>
<b>TOTAL NUMBER</b>	<b>7,700</b>	<b>9,700</b>	<b>11,900</b>	<b>12,500</b>	<b>11,600</b>	<b>17,700</b>	<b>8,200</b>	<b>9,000</b>

*Base: All full day care providers (unweighted 1,171, weighted and grossed 11,811)*

Providers registered for a greater number of places tended to have more vacancies than those registered for fewer places – those registered to provide 50 or more places had, on average, 11.5 vacancies compared with 5.5 vacancies in smaller providers.

#### 4.8 Term time care

Practically all (99.6 per cent) full day care providers were open during term time, with a fifth (21 per cent) only open during term time.

On average, providers are open for 9 hours a day during term time. Organisations set up on a for-profit basis were more likely to be open for longer – 9.6 hours on average compared with 8.3 hours for not-for-profit organisations.

Nearly all providers (96 per cent) were open for five days a week.

#### 4.9 Holiday time care

Eight in ten providers (79 per cent) were open during the school holidays, and nearly all of these were also open during term time.

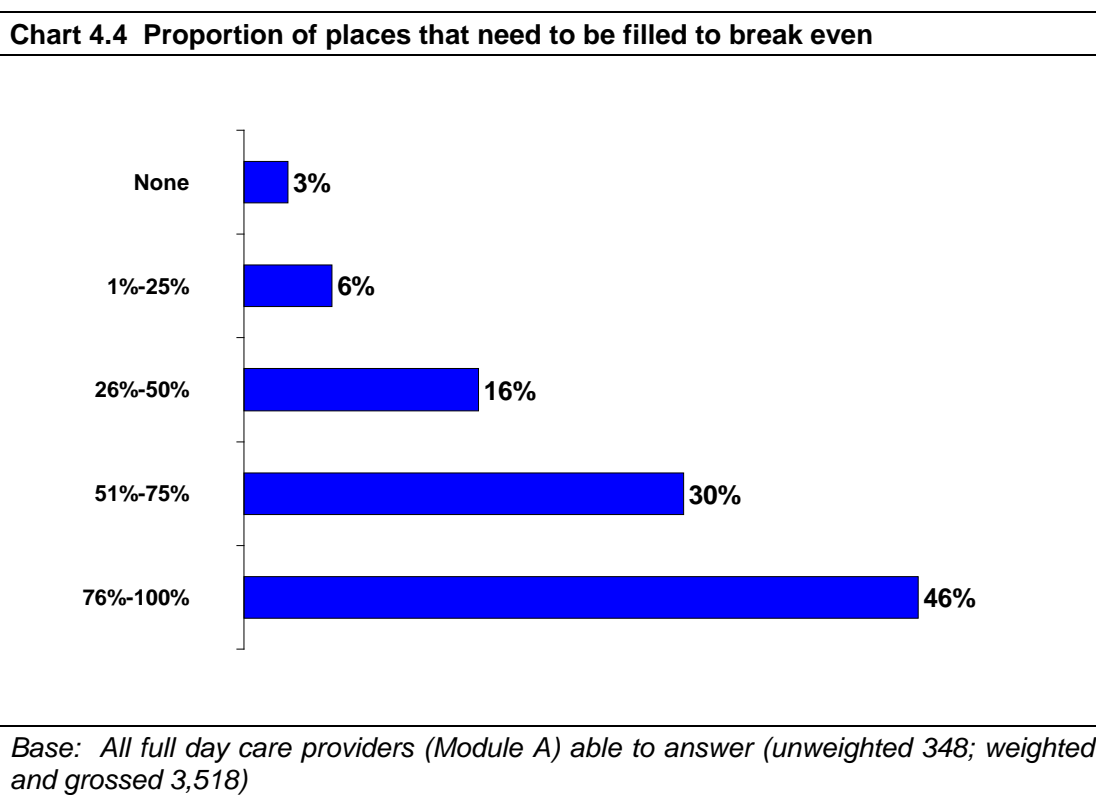


On average these providers were open for 9.6 hours a day during school holidays, slightly longer than the average number of hours open in term time. Again for-profit organisations tended to be open for slightly longer than not-for-profit organisations or charities – 10 hours and 9.3 hours respectively.

As with term time, nearly all providers (97 per cent) were open for five days a week.

#### 4.10 Breaking even

Providers were asked what proportion of places they needed to be taken up in order for them to break even. The average proportion was 69 per cent of places. Of those respondents where we have an answer (37 per cent could not say), 46 per cent said they needed 76 to 100 per cent places to be taken up, 30 per cent needed 51 to 75 per cent, 16 per cent said 25 to 50 per cent, six per cent said one to twenty five per cent and three per cent said none.



As discussed in greater detail in chapter 9, 58 per cent of full day care providers had either made a profit or covered their costs in their last financial year.

#### 4.11 Expansion

Seven in ten providers (70 per cent) said they could not expand in their current premises. A fifth (18 per cent) of respondents said they had expanded in the last 12 months. Of those providers who said they had not expanded in the last 12 months, 19

per cent said they planned to expand in the next 12 months (16 per cent of all providers).

Table 4.6 Potential for expansion (increasing number of places)		
Total 2005		
Unweighted base	556	
	%	No.
Able to expand in current premises	28	3,200
Not able to expand in current premises	70	7,900
Have expanded in last 12 months	18	2,000
Have not expanded, but plan to expand in next 12 months	16	1,800
Have not expanded and have no plans to	64	7,200
<i>Base: All full day care providers (Module A) (unweighted 556; weighted and grossed 5,623)</i>		

Providers who had not expanded in the last 12 months and didn't plan to expand in the next 12 months were asked to give reasons as to why they don't intend to expand. The most common reasons given were 'Would need larger premises' (46 per cent), 'Already at maximum capacity' (37 per cent) and 'Too costly to expand' (11 per cent). Other reasons were mentioned by less than ten per cent.

Table 4.7 Reasons for not planning to expand in the next 12 months	
	<b>Total 2005</b>
	<b>%</b>
Would need larger premises	<b>46</b>
Already at maximum capacity	<b>37</b>
Too costly to expand	<b>11</b>
No sufficient demand for extra places	<b>8</b>
No need to expand/ don't wish to expand	<b>7</b>
Difficulties recruiting suitable staff	<b>3</b>
Regulations	<b>3</b>
Too much competition from other providers	<b>3</b>
Premises not suitable	<b>3</b>
Not enough staff	<b>1</b>
Closing/sold	<b>1</b>
Other answers	<b>1</b>
Don't know	<b>2</b>

*Base: All full day care providers (Module A) who had not expanded in the last 12 months and didn't plan to in the next 12 months (unweighted 359, weighted and grossed 3,615)*



## 5 Characteristics of Staff

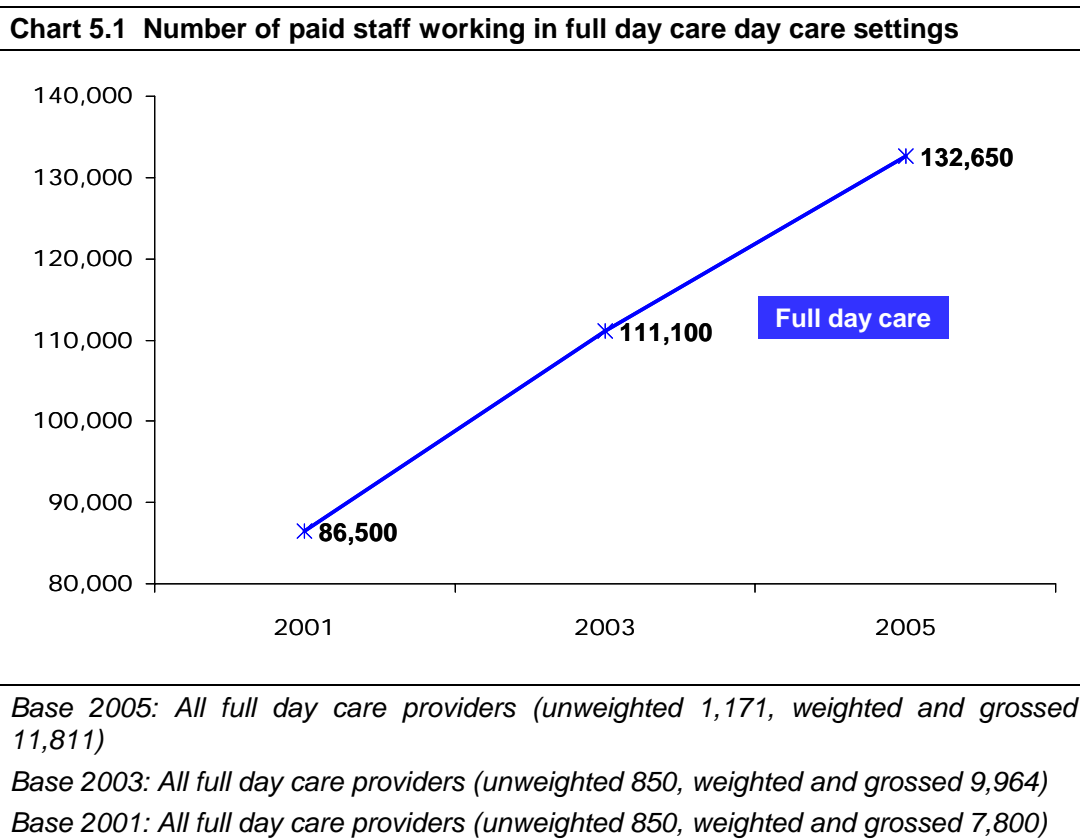
This chapter looks at the number of paid and unpaid staff working within the full day care sector. It also focuses on the demographic profile of those working in the sector, their pay, the number of hours worked and whether they do any other paid work.

### 5.1 Number of staff

#### 5.1.1 Paid staff

In 2005 there were 132,650 paid staff working within full day care settings. This represents an increase from 86,500 in 2001 and 111,100 in 2003. These figures show a continued growth in the number of paid childcare staff working within full day care providers.

The average number of staff per setting is 11.3, the same as 2003. The number of staff per place has also remained the same at 1 member of paid staff to 3.9 places.

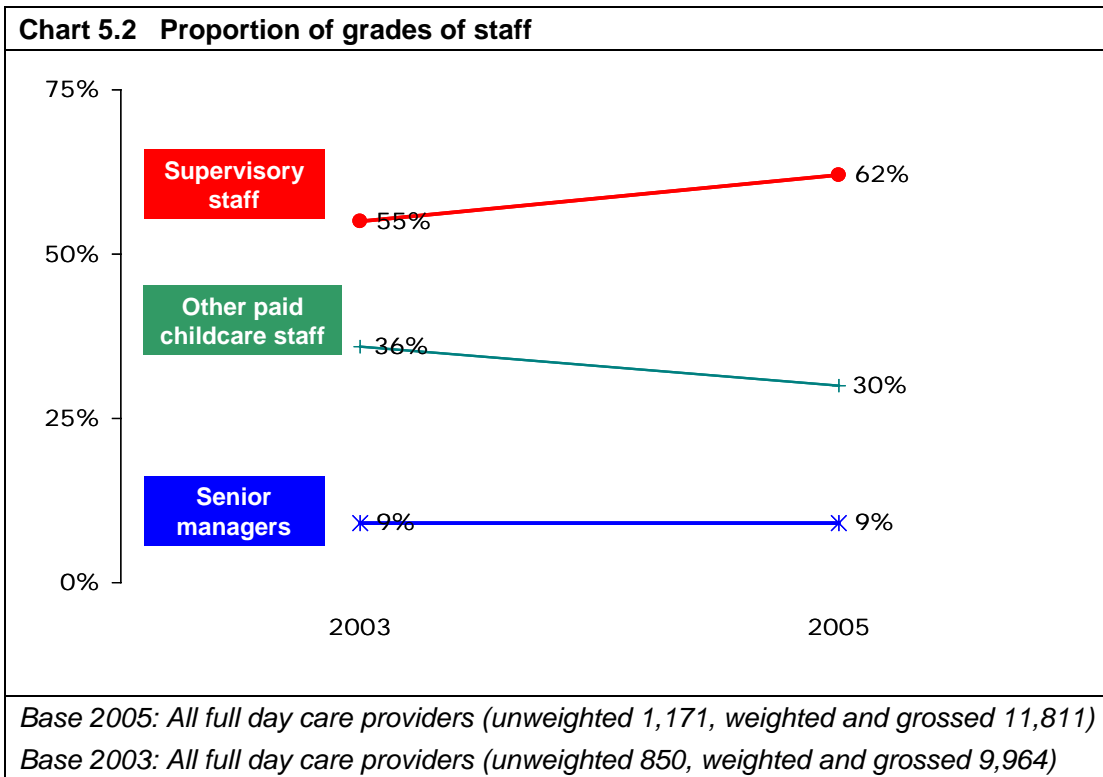


In 2005 there were 11,500 senior managers, 82,100 supervisory staff and 39,450 other paid childcare staff<sup>9</sup>. Overall the number of paid staff has increased by 19 per cent; however the rate of increase varied considerably across the different staff grades. The number of senior managers increased by 15 per cent, the number of supervisory staff increased by a third (33 per cent) and the number of other paid childcare staff decreased by one per cent.

Table 5.1 Number of paid staff								
	Total 2005		Total 2003		Change from 2003 to 2005		Total 2001	
	%	No.	%	No.	%	No.	%	No.
<b>Numbers by grade of staff</b>								
All paid staff		<b>132,650</b>		111,100	<b>+19%</b>	<b>+21,550</b>		94,300
Senior Managers	<b>9%</b>	<b>11,500</b>	9%	10,000	<b>+15%</b>	<b>+1,500</b>	8%	7,800
Supervisory staff	<b>62%</b>	<b>82,100</b>	55%	61,500	<b>+33%</b>	<b>+20,600</b>	NA	NA
Other paid childcare staff	<b>30%</b>	<b>39,450</b>	36%	39,700	<b>-1%</b>	<b>-250</b>	NA	NA
<b>Average number of staff</b>								
All paid staff		<b>11.3</b>		11.2		<b>+0.1</b>		12.1
Senior Managers		<b>1</b>		1		<b>-/+0</b>		1
Supervisory staff		<b>7</b>		6.2		<b>+1.2</b>		NA
Other paid childcare staff		<b>3.3</b>		4		<b>-0.7</b>		NA
<i>Base 2005: All paid staff in full day care (unweighted 13,139; weighted and grossed 132,650)</i>								
<i>Base 2003: All staff in full day care (unweighted 10,711; weighted and grossed 124,183)</i>								
<i>Base 2001: All staff in full day care (unweighted NA; weighted and grossed 109,500)</i>								

The 2005 full day care figures show an increasingly professional workforce working in the sector. The proportion of supervisory staff has increased (55 per cent to 62 per cent) as the proportion of other paid childcare staff has decreased (36 per cent to 30 per cent).

<sup>9</sup> The total number of paid staff is different to the sum of the numbers of individual staff types



### 5.1.2 Unpaid staff

There was a total of 15,500 unpaid staff working within full day care, 10,100 students on placements and 5,400 volunteers. This shows a slight decrease in unpaid students from 2003 when there were 11,000, but a large increase in the number of volunteers when there were only 2,000. The average number of unpaid staff per setting was 1.3, in 2003 it was 1.

In total there were 146,000<sup>10</sup> paid and unpaid staff working within the full day care sector in 2005.

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due to the rounding of figures.

<sup>10</sup> This number does not match the sum of the individual staff types because of the scaling up and rounding of figures.

Table 5.2 Number of unpaid staff

	2005	2003	Change from 2003 to 2005		2001	Change from 2001 to 2005
Numbers by type of staff			%	No.		%
All paid staff and unpaid staff	<b>146,000</b>	124,200	+18%	+21,800	106,500	+37%
<b>Unpaid staff</b>						
Volunteers	<b>5,400</b>	2,000	+170%	+2,400	1,600	+237%
Students on placements	<b>10,100</b>	11,000	-1%	- 900	10,600	-5%
Total unpaid staff	<b>15,500</b>	13,000	+19%	+2,500	12,200	+27%

Base 2005: All staff in full day care (unweighted 1,471; weighted and grossed 146,000)

Base 2003: All staff in full day care (unweighted 10,711; weighted and grossed 124,183)

Base 2001: All staff in full day care (unweighted NA; weighted and grossed 109,500)

## 5.2 Agency staff

Just under a third (28 per cent) of providers had used agency staff in the last 12 months, a slight decrease from 33 per cent in 2003. Settings based in London were much more likely to have used agency staff, with half (49 per cent) reporting that they had done so in the last 12 months.

## 5.3 Age

The average age of full day care staff is higher than in 2003. Three in ten staff (29 per cent) were aged between 16 and 24, compared with 2003 when the figure was 41 per cent. A fifth (19 per cent) were aged 40-49 years old, in 2003 the equivalent figure was 13 per cent.

Table 5.3 Age of paid staff

Age	Total 2005		Total 2003		Change from 2003 to 2005	Senior Manager		Supervisory staff		Other paid childcare staff	
	%	No.	%	No.		%	No.	%	No.	%	No.
16-19	<b>7%</b>	<b>9,300</b>	11%	12,100	-4	0%	0	2%	1,650	17%	6,700
20-24	<b>22%</b>	<b>29,200</b>	30%	33,200	-8	4%	450	25%	20,550	27%	10,650
25-39	<b>40%</b>	<b>53,000</b>	35%	39,000	+5	43%	5,000	45%	36,950	31%	12,250
40-49	<b>19%</b>	<b>25,200</b>	13%	14,900	+6	30%	3,500	19%	15,600	14%	5,500
50+	<b>11%</b>	<b>14,600</b>	7%	7,300	+4	22%	2,550	8%	6,550	8%	3,150

Base 2005: All paid staff asked about (unweighted 6,532, weighted and grossed 132,650)

Base 2003: All paid staff (unweighted 9,567, weighted and grossed 111,126)



## **5.4 Gender**

As in 2003, men represented just two per cent (2,500) of the total paid full day care workforce. Sixteen per cent of providers employed at least one man. Larger providers were more likely to employ at least one man than smaller providers. Of the providers with 21 or more staff, 35 per cent employed male staff compared with eight per cent of providers with one to five members of staff.

## **5.5 Disability**

Paid members of staff with a disability represented just one per cent of the total full day care workforce (1,300 people), the same percentage as 2003. Ten per cent of providers employed at least one member of staff that had a disability.

Larger providers were more likely to employ staff who had a disability. Sixteen per cent of providers who employed 21 or more staff employed at least one member of staff with a disability, compared with just five per cent of providers with one to five members of staff.

According to the 2005 Labour Force Survey (LFS), about ten per cent of the working population (and 11 per cent of the female working population) have a disability.

## **5.6 Ethnicity**

One in ten (10 per cent) people working within the full day care sector were from a black or minority ethnic group, 13,550 people. This is a slight increase since 2003 when eight per cent (8,800) staff were from a black or minority ethnic group. This proportion is slightly higher than the UK average of nine per cent<sup>11</sup>.

As in 2003, around a third (35 per cent) of providers employed at least one member of staff from a black or minority ethnic group. Unsurprisingly, settings based in London were much more likely to employ staff from a black or minority ethnic group (87 per cent compared with the average 35 per cent). On average they made up 41 per cent of the total workforce in London, compared with ten per cent overall.

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<sup>11</sup> Labour Force Survey 2005

Table 5.4 Number of male staff, staff from a black or minority ethnic group and number of staff with a disability

	Total 2005		Total 2003		Change from 2003 to 2005	London		30% most deprived	
	%	No.	%	No.		%	No.	%	No.
Proportion of male staff	2%	2,500	2%	2,000	+25%	2%	500	2%	1000
Proportion of staff with a disability	1%	1,300	1%	1,500	-13%	1%	200	1%	1315
Proportion of staff from a black or minority ethnic group	10%	13,550	8%	8,800	+54%	41%	8,150	18%	8,600

Base 2005: All paid staff in full day care (unweighted 13,139; weighted and grossed 132,650)

Base 2003: All full day care providers (unweighted 9,567; weighted and grossed 111,126)

## 5.7 Working hours

While the majority of the full day care workforce work full time (30 hours or more), there has been a decrease in the proportion working full time since 2003 – 70 per cent compared 80 per cent respectively.

The average number of hours worked per week across all paid staff was 32 hours. In 2003 the average was 35 hours.

Senior managers work the longest, on average 37 hours a week. Eighty-four per cent worked 30 hours or more. In 2003 the average working week was 39 hours and 90 per cent worked 30 hours or more.

Supervisory staff worked on average 34 hours, and three quarters (75 per cent) worked 30 hours or more. In 2003 the average working week was 36 hours and 85 per cent worked 30 hours or more.

Other paid childcare staff worked on average 29 hours a week and 55 per cent worked 30 hours or more. In 2003 the average was 33 hours and 70 per cent worked 30 hours or more a week.

To put these figures in context we can compare them with the UK averages<sup>12</sup>. In July to September 2005, the average number of hours worked for the working population was 32.1 hours and 26.5 hours for females.

Table 5.5 Average number of hours worked a week	
	Average hours
All staff	32.4
Senior manager	37.5
Supervisory staff	33.5
Other paid childcare staff	28.8
UK: All staff	32.1
UK: Females	26.5
<i>Base: All paid staff (unweighted 6,532, weighted and grossed 65,893), All senior managers (unweighted 1,141, weighted and grossed 11,513), All supervisory staff (unweighted 3,189 weighted and grossed 32,170), All other paid childcare staff (unweighted 2,202, weighted and grossed 22,210)</i>	

## 5.8 Pay levels

Pay levels for childcare staff working within the full day care sector have increased since 2003. The average hourly rate of pay for all paid staff is £6.40. In 2003 the average hourly rate of pay was £5.50 an overall increase of 16 per cent.

The average hourly pay for senior managers is now £8.80 compared with £8.50 in 2003. This represents an increase of four per cent.

Supervisory staff pay increased at the highest rate. In 2003 the average was £5.50, while in 2005 it was £6.50; this represents an increase of 18 per cent increase.

Other paid childcare staff saw a smaller percentage increase. Their average hourly pay increased from £5.00 in 2003 to £5.30 in 2005. This represents an increase of six per cent.

The figures are considerably lower than the UK average. In Summer 2005, the average hourly wage was £10.63 and £9.43 for females. As in 2003, these figures show that average childcare wages are below the UK average. For the UK, since 2003 the average hourly wage has increased ten per cent from £9.66 to £10.63. Overall for

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<sup>12</sup> Labour Force Survey: Actual Hours Worked (SA) July to September 2005

full day care staff, the average hourly wage has increased by 16 per cent. This shows that childcare wages are increasing at a higher rate than the average.

Table 5.6 Average pay of full day care staff				
	2005	2003	Change from 2003 to 2005	
	£	£	£	%
All staff	<b>6.40</b>	5.50	+0.90	+16%
Senior manager	<b>8.80</b>	8.50	+0.30	+4%
Supervisory staff	<b>6.50</b>	5.50	+1.00	+18%
Other paid childcare staff	<b>5.30</b>	5.00	+0.30	+6%
UK: All staff	<b>10.63</b>	9.66	+0.97	+10%

*Base 2005: All paid staff (unweighted 6,532, weighted and grossed 65,893), All senior managers (unweighted 1,141, weighted and grossed 11,513), All supervisory staff (unweighted 3,189 weighted and grossed 32,170), All other paid childcare staff (unweighted 2,202, weighted and grossed 22,210)*

*Base 2003: All paid staff (unweighted 9,567, weighted and grossed 943,020), All senior managers (unweighted 850, weighted and grossed 9,964), All supervisory staff (unweighted 5,384, weighted and grossed 61,461), All Other paid childcare staff (unweighted 3,333, weighted and grossed 39,702)*

Rates of pay varied across the regions. For senior managers the average rate of pay was highest in London at £10.70 and lowest in the West Midlands and East of England at £8.10.

Senior managers working in the 30 per cent most deprived areas were also more likely to earn more than those working in the 70 per cent least deprived areas, £9.50 compared with £8.30 respectively.

These patterns of pay were replicated amongst supervisory and other paid childcare staff.

There were also differences in pay by qualification level. As the table below shows, average hourly pay increased as qualification level increased. Of course, as senior staff tend to be both more highly paid and more highly qualified, this is not surprising. However, even within each type of staff those with higher qualifications had higher average earnings.

Table 5.7 Average hourly pay by qualification level

	All staff	Senior manager	Supervisory staff	Other staff
		565	2200	1652
Level 2	<b>£5.50</b>	£8.50*	£5.80	£5.30
Level 3	<b>£6.80</b>	£8.20	£6.50	£5.50
Level 6	<b>£9.70</b>	£11.10	£8.20	£5.40*

*Base 2005: All providing salary information (unweighted 4,417; weighted and grossed 44,253)*

\*Caution: small base less than 20

## 5.9 Other work

Just seven per cent of the paid full day care workforce, around 9,050 staff, do other work in addition to working for the provider sampled as part of the 2005 survey.

For those providers who had more than one person doing other paid work, on average just under half (47 per cent) of those people did other work within the childcare sector.



## 6 Training

This chapter looks at views on the amount of training received by childcare staff, training plans, training budgets and sources of funding for training.

### 6.1 Views of current level of training

Eight in ten (81 per cent) senior managers said that they thought the amount of training received by their staff in the last year was about right. A sizeable minority (16 per cent) thought their staff had had too little training and one per cent thought they had received too much training. These results were similar to the 2003 survey where 78 per cent of senior managers said they were happy with the amount of training their staff received.

Table 6.1 Views of current level of training

	Total 2005		Total 2003		Change from 2003 to 2005
	%	No.	%	No.	
Too little	16%	2,000	19%	1,900	-3
About right	81%	10,000	78%	7,800	+3
Too much	1%	100	2%	200	-1

*Base: All full day care providers (Module B) (unweighted 615, weighted and grossed 6,188)*

### 6.2 Training plans and budgets

Seven in ten (70 per cent) of all full day care providers have a written training plan; this was identical to the 2003 results. Settings based in the 30% most deprived areas were more likely to have training plan (78 per cent).

Just over half (53 per cent) of all full day care providers had a training budget. This is also similar to the 2003 results. Settings in the 30% most deprived areas were more likely to have a training budget (60 per cent).

	Total 2005		Total 2003		Change from 2003 to 2005	30% most deprived areas	
	%	No.	%	No.		%	No.
Have training plan	<b>70%</b>	<b>8,700</b>	70%	7,000	0	78%	3,400
Don't have training plan	<b>28%</b>	<b>3,500</b>	28%	2,800	0	21%	900
Don't know	<b>1%</b>	<b>200</b>	1%	100	0	1%	50
Have a training budget	<b>53%</b>	<b>6,600</b>	50%	5,000	+3	60%	2,600
Don't have training budget	<b>42%</b>	<b>5,200</b>	47%	4,700	-5	36%	1,600
Don't know	<b>5%</b>	<b>600</b>	3%	300	+2	4%	200

*Base 2005: All full day care providers (Module B) (unweighted 615, weighted and grossed 6,188)*

*Base 2003: All full day care providers (unweighted 850, weighted and grossed 9,964)*

### 6.3 Funding

The main source of funding for training was Government funding (combining Local Authority funding and Sure Start funding)<sup>13</sup>.

Settings in the 30% most deprived areas were more likely to have received funding from the Learning and Skills Council (24 per cent) compared to those in the 70% least deprived areas (13 per cent).

A few providers received funding from many other sources such as Jobcentre Plus, the local community, the Pre-school Learning Alliance and European funding.

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<sup>13</sup> This was a new question added in 2005 questionnaire and hence there is no trend data. The actual amount spent in training was not asked in the 2005 survey.



Table 6.3 Funding sources for training		
	Total 2005	
	%	No.
Government sources (EYDPC/Sure Start)	90%	11,100
Learning & Skills Council	17%	2,100
Jobcentre Plus	4%	500
Local community	2%	250
Pre-school Learning Alliance	1%	200
European funding	1%	100
No answer	7%	850
Other	4%	500
Don't know	2%	300

*Base: All full day care providers (Module B)  
(unweighted 615, weighted and grossed 6,188)*

#### 6.4 Training Provision and Type of Training Provided

Almost all (97 per cent) full day care providers said they help staff to receive training that is not directly related to a specific childcare qualification. First Aid was by far the most common type of training offered by about two-thirds (67 per cent) of providers. Other common types of training provided by nurseries were: childcare training including things like creative play (41 per cent), food hygiene (41 per cent), child protection (38 per cent) and health and safety training (32 per cent).

<b>Table 6.4 Type of training provided</b>		
	<b>Total 2005</b>	
	<b>%</b>	<b>No.</b>
First Aid	<b>67%</b>	<b>8,100</b>
Childcare training	<b>41%</b>	<b>4,900</b>
Food hygiene	<b>41%</b>	<b>4,900</b>
Child protection	<b>38%</b>	<b>4,600</b>
Health and safety training	<b>32%</b>	<b>3,850</b>
SENCO/Special needs training	<b>21%</b>	<b>2,550</b>
Management/business skills	<b>14%</b>	<b>1,650</b>
Early years training	<b>13%</b>	<b>1,600</b>
Behaviour management	<b>8%</b>	<b>950</b>
Curriculum	<b>6%</b>	<b>750</b>
Equal opportunities	<b>5%</b>	<b>600</b>

*Base: All full day care providers (Module B) (unweighted 615, weighted and grossed 6,188)*

*Only answers of 5% or more have been included in this table.*

## 7 Qualifications of Staff

This section looks at the relevant qualifications held by paid childcare staff working in full day care settings. The questionnaire was designed to pick up only qualifications that were relevant to working with young people and children. This chapter covers current qualifications held and qualifications that staff are working towards, qualifications required when recruiting senior managers, the proportion of senior managers that were NVQ assessors and whether providers offer time off and/or financial help for those working towards a childcare qualification.

### 7.1 Definitions of Qualifications Levels

The qualifications are grouped together in the levels that they have been accredited with by the Qualifications and Curriculum Authority.

- Level 1 (foundation level) – GCSE grade D-G, Foundation level GNVQ, Level 1 NVQ
- Level 2 (intermediate level) – GCSE A\*-C, Intermediate GNVQ, Level 2 NVQ
- Level 3 (Advanced level) – A level, Vocational A level (Advanced GNVQ), Level 3 NVQ
- Level 4 – Higher level qualifications, BTEC Higher Nationals, Level 4 NVQ (e.g. Level 4 Certificate in Early Years Practice)
- Level 5 – Higher level qualifications, BTEC Higher Nationals, Level 5 NVQ (e.g. Early Years Foundation Degree)
- Level 6 – Honours degree (e.g. Qualified Teacher Status)
- Level 7 – Masters degree
- Level 8 – Doctorate

Respondents were asked for the highest qualification relating to childcare that the senior manager, supervisory staff or other paid childcare staff hold<sup>14</sup>.

There have been changes to the way that the levels are defined since the previous survey in 2002/3. Current levels 4, 5 and 6 (as defined above) were previously all part of Level 4. Current levels 7 and 8 were previously part of Level 5. Further information can be found in the Technical appendices to this report.

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<sup>14</sup> In the previous surveys, respondents were asked for the actual name and level of the qualification. In the 2005 survey respondents were only asked for the level of their highest

## 7.2 Current qualifications held

Compared to 2003, there has been an improvement in the numbers of qualified staff. This increase was less pronounced among other paid childcare staff than childcare staff in managerial and supervisory positions.

Among all paid childcare staff, eight in ten (80 per cent) had a qualification (levels 1 to 8) relevant to working with children or young people and 16 per cent had no relevant qualifications at all. These figures are similar to those found in the 2003 survey when 77 per cent of staff had a qualification and 20 per cent of staff had no qualifications.

About six out of ten (63 per cent) of all childcare staff had at least a Level 3 qualification and about three-quarters (77 per cent) had at least a Level 2 qualification. Levels of qualifications varied widely among different grades of staff as detailed in the sections below.

	2005		2003		Change from 2003 to 2005
	%	No.	%	No.	
Level 1	2%	2,650	1%	600	+1
Level 2	15%	19,900	19%	21,500	-4
Level 3	54%	71,650	52%	58,300	+2
Level 4/5	5%	6,650	5%	4,800	+4%
Level 6	3%	4,000			
Level 7/8	1%	1,350			
Other	3%	4,000	1%	700	+2
Don't know	1%	1,350	2%	2,500	-1
No qualification	16%	21,200	20%	22,700	-4
<b>At least Level 2</b>	<b>77%</b>	<b>102,150</b>	<b>76%</b>	<b>84,600</b>	<b>+1</b>
<b>At least Level 3</b>	<b>63%</b>	<b>83,600</b>	<b>57%</b>	<b>63,100</b>	<b>+6</b>
<i>Base 2005: All paid staff where qualification information obtained (unweighted 6,532, weighted and grossed 132,650)</i>					
<i>Base 2003: All paid staff (unweighted 9,567, weighted and grossed 111,126)</i>					

qualification to reduce the burden on the respondent and to avoid the difficulties of coding the numerous childcare qualifications.

<sup>15</sup> In 2003 the National Qualifications Framework only went up to Level 5. However, it is possible to compare 2003 Levels 4/5 and above with current Level 4/5, 6 and 7/8.

There were no significant differences between the 30% most deprived areas and the 70% less deprived areas in terms of qualifications levels of childcare staff.

### 7.2.1 Senior Managers

The National Daycare Standards (2003) for under 8s day care and childminding specify that the manager should have at least a Level 3 qualification appropriate to the post. (Where this cannot be achieved immediately, providers can agree with Ofsted on an action plan detailing how the provider will meet this requirement along with an approved timescale.)

In 2005, nine out of ten (90 per cent) senior managers had at least a Level 3 qualification. There has been a steady trend towards a greater proportion of senior managers having a Level 3 qualification; the figure has increased by five percentage points since 2003 and by 12 percentage points since 2001.

Thirteen per cent of senior managers held a Level 6 or above qualification.

Table 7.2 Level of qualification held by senior managers

	2005		2003		Change from 2003 to 2005	2001		Change from 2001 to 2005
	%	No.	%	No.		%	No.	
Level 1	0%	0	1%	100	-1	NA	NA	NA
Level 2	2%	200	6%	600	-4	8%	700	-6
Level 3	61%	7,050	66%	6,600	-5	62%	4,800	-1
Level 4/5	16%	1,800						
Level 6	11%	1,200	20%	1,900	+9	16%	1,200	+13
Level 7/8	2%	250						
Other	5%	500	2%	200	+3	8%	600	-3
Don't know	1%	50	0%	0	+1	-	-	+1
No qualification	3%	350	6%	600	-3	4%	400	-1
<i>At least Level 2</i>	<b>91%</b>	<b>10,500</b>	92%	9,100	-1	86%	6,700	+5
<i>At least Level 3</i>	<b>90%</b>	<b>10,350</b>	85%	8,500	+5	78%	6,000	+12

*Base 2005: All senior managers (unweighted 1,141, weighted and grossed 11,500)*

*Base 2003: All senior managers (unweighted 850; weighted and grossed 9,964)*

*Base 2001 All senior managers (unweighted 850; weighted and grossed 7,800)*

### 7.2.2 Supervisory staff

The proportion of supervisory staff that had at least a Level 2 qualification (93%) has only increased by 1% from 2003. However, the proportion of supervisory staff that had

at least a Level 3 qualification has increased by 11% from 2003. The number of employed supervisors with no relevant qualifications has decreased from six per cent in 2003 to only one per cent in 2005. The above shows there to be a steady rise towards the National Standard set in 2003, which states that all staff in charge of full day care should have a Level 3 qualification.

Three per cent of supervisory staff held a Level 6 or above qualification.

	2005		2003		Change from 2003 to 2005
	%	No.	%	No.	
Level 1	0%	0	*	200	-/+0
Level 2	9%	7,400	19%	11,900	-10
Level 3	77%	63,200	69%	42,700	+8
Level 4/5	4%	3,300	4%	2,200	+3
Level 6	3%	2,450			
Level 7/8	0%	0			
Other	3%	2,450	*	200	+3
Don't know	1%	800	1%	700	-/+0
No qualification	1%	800	6%	3,600	-5
<b>At least Level 2</b>	<b>93%</b>	<b>76,350</b>	<b>92%</b>	<b>56,700</b>	<b>+1</b>
<b>At least Level 3</b>	<b>84%</b>	<b>68,850</b>	<b>73%</b>	<b>44,900</b>	<b>+11</b>
<i>Base 2005: All Supervisory staff (unweighted 3,189, weighted and grossed 82,100)</i>					
<i>Base 2003: All supervisory staff (unweighted 5,384, weighted and grossed 61,461)</i>					

### 7.2.3 Other staff

The National Standard set in 2003 states that at least half of all other child care staff should hold a Level 2 qualification appropriate for the care or development of children. The figures for other staff show a reduction in the proportion with Level 3 qualifications held, and an increase in the proportion with Level 2 qualifications.

There was an increase of seven percentage points in the number of other paid childcare staff with a Level 2 qualification from 2003. However, the proportion that had

<sup>16</sup> Comparisons with 2001 are not possible, as the definitions of supervisory and other paid childcare staff had not been set at that point, and so qualification data is not available separately for these two groups of staff.

at least a Level 2 qualification remained at 47 per cent. The proportion of other childcare staff that had no relevant qualifications had decreased slightly by three percentage points. Other childcare staff working in the 30 per cent most deprived areas were more likely to have some kind of qualification than those in the 70 per cent least deprived areas (39 per cent and 47 per cent respectively).

One per cent of other paid childcare staff held a Level 6 or above qualification.

Table 7.4 Level of qualification held by other paid childcare staff					
	2005		2003		Change from 2003 to 2005
	%	No.	%	No.	
Level 1	4%	1600	1%	300	+3
Level 2	30%	11,850	23%	9,000	+7
Level 3	16%	6,300	23%	9,100	-7
Level 4/5	0%	0			
Level 6	0%	0	2%	600	-1
Level 7/8	1%	400			
Other	1%	400	1%	300	-/+0
Don't know	2%	800	5%	1,800	-3
No qualification	44%	17,350	47%	18,600	-3
<i>At least Level 2</i>	<b>47%</b>	<b>18,550</b>	47%	18,700	-/+0
<i>At least Level 3</i>	<b>17%</b>	<b>6,700</b>	24%	9,700	-7
<i>Base 2005: All other paid childcare staff (unweighted 2,202, weighted and grossed 39,450)</i>					
<i>Base 2003: All other paid childcare staff (unweighted 3,333, weighted and grossed 39,702)</i>					

### 7.3 Qualifications being worked towards

Among all paid childcare staff, 30 per cent were currently working towards some kind of qualification<sup>17</sup>. This is similar to the 2003 survey when 28 per cent were working towards a new qualification.

The most common qualification being worked towards amongst all paid childcare staff was Level 3, (16 per cent). This figure was similar to 2003 when the figure was 18 per cent.

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<sup>17</sup> Levels 1 to 8

The table below shows that the type of staff most likely to be working towards a qualification were other paid staff, as in 2003. This is unsurprising as they are the least likely to already hold a qualification. The qualification that other paid staff were most likely to be studying for was Level 3.

Senior managers who were studying for a qualification were more likely to be working towards a Level 4 or higher qualification than supervisory or other paid staff.

Table 7.5 Qualifications worked towards by type of childcare staff

	All staff		Senior Managers		Supervisory staff		Other paid staff	
	2005	2003	2005	2003	2005	2003	2005	2003
Level 1	*	*	0%	*	*	*	0%	*
Level 2	6%	6%	0%	2%	1%	2%	17%	13%
Level 3	16%	18%	4%	8%	8%	13%	33%	28%
Level 4 and 5	6%	4%	13%	9%	6%	4%	1%	2%
Level 6 and above	2%		7%		2%		1%	
Not studying for relevant qualification	67%	68%	73%	78%	80%	79%	45%	49%

*Base: All senior managers (Module B) (unweighted 600, weighted and grossed 6,041), All supervisory staff (Module B) (unweighted 1,653, weighted and grossed 16,633), All other paid staff (Module B) (unweighted 1,182, weighted and grossed 11,864)*

\* denotes less than 0.5%

#### 7.4 Incentives provided for staff working towards a childcare qualification

Almost nine in ten (87 per cent) providers with staff working towards a qualification allowed them time off to study. 76 per cent of providers paid at least some of the costs associated with training for a childcare qualification.

#### 7.5 Qualifications required of senior managers

Senior managers were asked if they were required to have any qualifications relevant to working with children or young people when they were appointed to their job. 86 per cent of senior managers were. This had increased from 81 per cent in 2001 and 83 per cent in 2003.

#### 7.6 NVQ Assessors

The 2005 survey asked whether the senior manager was an NVQ assessor. An NVQ assessor is responsible for assessing whether a candidate's work meets the required NVQ standards. In order to be an assessor they must hold the necessary qualifications and have experience of working in the sector.



This year's survey showed that 19% of senior managers were NVQ assessors – approximately 2,100 senior managers in total. This figure has decreased from 23% in the 2003 survey, when 2,300 senior managers were NVQ assessors.

Senior managers working for larger providers were more likely to be NVQ assessors, as was the case in 2003. 23 per cent were NVQ assessors in providers with 50 children or more enrolled compared with 14 per cent in smaller providers.



## 8 Recruitment and Retention

This chapter outlines the staffing issues for full day care providers. This is split into two sections:

- **Recruitment:** levels of recruitment, recruitment methods, current vacancies and difficulties in recruiting
- **Staff retention:** length of service, staff turnover and where leavers went

### 8.1 Levels of recruitment

The number of childcare staff that were recruited increased from 30,600 in 2003 (on average, 3 staff per provider) to 41,200 in 2005 (on average, 3.5 staff recruited per provider). This dramatic increase can largely be explained by the rising number of full day care establishments. However the number of staff being recruited has risen at a higher rate (35 per cent) than the number of establishments (19 per cent).

The overall recruitment rate was 37 per cent which is a six per cent increase compared with two years ago. The recruitment rate is calculated by dividing the total number of paid childcare staff by the total number currently employed plus those leaving their current employment minus those recruited.<sup>18</sup>

#### 8.1.1 Senior Managers

Over one in ten (14 per cent) of all senior managers had been recruited in the past 12 months; i.e. about 1,600 people. This is a higher proportion than in 2003 when 900 senior managers were recruited (nine per cent).

#### 8.1.2 Supervisory staff

Almost six in ten (59 per cent) full day care providers had recruited at least one supervisor in the last year. An average of 1.7 supervisors per setting were recruited, around 20,900 supervisors in total. This is a slightly higher proportion than in 2003 (55 per cent).

#### 8.1.3 Other paid childcare staff

Two-thirds (67 per cent) of the full day care providers had recruited at least one other paid childcare staff with an average of 1.9 being recruited per organisation. This shows a large increase compared with the 2003 results where just over half (51 per cent) of

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<sup>18</sup> Please note that the recruitment rate includes 'churn within the sector' as well as staff being recruited to the sector.

providers had hired any other paid childcare staff. A total of 18,700 other childcare staff were newly recruited.

## 8.2 Length of Service

The average length of service for all paid staff was four years and three months. The average length of service was higher for senior managers at six years and nine months, than supervisory staff at four years and seven months and other paid staff at two years and nine months.

## 8.3 Annual staff losses

About two-thirds (66 per cent) of all full day care providers had lost at least one member of staff in the past 12 months. This is similar to the proportion in 2003 (69 per cent). An average of 1.55 staff had left per setting. This equates to approximately 18,900 staff leaving compared to 17,700 in 2003. Overall, one third (33 per cent) of nurseries had lost no staff at all in the past 12 months. Smaller settings with less than 29 places were more likely to have lost no staff (47 per cent) as were providers in low density areas<sup>19</sup> (41 per cent).

	2005		2003		Change from 2003 to 2005
	%	No.	%	No.	
Any	66%	8,150	69%	6,800	-3
None	33%	4,100	28%	2,800	+5
1-2	46%	5,650	46%	4,600	+/-0
3-4	12%	1,500	14%	1,400	-2
5+	8%	1,000	8%	800	+/-0
Average number of staff leaving per setting	1.55		1.83		-0.28
Total number of staff leaving	18,900		17,700		+1,210
<i>Base 2005: All full day care providers (Module B) (unweighted 615, weighted and grossed 6,188)</i>					
<i>Base 2003: All full day care providers (unweighted 850, weighted and grossed 9,964)</i>					

<sup>19</sup> A definition of low and high density areas is provided in the Introduction.

#### **8.4 Destination of staff who left**

Of those staff who had left in the last 12 months, around half (47 per cent) had got other jobs within the childcare or early education sector (8,850 people).

A fifth (22 per cent) had got jobs outside the childcare and early education sector, (around 4,150 people) and one in ten (10 per cent) did not take up new employment (around 1,950 people).

Equivalent figures in 2003 were 50 per cent, 21 per cent and 11 per cent.

#### **8.5 Staff turnover**

Analysis of the total number of employees being recruited and the number leaving the sector enables an assessment of the turnover for the sector and the rate of employment growth.

The turnover rate for 2005 was 17 per cent a similar figure to 2003 (18 per cent).<sup>20</sup>

Overall employment growth was 20 per cent, an increase since 2003 (13 per cent).<sup>21</sup>

#### **8.6 Recruitment Methods**

The three most popular methods of recruiting staff were advertising in the local press, (83 per cent), word of mouth (71 per cent) and ad hoc applications sent to the provider (61 per cent). Generally speaking, the number of providers mentioning these methods of recruitment had increased since the previous survey.

The two most notable changes since the 2003 survey were that recruiting via the Internet had gone up from 3 per cent in 2003 to 35 per cent in 2005 and advertising in the national press had also become more popular (only two per cent mentioned this in 2003 compared to 33 per cent in this year's survey).

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<sup>20</sup> The turnover rate is calculated by dividing the total number leaving their employment by the total number currently employed, less the difference between those recruited and those leaving their current employment. It should be noted therefore that this turnover rate includes the 'churn within sector' as well as staff leaving the sector.

<sup>21</sup> The employment growth rate is calculated by dividing the net change in staff by the total currently employed less the difference between those recruited and those leaving their current employment. It should be noted therefore that this employment growth includes the 'churn within sector' as well as staff leaving the sector.

Table 8.2 Methods used to recruit staff

	2005		2003		Change from 2003 to 2005
	%	No.	%	No.	
Adverts in the local press	83%	10,300	78%	7,800	+5
Word of mouth	71%	8,800	53%	5,300	+18
Ad hoc CVs/applications sent to you	61%	7,500	47%	4,700	+14
Jobcentre/New Deal Scheme	60%	7,450	55%	5,500	+5
Colleges	52%	6,400	42%	4,100	+10
LEA/Loc authority/Council jobs bulletin	43%	5,350	27%	2,700	+16
Through parents of child catered for	35%	4,400	22%	2,200	+13
Internet	35%	4,350	3%	300	+32
National press	33%	4,050	2%	200	+31
Open days	24%	3,000	13%	1,300	+11
Recruitment fairs	16%	2,050	12%	1,200	+4
Other	10%	1,250	8%	800	+2

Base 2005: All full day care providers (Module B) (unweighted 615, weighted and grossed 6,188)

Base 2003: All full day care providers (unweighted 850, weighted and grossed 9,964)

Only answers mentioned by five per cent or more have been included in this table. Anything mentioned by less than five per cent has been moved into 'Other'.

## 8.7 Recruitment Difficulties

Almost half (48 per cent) of all full day care providers that had tried to hire staff within the past 12 months, said that they had a *fair amount* or a *great deal* of difficulty recruiting. A further 20 per cent said they had not experienced much difficulty and the remaining 31 per cent claimed that they had *not* experienced any difficulties in recruiting staff. Settings in the London area were slightly more likely to say that they were experiencing a great deal of difficulty in recruiting staff (27 per cent compared to 20 per cent overall).

Generally speaking, the data is similar to the 2003 survey. However, the proportion of providers saying that they experienced a great deal of difficulty in recruiting has fallen by ten percentage points so there is some indication that it has become easier to recruit since 2003.

**Table 8.3 Extent to which provider has experienced any difficulties in recruiting staff in the past 12 months**

	2005		2003		Change from 2003 to 2005
	%	No.	%	No.	
Not at all	31%	3,250	31%	2,700	+/-0
Not very much	20%	2,100	12%	1,000	+8
A fair amount	29%	3,050	27%	2,300	+2
A great deal	20%	2,100	30%	2,600	-10

*Base 2005: All full day care providers 2005 (Module B) who had tried to recruit within the past 12 months (unweighted 523; weighted and grossed 5312)*

*Base 2003: All full day care providers who had tried to recruit (unweighted NA, weighted and grossed 8,768)*

### 8.7.1 Types of staff that provider had difficulty recruiting

Full day care providers experienced difficulties with recruiting both supervisory staff (80 per cent) and other paid staff (34 per cent) and to a lesser extent supply staff (17 per cent). Hiring Senior Managers and SEN Support staff seemed to be less problematic, however as there are fewer of those types of staff overall the need for new recruits will occur less frequently.

**Table 8.4 Types of staff that provider have had difficulty in recruiting**

	2005	2003	Change from 2003 to 2005
Senior Manager	12%	2%	+10
Supervisory staff	80%	79%	+1
Other paid staff	34%	46%	-12
Supply staff	17%	-	-
SEN Support staff	9%	-	-

*Base 2005: All full day care providers (Module B) that had any difficulties in recruiting staff within the past 12 months (unweighted 254, weighted and grossed 2,570)*

*Base 2003: All full day care providers that had any difficulties in recruiting staff within the past 12 months (unweighted 419, weighted and grossed 4,918)*

### 8.7.2 Difficulties encountered

The most common difficulty encountered by full day care providers when attempting to recruit staff was *too few applicants with the right experience* (42 per cent). Other difficulties included *no qualified applicants* (35 per cent), *too few applicants* (28 per cent) and the *quality of staff* (15 per cent).

Compared to the 2003 survey there do not appear to be any changes over time with regard to the lack of applicants with the right experience. There was a slight decrease (six percentage points) in the proportion of providers saying that lack of qualified applicants is a problem. Given that the proportion of staff with at least a Level 2 qualification has increased overall in the past two years one would expect this to become less of a problem. The proportion of full day care settings saying that there are too few applicants for positions dropped from 47 per cent in 2003 to 28 per cent in 2005.

<b>Table 8.5 Difficulties encountered when attempting to recruit staff in the last 12 months</b>			
	<b>2005</b>	2003	<i>Change from 2003 to 2005</i>
Too few applicants with the right experience	<b>42%</b>	42%	+/-0
No qualified applicants	<b>35%</b>	41%	-6
Too few applicants	<b>28%</b>	47%	-19
Quality of staff	<b>15%</b>	-	-
Provider couldn't afford wages	<b>10%</b>	13%	-3
Candidates wanting different hours	<b>9%</b>	7%	+2%
Location	<b>5%</b>	-	-
Other answer	<b>8%</b>	16%	-8%

*Base 2005: All full day care providers that had any difficulties in recruiting staff within the past 12 months taking part in module B (unweighted 254, weighted and grossed 2,570)*

*Base 2003: All full day care providers that had any difficulties in recruiting staff within the past 12 months (unweighted 419, weighted and grossed 4,918)*

## **8.8 Current vacancies**

Overall, about one quarter (26 per cent) of all full day care providers were actively trying to recruit childcare staff. Providers in the East of England and London area were more likely to be looking for new staff, (33 per cent and 36 per cent respectively).

<b>Table 8.6 Number of vacancies provider are actively recruiting for by type of staff</b>	
	<b>2005 (No.)</b>
Senior managers	200
Supervisory staff	1,700
Other childcare staff	1,100

*Base: All full day care providers (Module B) who were actively trying to recruit (unweighted 156, weighted and grossed 1,582)*



## 8.9 Length of time it takes to fill vacancies

Respondents were asked to provide an estimate of how long it would take to fill any vacancy that they currently had. Only providers who actually had a vacancy for a particular type of staff were asked this question therefore the sample sizes are very small and the results must be interpreted with caution. Generally speaking the data indicates that around 65 per cent of all vacancies would be filled within two months and almost all of them would be filled within 6 months.

Table 8.7 Length of time provider thinks it will take to fill vacancies

Length of time	Senior Managers	Supervisory Staff	Other paid staff
0-2 months	63%	65%	66%
3-6 months	36%	27%	30%
More than 6 months	0%	4%	1%
Don't know	0%	4%	3%

*Base: All full day care providers (Module B) that have a vacancy for a senior manager (unweighted 17, weighted and grossed 175), All full day care providers (Module B) that have a vacancy for supervisory staff (unweighted 110, weighted and grossed 1,117) , All full day care providers (Module B) that have a vacancy for other paid childcare staff (unweighted 69, weighted and grossed 700)*

Providers who were not currently looking for staff were asked how long it took to fill vacancies on average. Almost eight in ten (79 per cent) estimated that it would take two months or less to fill a vacancy, 15 per cent said it would take between 3-6 months and only two per cent believed it would take longer than 6 months.



## **9 Income and Expenditure**

### **9.1 Introduction**

This chapter looks at the expenditure incurred by full day care providers, and their income. Expenditure and outgoings are broken down into various categories, which are addressed in turn. A summary chart (Chart 9.1) brings together all of these categories and shows total expenditure. Income is also broken down into a few categories.

This chapter also covers the profitability of full day care providers, and for loss-making providers investigates how sustainable these losses are. Finally, the senior manager's knowledge of tax credits is assessed.

### **9.2 Expenditure and outgoings**

#### **9.2.1 Costs of premises**

Around half (48 per cent) of the full day nurseries rented the premises that they used to provide the service. Two fifths (39 per cent) owned their premises, and a further eight per cent occupied them in some other way (four per cent used accommodation provided by some public organisation, two per cent occupied the premises rent free). Four per cent were unable to say whether they owned or rented the premises.

A large proportion of full day nurseries (44 per cent) were unable to say how much their premises cost. This was more likely to be the case among nurseries set up on a for-profit basis than those set up as charitable or not-for-profit organisations (51 per cent compared to 33 per cent).

Of those providing a figure, 32 per cent of full day nurseries did not pay any costs for the use of their premises. There was no difference by area as to likelihood of having cost-free premises. Nurseries set up on a not-for-profit basis that provided a cost were more likely to have free use of premises (39 per cent) than for-profit nurseries (24 per cent).

Overall, excluding those paying nothing for their premises, the average annual cost for premises was £11,800, and the median cost was £7,200. There are insufficient nurseries providing data on the amount paid on premises for any detailed regional analysis, but full day care providers in London appeared to have the highest average premises cost (on average £16,300 a year). Providers set up as for-profit organisations tended to pay more for their premises than not-for-profit organisations (an average cost of £13,700 compared to £9,000).

### **9.2.2 Insurance costs**

Two fifths (45 per cent) of day nurseries were unable to say how much they paid for insurance. Of those who could provide a figure, four per cent paid nothing.

The average amount spent by those who did pay for insurance was £2000 per year, while the median amount was £700. Insurance costs seemed higher for providers set up on a profit-making basis (£1,300 compared to £900 for those set up as charitable or non-profit making organisations).

### **9.2.3 Cost of toys, books and other items for children**

A quarter (28 per cent) of day nurseries could not say how much they spent on such items, and this was more common among providers set up as profit-making organisations (33 per cent did not know compared to 20 per cent).

Of those providing a cost, only one per cent said that they spent nothing on toys or books. Around two-fifths (38 per cent) of those providing a cost said that they paid less than £1,000 a year, but at the other extreme, a fifth (20 per cent) were paying over £4,000 a year. The average amount spent a year was £2,600 and the median amount spent was £1,900. There was little difference in the amount spent on toys and books by the level of deprivation of the area, and there was no difference between for-profit and charitable organisations. Generally, the amount spent on toys increased as the number of places provided increased. Providers with 50 or more places had an average annual spend on toys and books of £3,300.

### **9.2.4 Cost of business rates**

Half (50 per cent) of the full day nurseries did not know if they paid business rates or did not know how much. Of those providing a cost, around half (48 per cent) did not pay anything. This was more common among those set up on a non-profit making basis (75 per cent of those able to say did not pay business rates compared with 23 per cent of other organisations). A fifth (17 per cent) of full day nurseries giving a figure paid over £4,000 a year on business rates.

Of those paying business rates, the average annual amount paid was £4,200, and the median amount was £2,800. Not-for-profit organisations tended to pay less than organisations set up on a for-profit basis (an average of £2,200 compared with £4,800).

### **9.2.5 Cost of food**

A quarter (23 per cent) of full day nurseries were not able to say how much they spent on food.

Of those able to provide a cost, one in twenty (five per cent) said that they did not spend anything on food. Two-fifths (40 per cent) spent over £5,000 on food annually, while fifteen per cent spent less than £500. (Not surprisingly, providers open only during term time tended to spend less on food than those open during both term time and school holidays – 47 per cent of the former spent less than £500 a year on food compared with five per cent of the latter).

On average, full day nurseries that provided food paid £5,700 per year on food (£900 for those open only during term time and £7,100 for those open in term time and holidays). The median amount spent was £3,600.

Food costs tended to increase with the number of places. Average spend for providers with 50 or more places was £7,900. Nurseries with a more qualified workforce (where over half of the staff had a Level 3 qualification) tended to spend more on food than those with less qualified workforces (an average spend of £6,300 compared with £4,300).

#### **9.2.6 Cost of other consumables**

Providers were asked how much they spent on other consumables (such as nappies, stationery, paint etc). Thirty one per cent were unable to provide a figure. Of those who could provide a figure, three per cent said that they did not pay for any other consumables, and half (50 per cent) spent over £1,000 a year.

The average spend per year among those who did buy such consumables, and who provided a figure was £1,700. The median spend was £1,000. This tended to increase with the number of places, as would be expected. There was no significant difference by the level of deprivation of the area.

#### **9.2.7 Cost of professional fees**

Almost half (45 per cent) of full day nurseries were unable to provide a figure for how much they spent on professional fees (such as accountants or lawyers). Charitable and other non-profit making organisations were more likely to be able to provide a figure than nurseries set up on a profit making basis (33 percent of not-for-profit organisations could not provide a figure compared to 51 per cent of other nurseries).

Of those providing a figure, a third (35 per cent) paid nothing and a further third (34 per cent) paid over £1,000 a year. The rest (32 per cent) paid between £1 and £999 per year.

Nurseries set up to make a profit were more likely to pay professional fees than charitable organisations (only 21 per cent of those providing a figure spent nothing on professional fees compared to 49 per cent of not-for-profit organisations). (This may partly explain the fact that the not-for-profit organisations seem generally more able to

provide financial information: they are less likely to be using professionals such as accountants, and so it may be more likely that the senior manager will have a better knowledge of the detailed figures).

Among those paying professional fees (for example to accountants or lawyers), the average annual cost was £1,800 and the median annual cost was £1,100. There was little difference between charitable/non-profit making organisations and other organisations that were actually paying these costs.

### **9.2.8 Cost of transport**

A fifth (22 per cent) of nurseries were unable to provide a figure for the amount spent on transport. Of those providing a figure most (69 per cent) did not pay anything for transport. Average spend for those that did have transport costs was £1,800 per year and the median cost was £1,000.

### **9.2.9 Other costs**

Eleven per cent of nurseries could not provide a figure for what they spent on other costs. Of those providing a figure, 66 per cent of providers did not pay for any other costs, while 11 per cent spent £5,000 or more. Of those who did have other costs, the mean annual spend was £13,200. The median spend was much lower than this at £3,000. (The average is much higher than the median, as a few providers appear to have included very high costs. It is possible that some providers have included staff wages costs under this heading).

The sorts of costs included as “other costs” are (in order of proportion mentioning them) maintenance (e.g. repairs, cleaning, decorating); utilities (e.g. heating, gas, lighting, phone bills); costs associated with staff (e.g. recruitment, expenses, uniforms); training; registration fees (covering Ofsted costs); advertising and general publicity; general administration (e.g. photocopying); finance costs (e.g. bank charges, tax, loans, subscriptions etc); trips and outings for the children.

### **9.2.10 Staff costs**

Staff numbers and their average levels of pay were covered in Chapter Five. This information can be used to produce a rough estimate of the average amount that a full day care provider will need to spend on staff costs.

On average, a full day nursery will pay £115,900 per year in salaries<sup>22</sup>. On top of this, the provider will have to pay Employer's National Insurance, which amounts to 11 per

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<sup>22</sup> This is based on average hourly pay and weekly hours as discussed in Chapter 5. On average, a setting will employ 0.98 senior managers; 7 supervisory staff and 3.35 other paid

cent of the gross salaries – which will be an extra £12,750. Thus, salary costs (without any additional benefits that might be provided) are, on average, £128,650 per year.

### 9.2.11 All expenditure

Table 9.1 Annual expenditure for full day care providers				
	Base	% paying nothing	Av. Amount (exc. zeros)	Median Amount (exc. zeros)
Cost of premises	312	32%	£11,800	£7,200
Insurance	308	4%	£2,000	£700
Toys, books etc	402	1%	£2,600	£1,900
Business rates	279	48%	£4,200	£2,800
Food	429	5%	£5,700	£3,600
Other consumables	384	3%	£1,700	£1,000
Professional fees	306	35%	£1,800	£1,100
Transport	431	69%	£1,800	£1,000
Other costs	498	66%	£13,200	£3,000
Staff	1,171	-	£128,650	
<b>TOTAL AVERAGE (inc. zeros)</b>			<b>£156,600</b>	

*Base: All full day care providers (Module A) (unweighted 556, weighted and grossed 5,623)*

## 9.3 Income

### 9.3.1 Income from fees

Most of the full day nurseries (72 per cent) charge parents on a per half day or session basis. Half (52 per cent) charge per day, one in three (35 per cent) charge per week, and 22 per cent charge per hour. A small proportion (nine per cent) charge on a monthly basis.

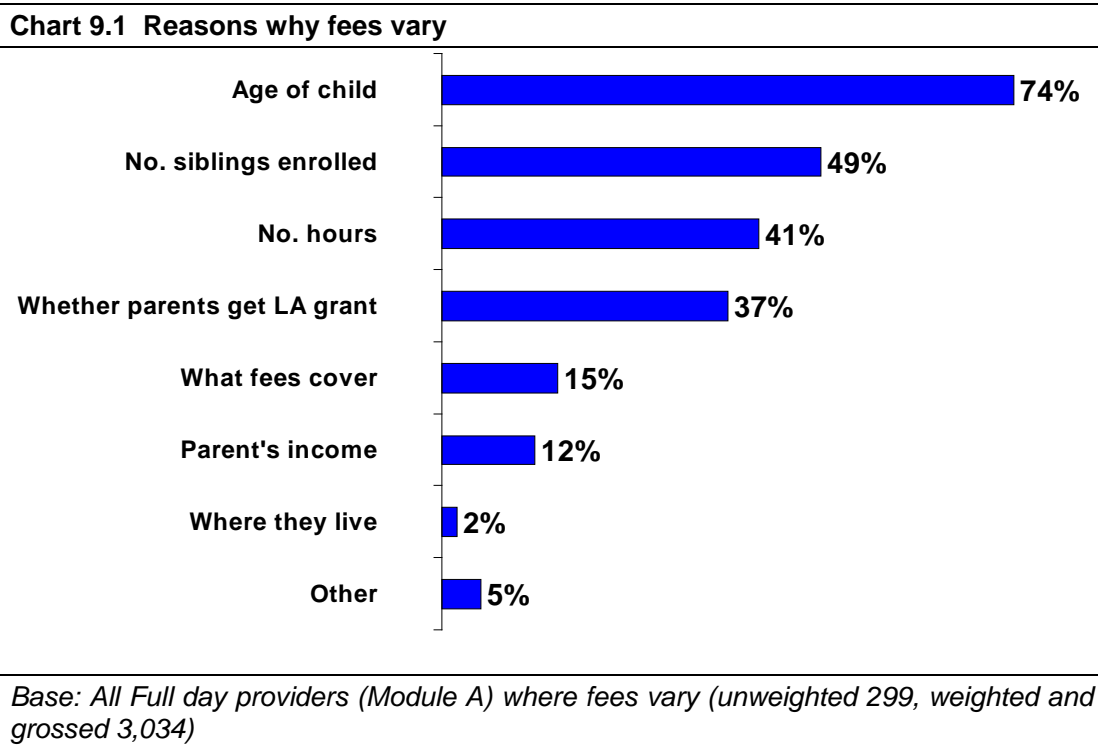
In half (54 per cent) of the day nurseries, the fees can vary from child to child. This is more common in nurseries set up on a for-profit basis (61 per cent have variable fees compared to 45 per cent of not-for-profit nurseries).

For the 54 per cent of full day nurseries where the fees do vary, the most common reasons for variation are the age of the child, the number of siblings enrolled, and

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staff. 21 per cent of settings are only open in term time (39 weeks per year) and 78 per cent are open all year (52 weeks).

number of hours per week the child does or whether the parents get the Local Authority grant.



Most day nurseries (78 per cent) are open in both term time and the school holidays. Only a minority of these (17 per cent) said that their fees varied between term time and the holidays. Most (81 per cent) kept the same fee structure across the whole year.

Two-fifths (43 per cent) of full day nurseries were unable to or refused to provide a figure for their income from fees in a given period (providers were able to give information on any period of time that they wanted). As was the case with the cost data, nurseries set up on a for-profit basis were less likely to be able to provide this information than those set up as not-for-profit organisations (36 per cent of not-for-profit providers former were unable to provide a figure compared to 47 per cent of the profit making ones).

Of those providing a figure, two per cent of the full day nurseries (120 in total) said that they did not receive any income from fees.

Of those receiving some income from fees, the average amount per year was £117,400 and the median amount was £78,000. This varied by a number of factors. Full day nurseries that were set up as profit making organisations made more money from fees than non-profit making organisations (an average of £155,300 per year compared to £70,500). Fee income increased with the number of children enrolled, and was higher



for those nurseries open during the holidays and term times than for those just open during term time.

	Total	Not-for-profit	Profit making
Unweighted base	<b>556</b>	227	311
	%	%	%
No income	<b>2</b>	3	2
£1-£5,000	<b>6</b>	9	3
£5,001-10,000	<b>4</b>	8	2
£10,001-20,000	<b>5</b>	9	2
£20,001-30,000	<b>3</b>	4	3
£30,001-40,000	<b>2</b>	4	1
£40,001-50,000	<b>2</b>	3	2
£50,001+	<b>32</b>	24	38
<b>MEAN INCOME (exc. zeros)</b>	<b>£117,400</b>	<b>£70,500</b>	<b>£155,300</b>
<b>MEDIAN INCOME</b>	<b>£78,000</b>	<b>£31,500</b>	<b>£108,000</b>
(Don't know)	<b>(43%)</b>	(36%)	(48%)

*Base: All full day care providers (Module A) (unweighted 556, weighted and grossed 5,623), Not-for-profit (unweighted 227, weighted and grossed 2,297), Profit making (unweighted 311, weighted and grossed 3,140)*

Most of the full day nurseries (82 per cent) had raised their fees in the last two years (67 per cent had done so in the last year). Providers in the least deprived 70 per cent areas were more likely to have raised fees in the last two years than those in the 30% most deprived areas (85 per cent compared to 78 per cent). Larger providers were also more likely to have raised fees in the last two years (86 per cent of those with 40 or more places compared to 76 per cent of those with fewer places).

### 9.3.2 Income from Local Authority

A third (36 per cent) of full day nurseries could not say how much money they received from their Local Authority. Among those able to provide a figure, there was quite a range of answers. A fifth (18 per cent) of day nurseries said that they did not receive any funding, 28 per cent got less than £5,000 and 16 per cent received over £30,000 a year. On average, full day nurseries that received funding got £25,900 per year. Day nurseries in the 30 per cent most deprived areas received more from Local Authorities, on average, than those in less deprived areas (means of £35,900 and £20,550 respectively). The average amount received increased with the size of the provider.

### 9.3.3 Income from other sources

Around half (51 per cent) of full day nurseries said that they had no other sources of income apart from the fees and local authority income already mentioned. Two fifths (39 per cent) raised additional income through fundraising. Fourteen per cent received money via Sure Start (and this was, as expected, much more common in the 30% most deprived areas which are more likely to be covered by Sure Start). Nine per cent mentioned Neighbourhood Nursery Initiative (NNI) as another source of income.

Non-profit making organisations were far more likely to engage in fundraising than profit making ones, and so were more likely to have another source of income (66 per cent undertook fundraising compared to 21 per cent of for-profit full day nurseries; 65 per cent of for-profit nurseries had no other sources of income, compared to only 19 per cent of non-profit making nurseries).

Seventeen per cent of full day care providers were unable to say how much they received from other sources. Among those giving an amount, the average amount received from other sources by full day nurseries was £6,900 a year, and the median amount was £1,200. Full day nurseries in the 30% most deprived areas had higher levels of income from other sources than those in less deprived areas (which may be due to Sure Start).

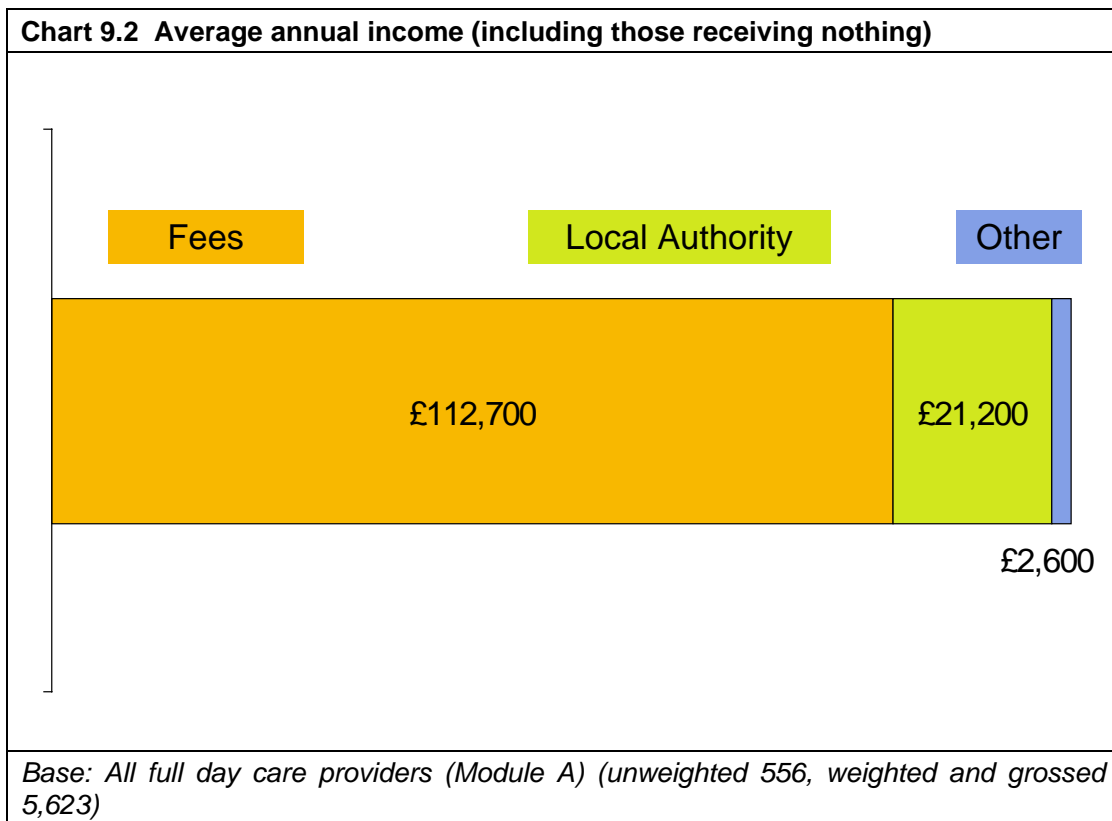
Table 9.3 Income from other sources per year

	<b>Total</b>	30% most deprived areas	70% least deprived areas
Unweighted base	<b>556</b>	195	361
	<b>%</b>	%	%
No income	<b>51</b>	46	54
£1-500	<b>12</b>	12	12
£501-£1,000	<b>4</b>	2	5
£1,001 - £5,000	<b>10</b>	8	12
£5,001+	<b>6</b>	10	4
Don't know	<b>17</b>	24	13
<b>MEAN INCOME (exc. 0s)</b>	<b>£6,900</b>	<b>£11,650</b>	<b>£4,500</b>
<b>MEDIAN INCOME (exc. 0s)</b>	<b>£1,200</b>	<b>£1,500</b>	<b>£1,000</b>

*Base: All full day care providers (Module A) (unweighted 556, weighted and grossed 5,623), 30% most deprived areas (weighted 195, unweighted and grossed 2,010), 70% least deprived areas (weighted 361, unweighted and grossed 3,614)*

### 9.3.4 Total income

The chart below shows average income from each source (including providers who had no income from a source) and the total average income. As the chart illustrates, for full day care providers, the largest source of income was fees, which dwarfed other sources of funding.



### 9.4 Profitability of full day nurseries

Most (56 per cent) of the full day nurseries are set up as for-profit organisations, which grosses up to 4,600 for-profit full day nurseries. Two-fifths (41 per cent) are set up on a not-for-profit basis, and three per cent were not sure. Full day nurseries in the 30 per cent most deprived areas were more likely to be operating on a not-for-profit basis than those in the less deprived areas (52 per cent compared with 35 per cent).

Not-for-profit organisations were asked about whether they made any surpluses or reserves in the last financial year, while the profit-making organisations were asked specifically about profits or losses.

Overall, a quarter (27 per cent) of full day nurseries reported they had made a profit (profit-making organisations) or a surplus (non-profit making organisations/charities), 31 per cent were covering their costs and 21 per cent said that they had made a loss. A fifth (21 per cent) were unable to say.

There was little change in the business performance of day nurseries between 2001 and 2003, but in the last two years, there has been a definite increase in the proportion making a loss (from 12 per cent in 2003 to 21 per cent in 2005), and a decrease in those making a profit (from 43 per cent in 2003 to 27 per cent in 2005).

Those based in the 30 per cent most deprived areas were slightly less likely to be making a profit or surplus, and more likely just to be covering costs. There was no difference in the proportions actually making a loss. Larger providers, with more places also seemed slightly more likely to be making a surplus or profit (30 per cent of providers with 50 more places made a profit or surplus compared to 23 per cent of providers offering fewer than 50 places). This was also the case in 2003.

Providers set up as profit making organisations were less likely to be able to say if they were making a profit or loss (27 per cent could not answer compared to 13 per cent of not-for-profit nurseries). Among those answering the question, nurseries set up on a for-profit basis were more likely to have made a profit (40 per cent compared to 26 per cent) and less likely to have just covered costs (33 per cent compared to 48 per cent). However, similar proportions of both types of provider had made losses in their most recent financial year.

Table 9.4 Financial state of providers

	Total 2005		Total 2003		Change 2005/2003	Total 2001	30% most deprived areas
Unweighted base	556		850			850	195
	%	No.	%	No.		%	%
Made surplus or profit	27	3,000	43	4,300	-16	44	22
Covered costs	31	3,500	27	2,700	+4	31	34
Operated at a loss	21	2,400	12	1,200	+9	10	22
Don't know	21	2,400	18	1,800	+3	15	23

*Base 2005: All full day care providers (Module A) (unweighted 556, weighted and grossed 5,623), 30% most deprived areas (weighted 195, unweighted and grossed 2,010)*  
*Base 2003: All full day care providers (unweighted 850, weighted and grossed 9,964)*  
*Base 2001: All full day care providers (unweighted 850, weighted and grossed 7,800)*

Those providers making a surplus or profit were asked how much they had made in the last financial year. Two fifths (42 per cent) were unable to provide this figure. The

average profit made by those providing a figure was £12,600. Among those providing a figure, there was some variation. Forty-three per cent had made £4,000 or less, while 23 per cent had made more than £16,000. Not-for-profit organisations that had made a surplus had made less, on average, than for-profit organisations that had made a profit (£6,850 compared to £19,750).

#### **9.4.1 Providers operating at a loss**

In total, 2,400 full day nurseries operated at a loss in the most recent financial year for which they had information. Half (54 per cent) of these said that this loss was due to one-off circumstances and was unlikely to be repeated in future years. However, in total, 600 full day nurseries said that they had been operating at a loss for more than a year.

Those operating at a loss that was not due to a one-off circumstance were asked what they were doing to try to reduce losses. Most (68 per cent) were trying to take on more children and 57 per cent had raised fees for children. Half (47 per cent) were increasing their fund raising efforts, and a fifth (18 per cent) had cut the number of staff employed.

A small proportion of providers (three per cent – equating to 300 nurseries) felt that they could not keep operating at a loss for more than another 12 months before having to close.

### **9.5 Tax credits and childcare vouchers**

#### **9.5.1 Awareness of tax credit issues**

In April 2005, there was an increase in the amount of childcare that could be claimed as part of the childcare element of the Working Tax Credit to £175 per week for one child. Half of the respondents (51 per cent) were aware of this increase, although 49 per cent were unaware of this change. Awareness did not seem to vary greatly by area or type of provider. Those that were aware of the change were asked if the change had led them to make any changes to the fees. Of those aware of the changes, only one in twenty (five per cent) said that it had affected their fees (90 per cent said it had had no impact, and five per cent were not sure). Four per cent of those aware of the changes had increased their fees and one per cent had decreased their fees.

Providers were asked whether they were aware of a further change, due to take place in April 2006, whereby the amount that can be claimed will rise from 70% to 80% of the limit. One quarter of respondents (26 per cent) said that they were aware of this, but most (74 per cent) were unaware of this change.

## 9.5.2 Fees paid by parent's employers

Over half (56 per cent) of the full day nurseries received fees for children from the parent's employer (for example, via childcare vouchers or direct payment). This was more common for nurseries set up on a for-profit basis (66 per cent had children whose fees were paid by the parent's employers compared to 40 per cent of not-for-profit nurseries). It was also, not surprisingly, more common in the larger providers (68 per cent of nurseries with 50 places or more had at least one child who was paid for by their parent's employer). On average, in providers with children paid for by parental employers, seven children were paid for in this way. This obviously increased with size of the provider (in nurseries with 50 or more places, an average of nine children were paid for by parental employers).

Providers receiving fees from the parent's employer were asked how much they received in this way for a typical week in term time. Most (56 per cent) did not know, but for those providing a figure, the average amount was £570 per week (although many (31 per cent of those providing a figure) said that they received less than £100 a week. Grossing this weekly figure up to an annual figure (assuming that the amount is the same for term time and holidays<sup>23</sup>) gives an average of £28,000. Thus, on average, providers receive 24 per cent of their fee income from the employers' of parents (based on a total average fee income of £117,400)<sup>24</sup>.

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<sup>23</sup> In grossing, we have assumed that the 21 per cent of providers only open during term time receive this for 39 weeks a year, while the rest receive it for 52 weeks a year.

<sup>24</sup> Very few full day care providers are run by employers (12 of those interviewed), so it is not possible to look at these organisations in more detail.

## 10 Technical appendix

### 10.1 Design

The research was divided into two surveys, with a group provider questionnaire (i.e. sessional care, full day care and out of school care providers) and an individual setting questionnaire (i.e. childminders). While they were a similar format with similar questions, because childminders largely operate individually it was felt they required a separate questionnaire that was more tailored to their setting.

The questionnaires were developed by the research team at BMRB Social Research in consultation with representatives from the Department for Education and Skills (DfES). The surveys were largely based on previous surveys, with new questions relating to costs, and some extra questions on recruitment and retention added in. As part of the questionnaire development stage BMRB researchers carried out cognitive interviews with representatives from the four provider types, to test the new costs questions. The findings from these interviews helped shape the questionnaire format and question wording.

In order to reduce the time it took to complete the interview, it was decided the questionnaires would be divided into two sections. The first section would include core questions to be asked of all respondents and the second section would consist of one of two modules (module A or B). Module A asked questions on costs and income and module B asked questions on training and recruitment. Respondents were randomly split into two equal groups and assigned to module A or B, prior to the interview taking place. (The sample was stratified by region before this allocation took place to ensure that within each region equal numbers were asked module A or B).

Draft questionnaires were produced and tested in a pilot exercise.

#### 10.1.1 Pilot

The group provider setting questionnaire was piloted on 14<sup>th</sup> June 2005. The childminder questionnaire was piloted on 5<sup>th</sup> and 6<sup>th</sup> July 2005. Computer assisted telephone interviews (CATI) were carried out by The Operations Centre<sup>25</sup> (TOC) telephone interviewers in Ealing.

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<sup>25</sup> BMRB is part of the Kantar Group, the information and consultancy arm of WPP, BMRB's parent company. In addition to BMRB, other market research agencies in the Kantar Group include Research International and Millward Brown, as well as a number of smaller, specialist organisations. In April 2004 the support services of the Kantar companies were grouped to form a shared resource called The Operations Centre. The majority of BMRB's existing operational services, including field management, sampling and data processing continue to be based at BMRB's Head Office in Ealing but, while still wholly owned by WPP, the new operations centre is now a separate legal entity from BMRB. The Operations

Following the pilot exercises a number of relatively minor changes were made, in order to shorten and simplify both questionnaires.

## **10.2 Sample design**

The sample for the survey was obtained from Ofsted, who hold a register of all early years and childcare providers. Target sample sizes of 1,125 were set for all four setting types, and the issued sample size was based on ineligibility rates and response rates from the 2003 survey. Some reserve sample was also drawn for contingency.

Ofsted provided a stratified random sample for the four provider types who were active as at 13<sup>th</sup> June 2005 – sessional care, full day care, out of school care and childminders, using a sample specification produced by BMRB. The sample was stratified by Ofsted region, then 1 in n providers were selected to give: 2235 sessional providers, 2192 full day care providers, 2909 out of school providers and 2491 childminders.

### **10.2.1 Sessional**

The sample provided by Ofsted was stratified by region and 1 in n providers were selected, with a random starting point, to draw a sample of 1925 sessional care providers. This sample was then randomly divided into two equal groups and assigned to module A or B.

### **10.2.2 Full day care**

The sample provided by Ofsted was stratified by region and 1 in n providers were selected, with a random starting point, to draw a sample of 1925 full day care providers. This sample was then randomly divided into two equal groups and assigned to module A or B.

### **10.2.3 Out of school care**

The sample provided by Ofsted was stratified by region and 1 in n providers were selected, with a random starting point, to draw a sample of 2550 out of school providers. This sample was then randomly divided into two equal groups and assigned to module A or B. There was no information available in advance as to whether these providers offered before or after school care or holiday care, or all of these. For the 2005 survey, providers were asked about their after school care, if they offered this. If they did not offer after school care, but did offer holiday care, then they were asked about holiday care. (Three providers did not offer after school care or holiday care and

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Centre continue to work to existing quality standards and BMRB continue to take responsibility for the quality of the work undertaken by their support services.



so were asked about before school care; a further three provided none of these, and so were asked about weekend care). This approach means that the after school sample is representative of all after school providers, but the holiday club sample is not representative of all holiday clubs.

Due to higher than expected non-contact and illegibility rates, another 271 providers were added to the sample.

A small number of duplicates were found across the different sample types (as providers can offer more than one type of childcare). As the numbers were small, duplicate providers were randomly allocated to one of the relevant sample types (and asked specifically about this type of care) and removed from the other samples.

#### **10.2.4 Childminders**

The sample provided by Ofsted was stratified by region and 1 in n providers were selected, with a random starting point, to draw a sample of 2040 childminders. Home childcarers were excluded from the sample. This sample was then randomly divided into two equal groups and assigned to module A or B.

Due to a higher than expected proportion of ineligible respondents, another 295 childminders was added to the sample.

### **10.3 Main survey**

The survey was conducted using BMRB's Computer Assisted Telephone Interviewing (CATI), between 28<sup>th</sup> June 2005 and 2<sup>nd</sup> September 2005 for the group providers questionnaire and 18<sup>th</sup> July 2005 and 30<sup>th</sup> August 2005 for the individual setting questionnaire. Originally the group providers survey was due to finish earlier; however because of problems in contacting a number of providers, fieldwork was extended in order to boost the number of interviews achieved. The extension was successful and helped increase the response rate to a more acceptable level. Interviews were carried out by The Operation Centre's (TOC) fully trained telephone interviewers.

The senior manager<sup>26</sup> of each childcare provision and every childminder included in the issued sample were sent an advance letter informing them that BMRB would be contacting them and explaining what the research would cover. In addition to the letter, they were sent a datasheet<sup>27</sup> and a qualification list, which they were asked to complete prior to the interview. Different datasheets were sent depending on which module (costs or training) the provider had been randomly allocated to. If when the interviewer

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<sup>26</sup> Letters were addressed to the 'Senior manager' as their name was not included in the sample provided by Ofsted.

<sup>27</sup> The datasheet included a number of detailed questions from the questionnaire that the respondent would need to look up in advance.

spoke to the respondent they said they had not received the advance documents, contact details were taken and duplicate documents were issued by post, fax or email. The interviewer then agreed a convenient time to call the respondent back.

In total 4349 interviews were carried out with childcare and early years providers in England – 1007 with sessional providers, 1171 with full day care providers, 1042<sup>28</sup> with out of school providers and 1132 with childminders. The average interview length was just under 20 minutes for the group provider interviews and just under 12 minutes for the childminder interviews.

#### 10.4 Response rates

	Sessional care	Full day care	Out of school	Childminder	Overall
Issued sample	1925	1924	2801	2335	8985
Ineligible*	63	89	422	425	999
Eligible sample	1862	1835	2379	1910	7986
Bad number	186	87	266	185	724
Contactable sample	1676	1748	2113	1725	7262
Refusals	142	219	252	229	842
Non contact	527	358	819	364	2068
Achieved	1007	1171	1042	1132	4352
Response rate (on eligible sample)	54%	64%	44%	59%	54%
Response rate (on contactable sample)	60%	67%	49%	66%	60%

\* Ineligible includes providers which have closed down; providers who said that they don't provide the relevant type of childcare and duplicates that were removed prior to issue.

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<sup>28</sup> Although 1042 out of school providers were interviewed, due to an error on the questionnaire three of these followed erroneous routing and so have been excluded from the tables and reporting.

## 10.5 Weighting and grossing

The only information held for the population of all providers was the regional breakdown. The regional breakdown for the achieved sample was, in all cases, fairly close to the population breakdown, but we decided that it would still be worth applying weights to ensure that the sample matched the population.

The table below shows the achieved and population breakdowns (March 2005) by region. Weights were applied to ensure that the sample matched the population.

Region	Sessional		Full day care		Out of school	
	Survey %	Popn %	Survey %	Popn %	Survey %	Popn %
East Midlands	10.13	9.62	7.17	7.50	6.83	7.37
East of England	15.99	15.38	9.05	9.17	10.11	9.47
London	10.03	10.58	13.07	15.00	12.90	14.74
NE & Yorkshire & Humberside	10.53	10.58	14.35	13.33	13.76	12.63
North West	10.53	10.58	13.49	13.33	19.25	17.89
South East	21.45	21.15	17.59	17.50	13.57	14.74
South West	13.21	13.46	12.72	11.67	11.07	10.53
West Midlands	8.14	8.65	12.55	12.50	12.51	12.63

Region	Childminders	
	Survey %	Popn %
East Midlands	9.45	11.97
East of England	13.69	8.26
London	13.87	16.24
NE & Yorkshire & Humberside	14.31	14.39
North West	10.95	11.68
South East	18.37	19.09
South West	10.07	9.26
West Midlands	9.28	9.12

For the tables and reports, the weighted data was grossed up to the total number of active providers in England. The estimate of the number of active providers was achieved by taking the total number of providers of each type on the Ofsted database (as at March 2005), and taking away the proportion that the survey had found to be ineligible (no longer in business, no longer providing that type of childcare). The proportion that were ineligible varied between the different provider types.

The table below shows how the grossing was carried out.

	<b>On Ofsted database (March 2005)</b>	<b>Ineligible (%)</b>	<b>Total active providers</b>
<b>Sessional</b>	10200	2.29	9966
<b>Full day care</b>	12100	2.39	11811
<b>Out of school</b>	9700	11.25	8609
<b>Childminders</b>	70200	17.86	57662

	<b>Survey</b>	<b>Total</b>	<b>Multiplier</b>
<b>Sessional</b>	1007	9966	9.8971
<b>Full day care</b>	1171	11811	10.0861
<b>Out of school</b>	1039	8609	8.2856
<b>Childminders</b>	1132	57662	50.9384

## 10.6 Actual and effective sample sizes

The weighting process has an impact on the effective sample sizes of the four providers. As the weights applied were small, the impact of weighting is limited. The actual and effective sample sizes are shown in the table below.

	<b>Achieved sample</b>	<b>Effective sample</b>
Sessional	1,007	1,006
Full day care	1,171	1,166
Out of school	1,039	1,032
Childminders	1,132	1,121

## 10.7 Data analysis

### Calculating annual costs and fees

In order to make it as easy as possible to collect cost and income data, providers were able to provide a cost for the following time periods:

A week  
a month  
a four week period  
a quarter  
a year

In order to produce annual estimates, some assumptions had to be made.

For the following costs and income, we assumed that they would be paid across the whole year, and thus multiplied up to a full 52 week year:

- Rent
- Insurance (most provided an annual cost)
- Toys, books and other items for children
- Business rates
- Professional fees
- Transport
- Other costs
- Income from local authority/central government

However, for consumables (food and other consumables) and fees, the costs or income would only be relevant when the provider was open. There was no question asking how many weeks a year the provider was open (which will be added to the 2006 survey), but providers were asked if they were open during term time, the school holidays or both. For full day and sessional providers those open during both, we multiplied costs/fees up to a full 52 week year. For those only open in term time, we multiplied up to a 39 week year, and for those open just in the holidays, we multiplied up to a 12 week year.

As out of school providers are very varied as to how many weeks a year they open, we instead calculated weekly costs/fees based on 13 week years for holiday clubs and 39 week years for out of school clubs.

### **10.7.1 Pay data**

When asking about hourly pay, if a respondent refused, they were asked to give a banded answer. The data in the reports combines the banded data with the non-

banded data (by using the midpoint of bands). The level of refusal was low, so this made very little difference to overall estimates.

## **10.8 Edits**

When collecting information on costs and income, and asking respondents to provide numbers that are keyed in by the interviewer, it is possible for miskeying to occur. On inspection, a small number of answers seemed either much too large or much too small. Therefore, we decided to implement rules whereby certain outliers would be removed from the data. Only very small numbers of answers were removed.

## **10.9 Survey materials**

The questionnaire and advance letter are included in the overview report.

## 10.10 Changes to the National Qualification Framework since 2003

The three regulatory authorities (QCA, ACCAC and CCEA) revised the NQF as part of a review of regulatory arrangements. The revised criteria and NQF came into effect on 1 September 2004.

The main change is that the NQF now comprises nine levels (Entry Level to Level 8) rather than six. While Entry Level and Levels 1 to 3 have not changed, Levels 4 and 5 have been divided into more precise levels - Levels 4 to 8.

The recent changes to the NQF do not alter the number of qualifications available, but rather increases the number of levels against which qualifications are accredited.

The table below illustrates these changes.

Previous levels (Examples)	Current levels (Examples)
<b>Level 5</b> Level 5 NVQ in Construction Level 5 Diploma in Translation	<b>Level 8</b> Specialist awards
	<b>Level 7</b> Level 7 Diploma in Translation
<b>Level 4</b> Level 4 National Diploma in Professional Production Skills Level 4 BTEC Higher National Diploma in 3D Design Level 4 Certificate in Early Years Practice	<b>Level 6</b> Qualified Teacher Status
	<b>Level 5</b> Level 5 Early Years Foundation Degree
	<b>Level 4</b> Level 4 Certificate in Early Years Practice
<b>Level 3</b> Level 3 Certificate in Small Animal Care; Level 3 NVQ in Aeronautical Engineering A levels	
<b>Level 2</b> Level 2 Diploma for Beauty Specialists; Level 2 NVQ in Agricultural Crop Production GCSEs Grades A* -C	
<b>Level 1</b> Level 1 Certificate in Motor Vehicle Studies; Level 1 NVQ in Bakery GCSEs Grades D-G	
<b>Entry Level</b> Entry Level Certificate in Adult Literacy	

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