Pulse survey of childcare and early years providers

Research report

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Introduction

Since the summer of 2020 the Department for Education (DfE) has conducted a series of "Pulse" Surveys designed to capture evidence about the childcare and early years sector. This report outlines findings from the fifth wave of the research, which was carried out in November 2022 and focused on cost of living increases and on the early years workforce. It also looked at childminders' awareness of, and views on, childminder agencies (CMAs) and working on non-domestic premises (NDPs).[1]

Background

During 2022, cost of living increases saw inflation rise above 10% and interest rates to 3.5%.[2] This saw childcare providers' costs increase and made investment and borrowing more expensive. At the same time, many parts of the labour force were experiencing difficulties recruiting and retaining staff.

This Survey asked about the impact that these challenges were having on childcare and early years providers and what they were doing in response to them.

The Survey

The Survey consisted of a 10-15 minute web survey asked of a sample of group-based providers (GBPs), school-based providers (SBPs), and childminders (CMs) in England, in November 2022. All had participated in the Survey of Childcare and Early Years Providers (SCEYP) fielded in spring/summer 2022 and had agreed to be recontacted for future research.

The research aimed to:

- Assess the impact on early years providers of cost of living increases.
- Understand the challenges faced by early years providers in recruiting and retaining staff – for instance, the number of vacancies that they had and the number of applications that they received for these vacancies.
- Explore childminders' awareness of, and views on, childminder agencies (CMAs) and working on non-domestic premises (NDPs).

[1] CMAs are organisations that can register and quality assure childminders and providers of 'childcare on domestic premises', as an alternative to registering with Ofsted, while non-domestic premises (NDPs) provide childminders with an alternative to operating from their own home.
[2] CPIH ANNUAL RATE 00: ALL ITEMS 2015=100 - Office for National Statistics (ons.gov.uk)

Data and reporting conventions

The Survey was sampled from participants in the 2022 Survey of Childcare and Early Years Providers (SCEYP) who agreed to be recontacted for future research. 8,173 providers were invited, of whom 1,857 took part.

- 1,664 SBPs were invited, of whom 146 took part (9%)
- 4,317 GBPs were invited, of whom 937 took part (22%)
- 2,192 CMs were invited, of whom 774 took part (35%)

The data has been weighted to provide a stand-alone snapshot that is representative of all providers in England as well as Childminders (CM), Schools-based providers (SBPs) and Group-based providers (GBPs) separately. Some questions were only asked of certain provider types. For example, SBPs were not asked about their energy bills due to perceived difficulties in separating these costs from those for other parts of their school, whereas GBPs and CMs were asked these questions.

Where appropriate, comparisons are made with previous waves of the Pulse Survey and SCEYP. The reader is advised to interpret these with caution, due to contextual differences in survey timings and questionnaire design. Relevant differences are made clear throughout.

Differences by region and deprivation status are reported within provider type. Due to sample sizes, this was only possible to report for GBPs and CMs. Deprivation status quintiles are defined by a provider’s ranking on the Income Deprivation Affecting Children Index (IDACI), which is derived from postcode.

Figures based on less than 30 responses should be treated with caution and have been flagged throughout.

Some figures may not sum to the total due to rounding.

GBPs who are part of a chain were asked to answer about provision run by their own branch.

Report outline

- Chapter 1 – Executive summary
- Chapter 2 – Impact of cost of living increases
- Chapter 3 – The childcare workforce
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1. Executive Summary

Since the summer of 2020 the Department for Education (DfE) has conducted a series of "Pulse" Surveys designed to capture evidence about the childcare and early years sector. This report outlines findings from the fifth wave of the research, carried out in November 2022, which focused on cost of living increases and on the early years workforce. It also looked at childminders' awareness of, and views on, childminder agencies (CMAs) and working on non-domestic premises (NDPs).[2]

Impact of Cost of Living increases

Closures

In most cases, cost of living increases do not appear to have impacted provider plans to remain open (just 2% said that they planned to close in the next 6 months) Nevertheless, 10% said that it was "likely" that they would have to close. This was of greatest concern for GBPs (15% reported that it was "likely" that they would have to close vs. 9% of CMs and 4% of SBPs).

Income sufficiency

Although most did not anticipate closing in the near future, almost half (47%) of GBPs and CMs reported that their income was not sufficient to cover their costs. This is significantly higher than in Winter 2021, when wave 4 of the pulse survey was carried out. At this time – as providers emerged from the financial impacts of COVID-19 – around a third (35%) of providers reported that their income was insufficient.[3]

In keeping with the differences seen around possible closures, the incidence of reported income insufficiency was higher among GBPs (58% vs. 39% CMs).

Changes to provision

Providers were asked whether they had made changes to the way that they delivered childcare, in order to either increase their income or reduce their costs. This included questions around number of children registered, and opening hours and flexibilities, which may be used to facilitate larger rooms.

[2] CMAs are organisations that can register and quality assure childminders and providers of 'childcare on domestic premises', as an alternative to registering with Ofsted, while non-domestic premises (NDPs) provide childminders with an alternative to operating from their own home.

[3] Survey of childcare and early years providers and coronavirus (COVID-19): wave 4 - GOV.UK (www.gov.uk)

Number of children and hours per child

Overall, the number of children attending provision was about the same as the year before (38% of providers reported that attendance was the same, 30% reported more children attending and 32% reported fewer children attending). That said, there was more fluctuation among GBPs than CMs. Although similar proportions of GBPs said that the number of children attending their provision had either increased (38%) or decreased (35%) in the last year, just 27% (vs. 46% of CMs), said that the number of children attending their provision had stayed the same.

Similarly, 44% of providers reported that the number of hours delivered per child was the same as the year before, while 23% reported that they had increased, and 32% said that they had decreased. The proportion reporting that levels had stayed consistent over the last year was again higher among CMs (48% vs. 38% of GBPs). By contrast, GBPs were more likely to report *more* hours per child (30% vs. 19% of CMs).

Looking ahead to the next 12 months, most GBPs and CMs (47%) expected the same number of children to attend their provision. This was higher among CMs, however (55% vs. 37% of GBPs). There was a similar picture for hours per child over the next 12 months (52% reporting the same; 57% of CMs vs. 46% of GBPs). GBPs in the most deprived areas were less likely to expect more hours per child (18% vs. 29% of GBPs in the least deprived areas).

Opening patterns

The majority of providers (around two-thirds of GBPs and CMs (66%)) reported that they had made 'notable changes' to their opening hours/days or flexibilities in the last year.[4] This could either be to increase income (for instance by increasing opening hours) or reduce cost (for instance by reducing opening hours). Most commonly there was an increase in the flexibility of hours (49%) and opening hours/days (24%). This was much more common among CMs (30% reported that they had increased their opening hours/days vs. 14% of GBPs). By contrast, GBPs were more likely to report having *decreased* their flexibility of hours (29% vs. 20% of CMs).

Increasing income

Four-in-five (80%) of GBPs and CMs reported that they had made at least one change to help manage their finances because of rising cost pressures. The most common option was to increase fees (62%, rising to 69% among GBPs vs. 56% of CMs), followed by increased intake of children (24%) and additional charges (20%).

[4] 'Notable changes' were defined as an increase or decrease in hours/days beyond normal seasonal trends and other expected fluctuations.

Managing finances

Most GBPs and CMs (65%) reported that they had taken at least one other step to manage their finances. Most commonly, this was to use personal savings (33%) or business contingency reserves (20%). The options taken here were largely contingent on different business models: CMs, for example, were much more likely to report using personal savings (45% vs. 17% GBPs) whereas GBPs were much more likely to report using business contingency reserves (37% vs. 8% CMs) and business savings intended for future improvements (27% vs. 11% CMs).

Changes aimed at cost reduction were more common than income-generating activities, with nearly nine-in-ten GBPs and CMs (89%) reporting taking at least one measure to reduce their outgoings. Reducing spending on food, materials, or equipment (70%) and energy consumption (56%) were the most common changes.

Providers were asked what impact the measures that they had taken, to either increase their income or reduce their costs, had had on the quality of their service. Measures taken to reduce costs were more likely to lead to services getting worse. Only 4% of providers, for instance, said that reducing spending on food, materials or equipment had made services better, compared with 39% who said that it had made services worse. Most providers, however, said either that it hadn't made a difference to services (47%) or that they didn't know (11%) if it had made a difference.

Driver of cost pressures

Most commonly, GBPs and CMs experiencing cost pressures picked out staffing costs (46%) and energy bills (31%) as the main drivers of cost pressures. Differences were largely a result of different business models: GBPs were most likely to report staffing costs (77% vs 10% CMs) as the main driver of cost pressures, whereas CMs were most likely to cite energy bills (58% vs 7% GBPs), food costs (15% vs. 3% GBPs) and materials costs (6% vs. 3% GBPs).

Over nine-in-ten (92%) of GBPs and CMs said that their energy bills had increased in the last 12 months. Bills increased by an average of 50%.[5]

The childcare workforce

Vacancies

Staff vacancies were far more common in GBPs than SBPs (49% of GBPs reported having one or more vacancies vs. 25% of SBPs). In keeping with this, SBPs saw less

[5] This is the median average across both provider types.

turnover than GBPs, with 40% reporting that they had not seen any staff leave in the past year vs. 27% of GBPs.

Leavers

The most commonly reported reason for leaving a provider was “better pay” (59% of providers who had staff leave them said that “better pay” was a reason). This was more likely in GBPs than SBPs (65% vs. 42%), and may reflect findings from the SCEYP that in 2021 mean hourly staff pay was around 50% higher in SBPs than GBPs)[6].

Staffing issues and associated actions

Just under two-thirds (64%) of provider reported experiencing staffing issues in the last year. This was higher in GBPs than SBPs (68% vs. 55%, respectively).[7]

In order to deal with these issues, 83% of headteachers of SBPs and owner/managers of GBPs said that they had worked with children more than usual to meet staff:child ratios (83%) and eight-in-ten (78%) said that they had more staff working overtime. Recruitment was also a key focus - three-quarters (77%) reported spending more time, and two-thirds (64%) reported spending more money on recruitment.

Childminders

Since 2018, the number of Ofsted-registered childminders has fallen by nearly a quarter.[8] Registering with childminder agencies (CMAs) rather than with Ofsted, or operating from non-domestic premises (NDPs) rather than their home, are possible ways that the number of childminders could increase. The Survey, therefore, asked childminders about their awareness of and attitudes towards CMAs and working on NDPs.[9]

Childminder agencies

The majority (79%) of CMs were at least slightly aware of CMAs - 52% were fully aware and 27% slightly aware. A small minority of CMs (3%) were already registered with an agency. This rose to one-in-ten (9%) of CMs in the most deprived areas.

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[6] The early years workforce: recruitment, retention, and business planning - GOV.UK (www.gov.uk)
[7] Staffing issues were defined as ‘difficulties you may have experienced with having enough staff to meet your demand’.
[8] Childcare providers and inspections as at 31 August 2022 - GOV.UK (www.gov.uk)
[9] CMAs are organisations that can register and quality assure childminders and providers of ‘childcare on domestic premises’, as an alternative to registering with Ofsted, while non-domestic premises (NDPs) provide childminders with an alternative to operating from their own home.

Most (60%) said that they would not consider joining a CMA. Around a quarter (23%) had considered doing so, with 7% having "seriously" considered it.[10]

Among those who had at least considered joining a CMA, the most common reason was "access to training" (54%) followed by "communication and advice on DfE policy and regulations" (49%). The majority of those not already a part of a CMA said fees (67%) and loss of Ofsted ratings (47%) were the main potential deterrents to registering.

Non-domestic premises (NDPs)

Generally, childminders work from their own homes, although they can seek approval to work up to 50% of the time from non-domestic premises (NDPs). A small minority of CMs (2%) stated that they did so and a further 10% said that they were considering doing so.

The perceived benefits among those who were currently working on NDPs or considering it were "extra space" (74%), "flexibility to work from a wider range of locations" (43%) and "help with meeting parental demand" (31%). Conversely, the main barriers to working on NDPs were "increased cost" (70%), "parental demand for a home-based setting" (60%), and "other practical issues" (56%).

[10] As this survey was asked of existing childminders, this does not evidence the role that CMAs may have in attracting people to childminding from outside of the sector.

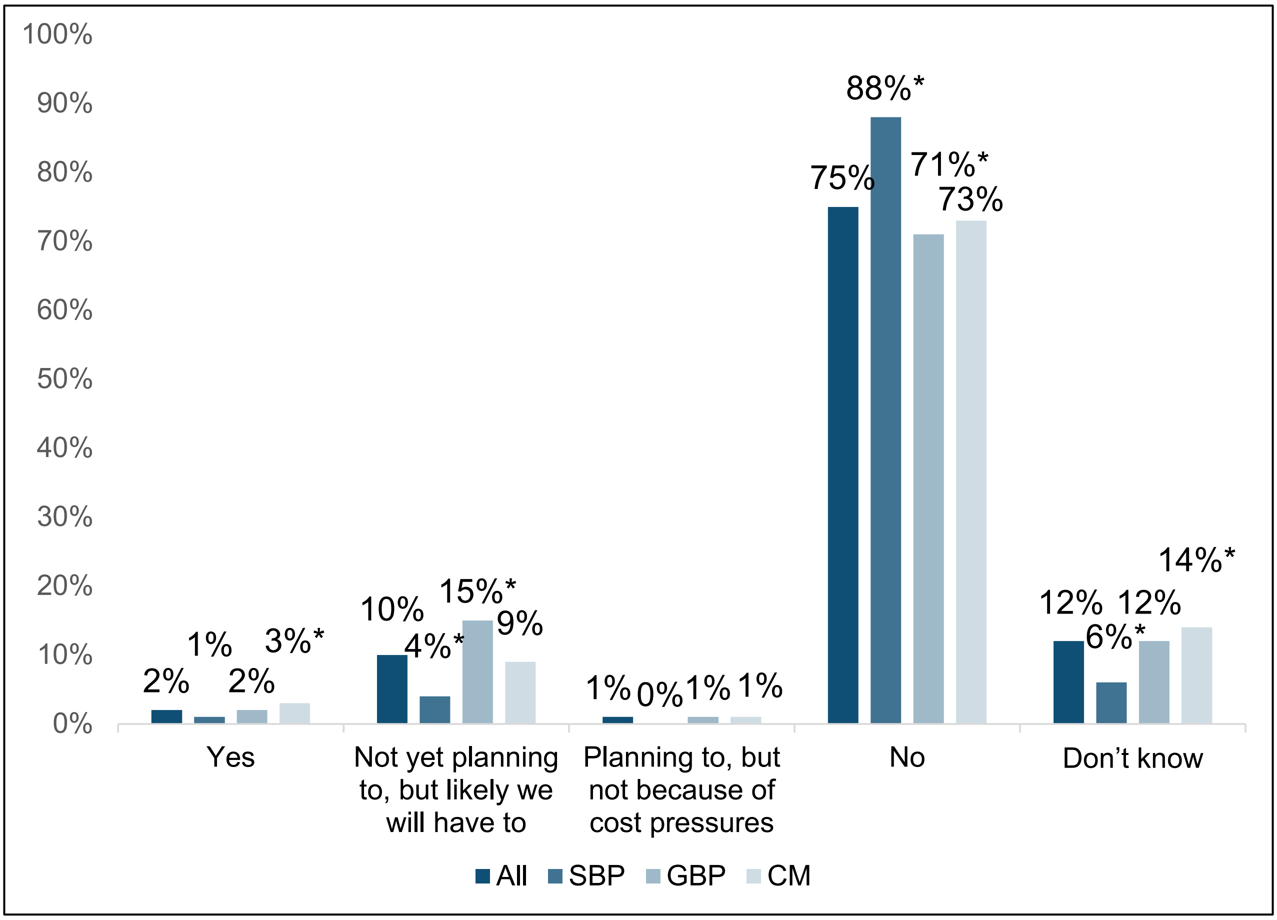
2. Impact of Cost of Living increases

This chapter assesses the impact of cost of living increases on childcare providers. The research found that, for most providers, closing their provision was not something under consideration. Instead, they had often taken measures to manage the impact of cost of living increases on their provision, both in terms of generating income and managing costs. This chapter looks at such measures in more detail.

Closures

The vast majority of providers were not planning to close as a result of cost pressures, with just 2%saying that they were planning to do so in the next 6 months. Nevertheless, 10% said that it was "likely" that they would have to close, regardless of their current plans. This was of greatest concern for GBPs (15% reported that they may have to close vs. 9% of CMs and 4% of SBPs).

Figure 1 Whether planning to close as a result of cost pressures



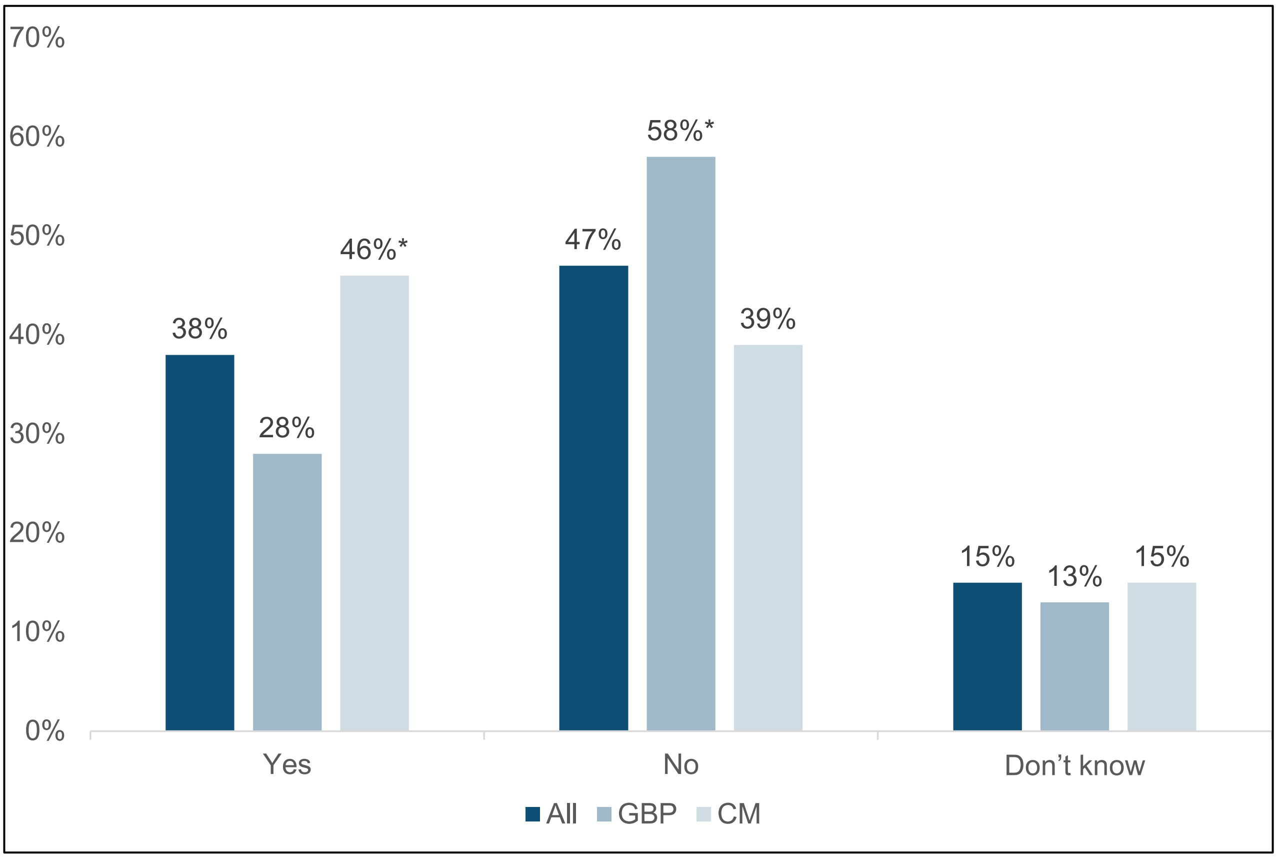
Source: Survey of Childcare and Early Years Providers, Wave 5. D9: School-based providers (n=146), Group-based providers (n=937) and childminders (n=774). *indicates significant difference compared to overall.

Income sufficiency

GBPs and CMs were asked whether their current income was sufficient to cover the costs of delivering childcare in their setting. Almost half (47%) said that it was not. This is significantly higher than in Winter 2021, when wave 4 of the pulse was carried out. At this time – as providers emerged from the financial impacts of COVID-19 – around a third (35%) reported that their income was insufficient.[11]

As shown in Figure 2, GBPs (58%) were more likely to say that their current income did not cover current costs than CMs (39%).

Figure 2 Whether income is sufficient to cover costs



Source: Survey of Childcare and Early Years Providers, Wave 5. D2: Group-based providers (n=937) and childminders (n=774). *indicates significantly higher difference between GBPs and CMs.

[11] Survey of childcare and early years providers and coronavirus (COVID-19): wave 4 - GOV.UK (www.gov.uk)

There was some variation by region within GBPs and CMs (Table 1). The pattern that emerged within region was not always the same by provider type, however. GBPs in the East of England, for example, were more likely to report that their income did not cover their costs, while CMs in the East of England were *less* likely to report this.

Table 1 Income sufficiency in GBPs, by region

	Overall GBPs	East Midlands GBPs	East of England GBPs	London GBPs	North East GBPs	North West GBPs	South East GBPs	South West GBPs	West Midlands GBPs	Yorkshire & H GBPs	Overall CMs	East Midlands CMs	East of England CMs	London CMs	North East CMs	North West CMs	South East CMs	South West CMs	West Midlands CMs	Yorkshire & H CMs
Base:	937	84	147	96	20	99	219	125	78	69	774	53	84	116	41	107	119	92	71	91
Income *does* cover costs	28%	24%	21%	36%	22%	29%	23%	29%	36%	30%	46%	45%	49%	47%	39%	41%	**54%** *	43%	39%	36%
Income does *NOT* cover costs	58%	64%	**67%** *	**47%** *	69%	52%	**67%** *	55%	51%	64%	39%	37%	**28%** *	39%	42%	46%	33%	41%	43%	**52%** *
Unsure	13%	13%	12%	17%	8%	19%	10%	17%	12%	7%	15%	18%	**23%** *	14%	19%	13%	12%	17%	18%	12%

Source: Survey of Childcare and Early Years Providers, Wave 5. D2: Group-based providers (n=937) and childminders (n=774). *indicates significant subgroup difference compared to overall.

Significant differences by deprivation status were also apparent among GBPs. While income insufficiency was an issue for most GBPs (with 58% reporting that their income did not cover their costs), it was particularly felt in the most deprived areas (where 72% reported this):

Table 2 Income sufficiency in GBPs, by deprivation status

	Overall	Most deprived	Deprived	Average	Less deprived	Least deprived
Base:	937	108	170	195	228	236
Income *does* cover costs	28%	**15%***	25%	**34%***	29%	**34%***
Income does *NOT* cover costs	58%	**72%***	54%	56%	58%	55%
Unsure	13%	13%	**21%***	10%	13%	10%

Source: Survey of Childcare and Early Years Providers, Wave 5. D2: Group-based providers (n=937).
*indicates significant subgroup difference compared to overall.

Changes to provision

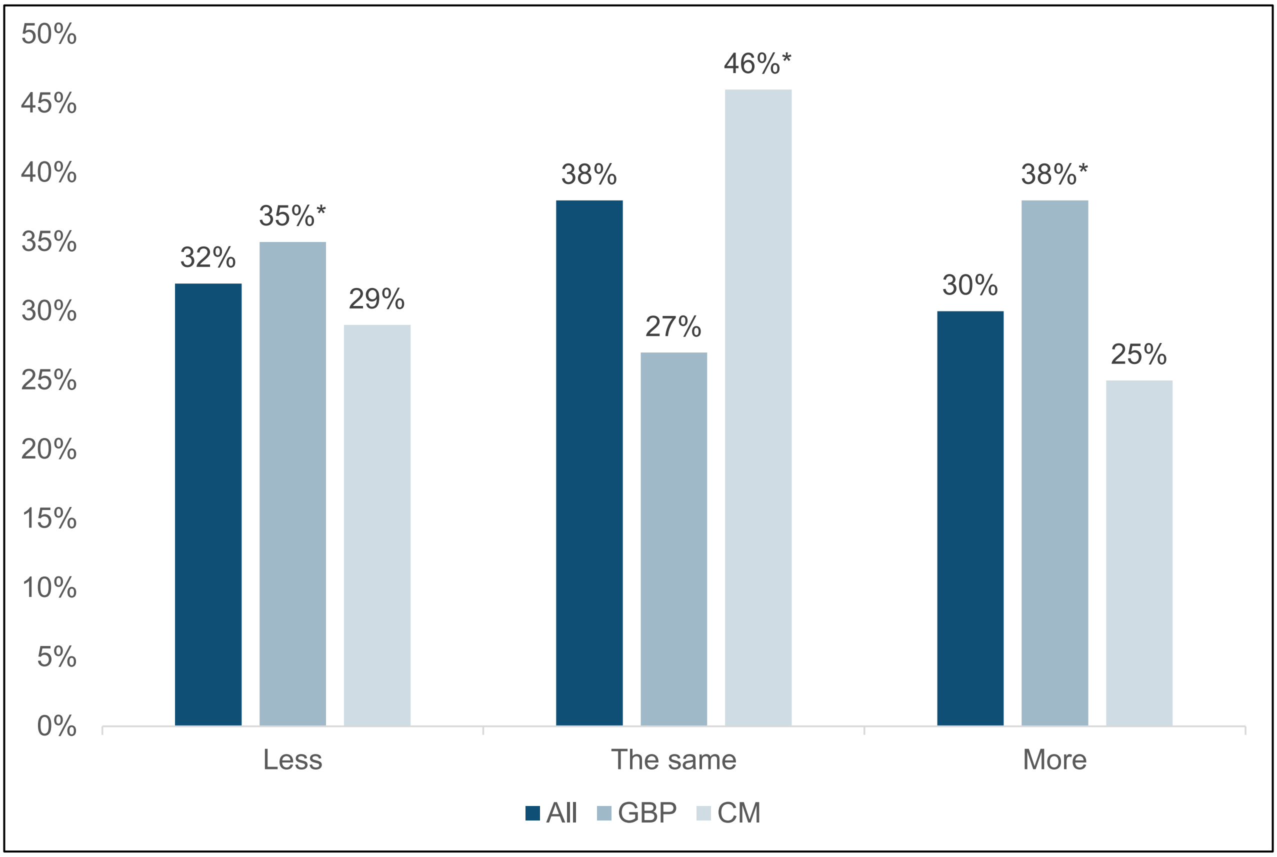
Providers were asked whether the number of children attending their provision, and the number of hours they attended for, had changed in the last 12 months; and whether they expected these to change in the next 12 months. Some of these changes will be the result of changes in parental demand for services. Others will be the result of choices made by providers, either to increase their income or reduce their costs.

Number of children in provision

As shown in Figure 3, 38% of providers reported that attendance was the same as last year. 30% reported more children attending and 32% reported fewer children attending.

That said, there was more fluctuation among GBPs than CMs. Just 27% of GBPs, for example, reported that the number of children attending their provision had stayed the same, compared to 46% of CMs.

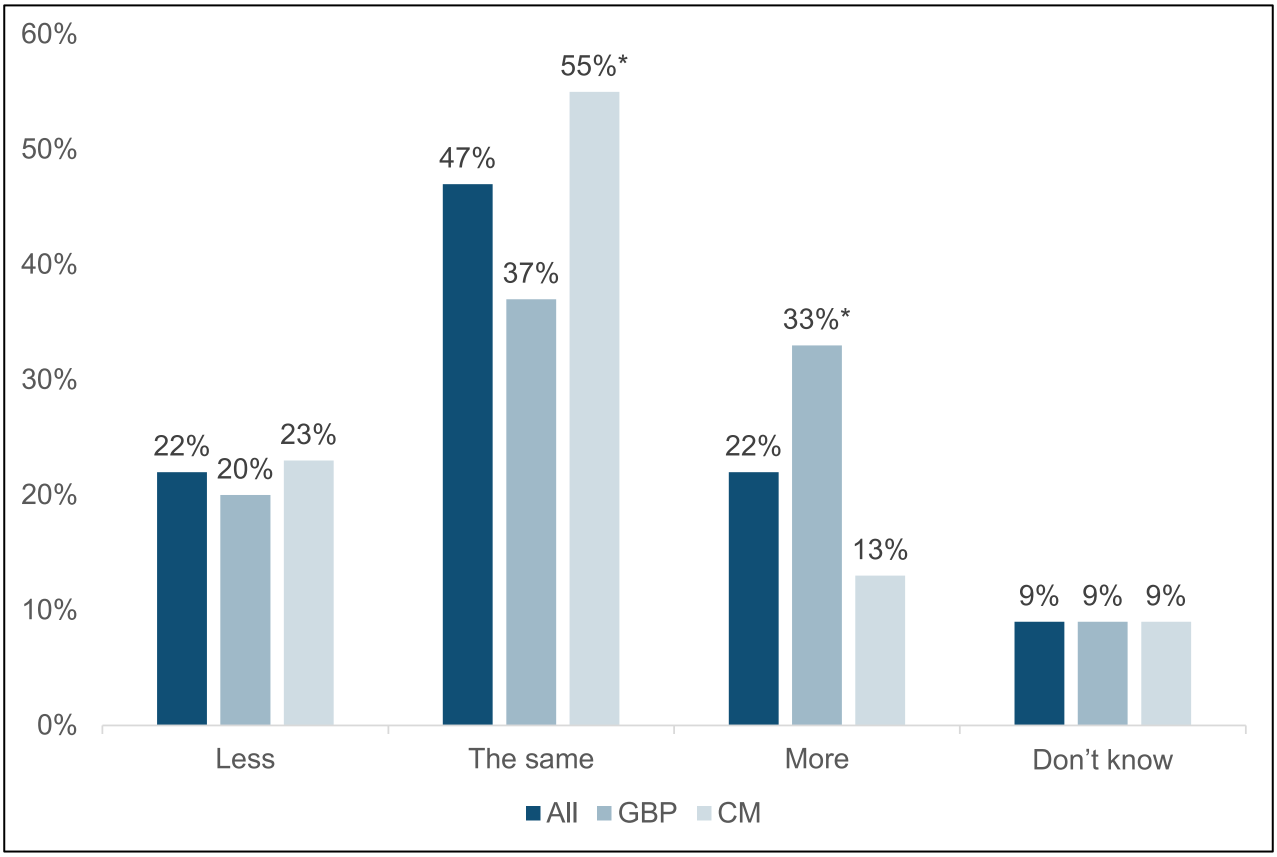
Figure 3 Number of children attending provision compared to previous year



Source: Survey of Childcare and Early Years Providers, Wave 5. D1A: Group-based providers (n=937) and childminders (n=774). *indicates significantly higher difference between GBP and CM.

Looking ahead to the next 12 months (Figure 4), 55% of CMs anticipated the same number of children attending their provision compared to 37% of GBPs. GBPs were more likely to expect an increase in the number of children attending their provision (33% vs. 13% CMs).

Figure 4 Expected number of children attending provision in the next 12 months



Source: Survey of Childcare and Early Years Providers, Wave 5. D1: Group-based providers (n=937) and childminders (n=774). *indicates significantly higher difference between GBP and CM.

There was more variation according to region within CMs than GBPs, as shown in Table 3.

Table 3 Number of children in provision, by region

		Overall GBPs	East Mid-lands GBPs	East of England GBPs	London GBPs	North East GBPs	North West GBPs	South East GBPs	South West GBPs	West Mid-lands GBPs	Yorkshire & H GBPs	Overall CMs	East Mid-lands CMs	East of England	London CMs	North East CMs	North West CMs	South East CMs	South West CMs	West Mid-lands CMs	Yorkshire & H CMs
	Base:	937	84	147	96	20	99	219	125	78	69	774	53	84	116	41	107	119	92	71	91
Past 12 months	More	38%	45%	***28%**	31%	38%	34%	40%	45%	***52%**	34%	25%	29%	32%	28%	16%	***17%**	28%	29%	22%	***14%**
	Same	27%	25%	30%	27%	22%	28%	26%	29%	24%	28%	46%	40%	44%	***33%**	36%	48%	46%	***56%**	***57%**	54%
	Less	35%	28%	***43%**	40%	40%	38%	33%	***25%**	***24%**	38%	29%	32%	24%	***39%**	***48%**	35%	26%	***15%**	21%	32%
Next 12 months	More	33%	27%	32%	41%	24%	31%	34%	34%	35%	31%	13%	14%	14%	11%	17%	10%	14%	14%	11%	10%
	Same	37%	38%	41%	37%	42%	35%	33%	39%	39%	37%	55%	63%	55%	50%	42%	57%	56%	63%	59%	46%
	Less	20%	27%	19%	15%	24%	21%	20%	20%	17%	22%	23%	18%	23%	25%	***37%**	22%	21%	***13%**	21%	***34%**
	Don't know	9%	8%	7%	7%	10%	13%	13%	7%	9%	9%	9%	5%	75	13%	4%	11%	9%	10%	9%	9%

Source: Survey of Childcare and Early Years Providers, Wave 5. D1a/D1: Group-based providers (n=937) and childminders (n=774). *indicates significant subgroup

There was also some variation by deprivation status:

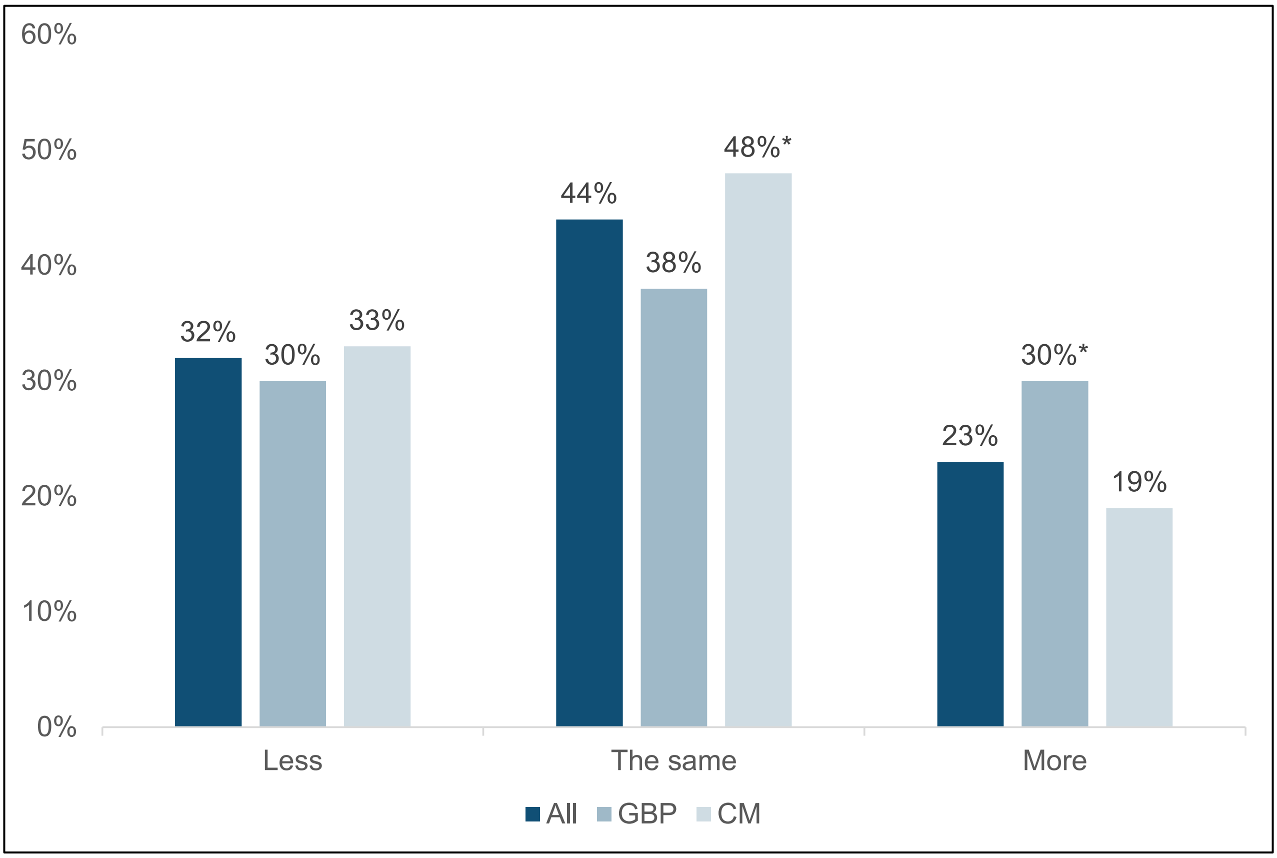
- CMs in the most deprived areas were significantly more likely to have seen their attendance figures fall (41% vs 22% in the least deprived areas and 29% overall). CMs in deprived areas were no more likely than other CMs, however, to say that they expected the number of children attending their provision to fall in the next year.
- For GBPs, the opposite was true. Although GBPs in the least deprived areas were no more likely than other GBPs to say that they had seen the number of children registered with them fall in the last 12 months, they were more likely (26% vs. 20% overall) to say that they expected to have fewer children registered with them in the next 12 months.

Number of hours per child

As with the number of children attending provision with them, providers were most likely to say that the number of hours that children attended provision had stayed the same in the last year. Figure 5, however, shows that, a slightly higher proportion (32%) of providers said that the number of hours that children attended for had decreased in the last year than said that it had increased (23%).

CMs were more likely to say that the number of hours that children attended provision had decreased in the last year (33%) than to say that they had increased (19%). GBPs were equally likely to say that children attended either “less hours” or “more hours” than the year before (30%).

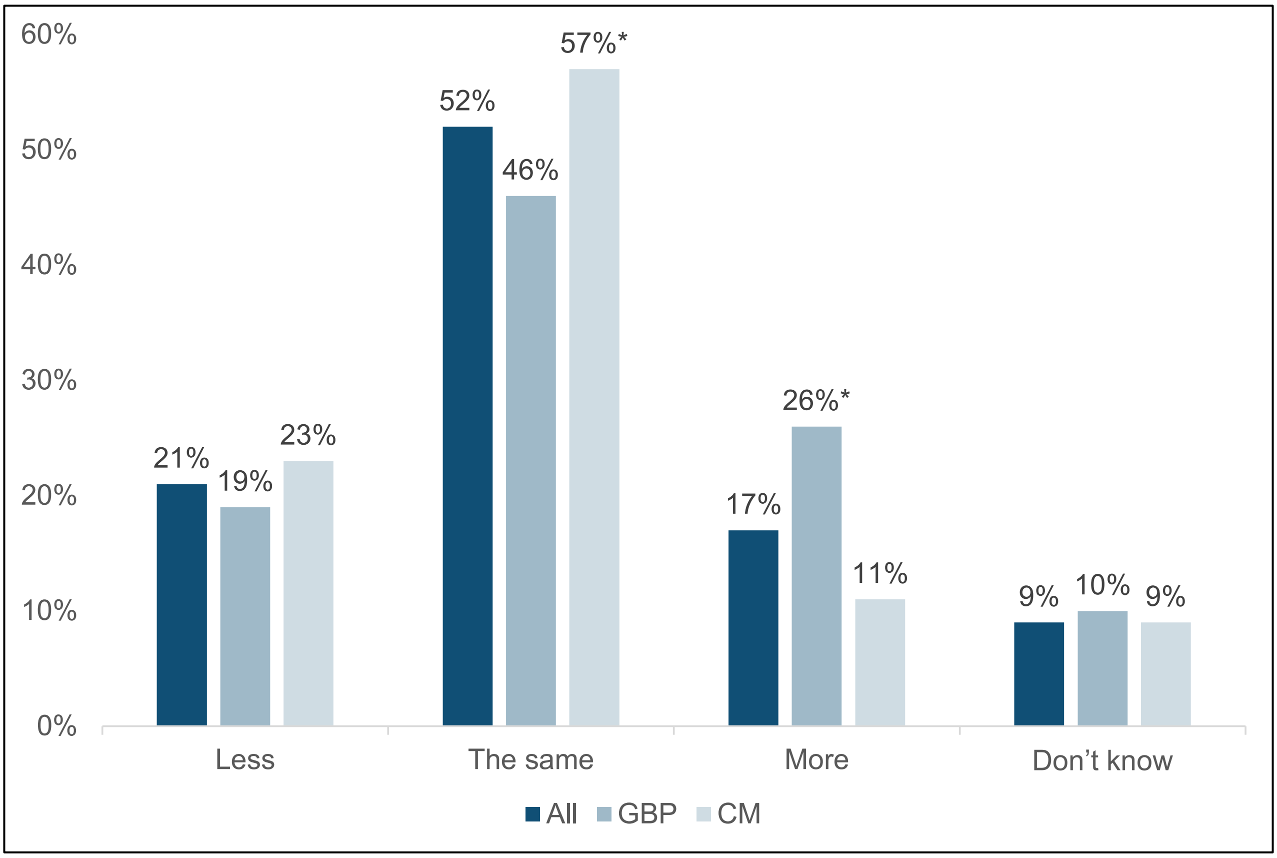
Figure 5 Number of hours per child in provision compared to the last year



Source: Survey of Childcare and Early Years Providers, Wave 5. D1A: Group-based providers (n=937) and childminders (n=774). Don’t know (1% overall) not charted. *indicates significantly higher difference between GBP and CM.

As seen in Figure 6, CMs were more likely to say that they expected to see children attend for fewer hours in the next year (23%) than to say that they expected them to attend for more hours (11%). For GBPs, the opposite was true – a slightly higher proportion said that they expected children to attend for more hours (26%) than less hours (19%).

Figure 6 Expected number of hours per child in provision over next 12 months



Source: Survey of Childcare and Early Years Providers, Wave 5. D1: Group-based providers (n=937) and childminders (n=774). Don't know (1% overall) not charted. *indicates significantly higher difference between GBP and CM.

As shown in Table 4, there was some variation by deprivation status, particularly among GBPs; those in the most deprived areas were less likely to report having seen more hours per child in the last 12 months (22% vs. 30% of all GBPs) and less likely to anticipate seeing more (18% vs. 26% overall). They were also, however, more likely to report being unsure how hours per child might change (18% reported they did not know vs. 10% overall).

Table 4 (Expected) changes to the number of hours children attend provision, by deprivation band

		Overall GBPs	Most deprived GBPs	Deprived GBPs	Average GBPs	Less deprived GBPs	Least deprived GBPs	Overall CMs	Most deprived CMs	Deprived CMs	Average CMs	Less deprived CMs	Least deprived CMs
	Base:	937	108	170	195	228	236	774	83	128	209	185	169
Past 12 months	More	30%	**22%***	**36%***	30%	29%	31%	19%	16%	24%	16%	17%	20%
	Same	38%	44%	37%	35%	41%	36%	48%	42%	45%	52%	47%	51%
	Less	30%	33%	25%	34%	27%	32%	33%	42%	31%	32%	35%	30%
	Don't know	2%	1%	2%	1%	2%	2%	<1%	0%	1%	0%	<1%	0%
Next 12 months	More	26%	**18%***	31%	24%	25%	29%	11%	10%	14%	12%	8%	9%
	Same	46%	46%	44%	51%	45%	41%	57%	50%	53%	55%	60%	**65%***
	Less	19%	19%	18%	17%	18%	**24%***	23%	30%	23%	22%	23%	19%
	Don't know	10%	**18%***	6%	8%	12%	**6%***	9%	10%	9%	11%	9%	8%

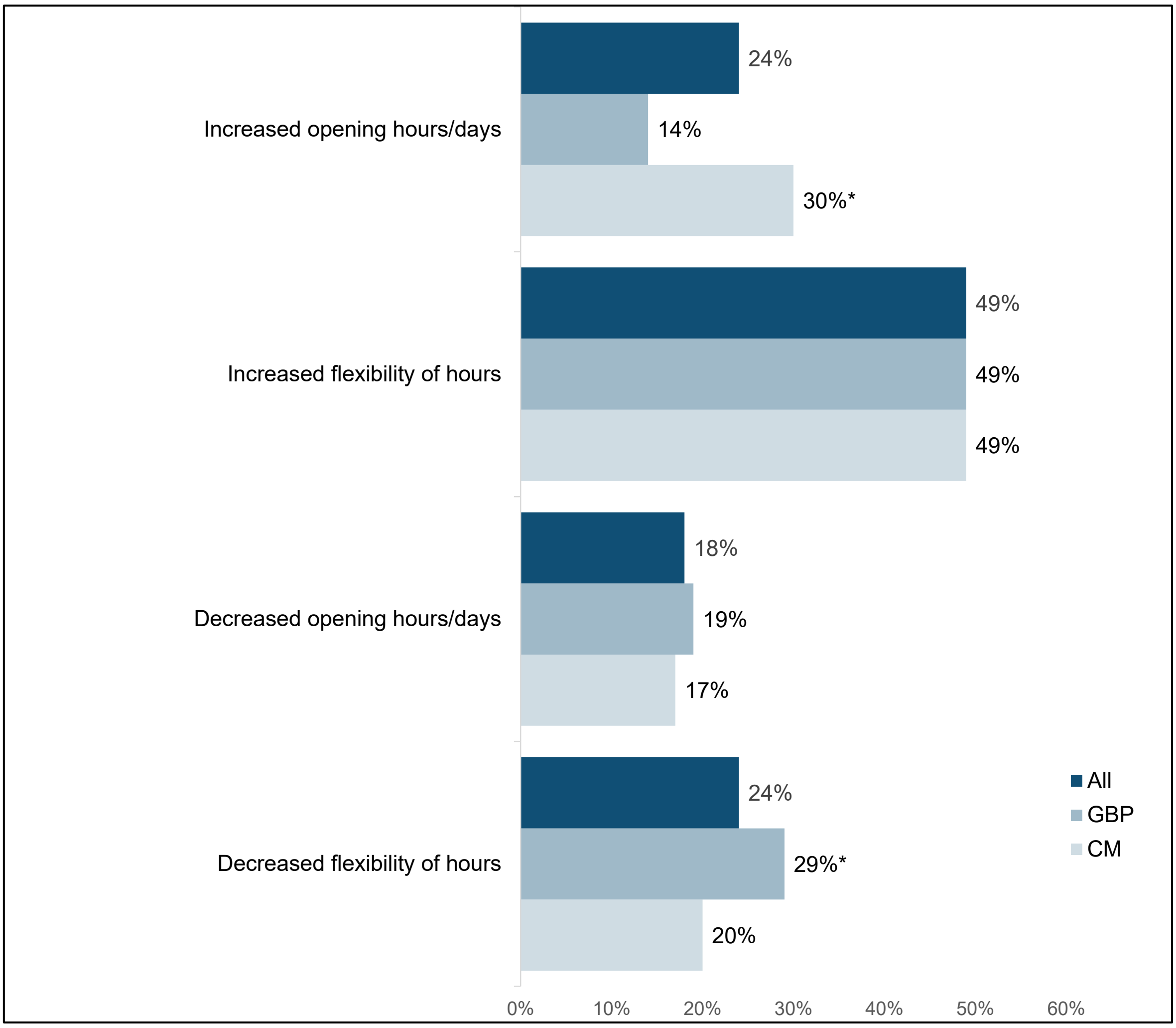
Source: Survey of Childcare and Early Years Providers, Wave 5. D1a/D1: Group-based providers (n=937). *indicates significant subgroup difference compared to overall.

Opening patterns

GBPs and CMs were asked whether they had made notable changes to their opening hours/days and flexibility in the last year. This could either be to increase income (for instance by increasing opening hours) or reduce cost (for instance by reducing opening hours). 'Notable changes' were defined as an increase or decrease in hours/days beyond normal seasonal trends and other expected fluctuations.

Around two-thirds of GBPs and CMs (66%) reported that they had made notable changes. Most commonly this was to increase the flexibility of hours (49%) and opening hours/days (24%). As shown in Figure 7, the latter was much more common among CMs (30% reported that they had increased their opening hours/days vs. 14% of GBPs). By contrast, GBPs were more likely to report having *decreased* their flexibility of hours (29% vs. 20% of CMs).

Figure 7 Whether changes made to opening hours/days or flexibility

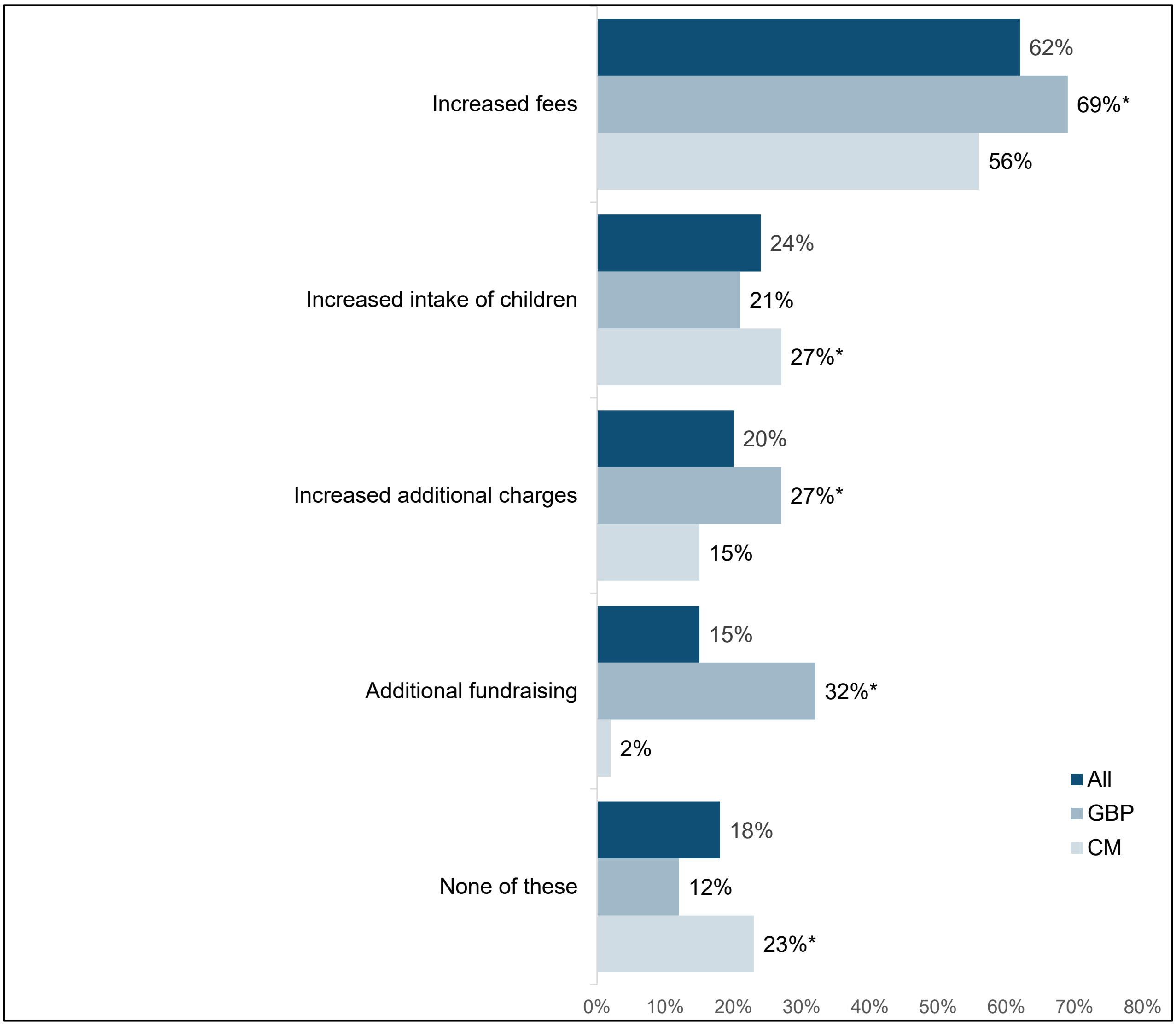


Source: Survey of Childcare and Early Years Providers, Wave 5. D8_REBASED: Group-based providers (n=443) and childminders (n=477) that knew if they had made notable changes. *indicates significantly higher difference between GBP and CM.

Increasing income

Eight-in-ten (80%) GBPs and CMs had made at least one change to help manage their finances due to rising cost pressures. Most commonly, this was to increase fees (62%), as shown in Figure 8. GBPs were more likely to have increased fees (69% vs. 56% of CMs), additional charges (27% vs. 15%), and fundraising efforts (32% vs. 2%), whereas CMs were more likely to have increased their intake (27% vs. 21% of GBPs).

Figure 8 Income-focused changes made to manage finances



Source: Survey of Childcare and Early Years Providers, Wave 5. D3: Group-based providers (n=937) and childminders (n=774). *indicates significantly higher difference between GBP and CM. Responses with 3% or less for both provider types are not charted.

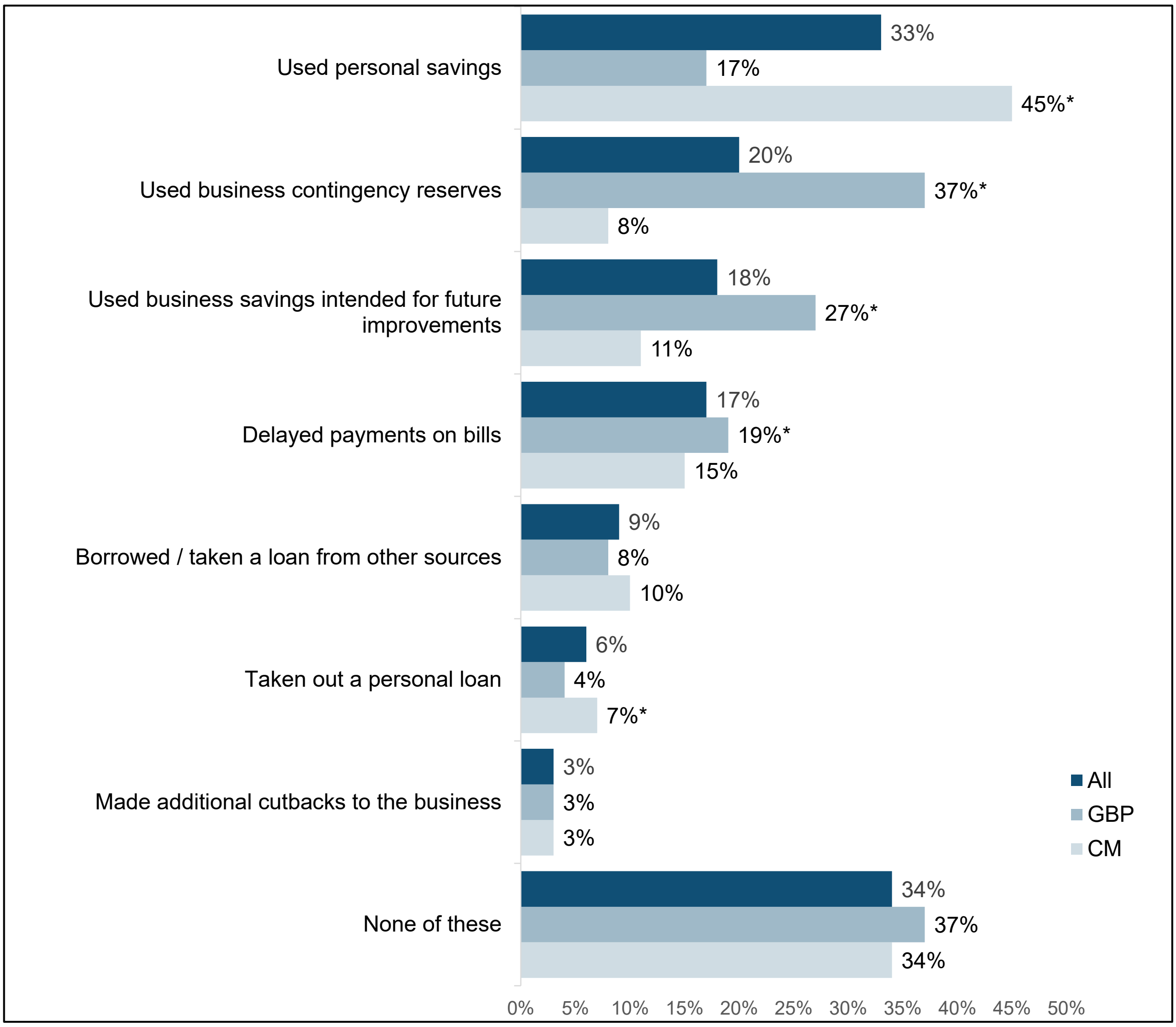
Those that reported they would be increasing fees were asked how much they had / were planning to increase fees for each child on average. Around half (48%) of GBPs and CMs reported they would be increasing fees by 6-10%. A third (33%) reported increases of 1-5%, with one-in-five (19%) reporting increases of 11% or more.

Although increasing fees was more likely in the least deprived areas (67% vs. 62% overall), among providers that reported increasing fees, those in the *most* deprived areas were more likely to be doing so by 11% or more (36% vs. 19% overall). This was the case when looking specifically at GBPs (34% vs 19% of all GBPs) and CMs (38% vs. 18% of all CMs) in the most deprived areas.

Managing finances

Providers were also asked whether they had taken any other steps to manage their finances. Around two-thirds (65%) reported taking at least one. Differences were largely a result of different business models: GBPs were much more likely to use business contingency reserves (37% vs. 8% CMs) while CMs were much more likely to use personal savings (45% vs. 17% GBPs).

Figure 9 Steps taken to manage finances



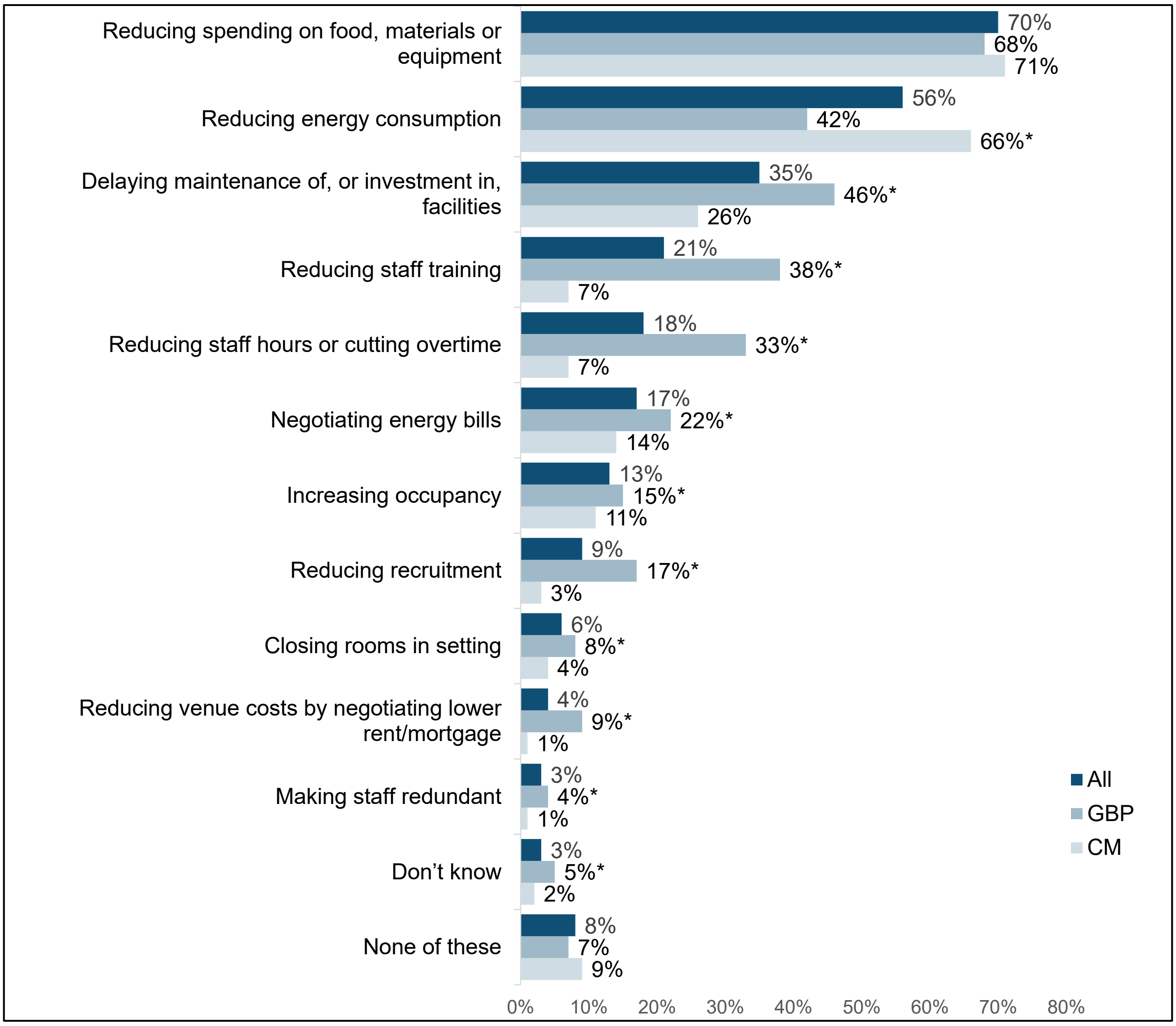
Source: Survey of Childcare and Early Years Providers, Wave 5. D4: Group-based providers (n=937) and childminders (n=774). *indicates significantly higher difference between GBP and CM. Responses with 1% or less not charted.

Reducing costs

GBPs and CMs were also asked whether they were making any changes around their costs. Cost-reducing changes were more likely than income-generating activities, with nearly nine-in-ten (89%) reporting at least one. As Figure 10 shows, reducing spending on food, materials, or equipment (70%) and energy consumption (56%) were the most common changes.

As shown, GBPs were more likely than CMs to have made each of these changes, with the exception of reducing spending on food, materials or equipment.

Figure 10 Cost-related changes to manage finances



Source: Survey of Childcare and Early Years Providers, Wave 5. D6: Group-based providers (n=937) and childminders (n=774). *indicates significantly higher difference between GBP and CM. Responses with less than 3% not charted.

Effect of cost reduction

Where providers reported having made a change, they were asked about the impact it had on the services they provide. As shown in Table 5, for all but two changes (increasing occupancy, and reducing venue costs), GBPs and CMs were more likely to say that services had worsened than to say they had improved.[12] However, for many of the measures, a higher proportion of providers said that measures to reduce costs had "no impact" than said that services had been made worse.

[12] For the most part, providers reported that services had worsened 'a bit' rather than 'a lot'.

Table 5 Impact of measures taken to reduce costs

Measure taken	Base (n)	SUM: Services have improved	No impact	SUM: Services have worsened	Don't know
Making staff redundant	45	17%	23%	37%	23%
Reducing staff hours or overtime	365	6%	43%	38%	14%
Reducing staff training	414	2%	42%	41%	15%
Reducing spending on food, materials or equipment	1196	4%	47%	39%	11%
Reducing recruitment	174	4%	42%	42%	13%
Delaying maintenance/investment	631	1%	40%	49%	10%
Increasing occupancy	214	28%	50%	17%	6%
Reducing venue costs via. negotiation	83	13%	65%	7%	14%
Reducing energy consumption	919	3%	54%	32%	11%
Negotiating energy bills	299	8%	63%	14%	15%
Closing rooms in setting	103	9%	29%	58%	5%

Source: Survey of Childcare and Early Years Providers, Wave 5. D7: Group-based providers and childminders that reported having taken a measure. Bases included in table.

As shown in Table 6, in most cases GBPs were more likely than CMs to report that reducing costs had made services worse.

Table 6 Whether measures taken to reduce costs had made services worse by provider type

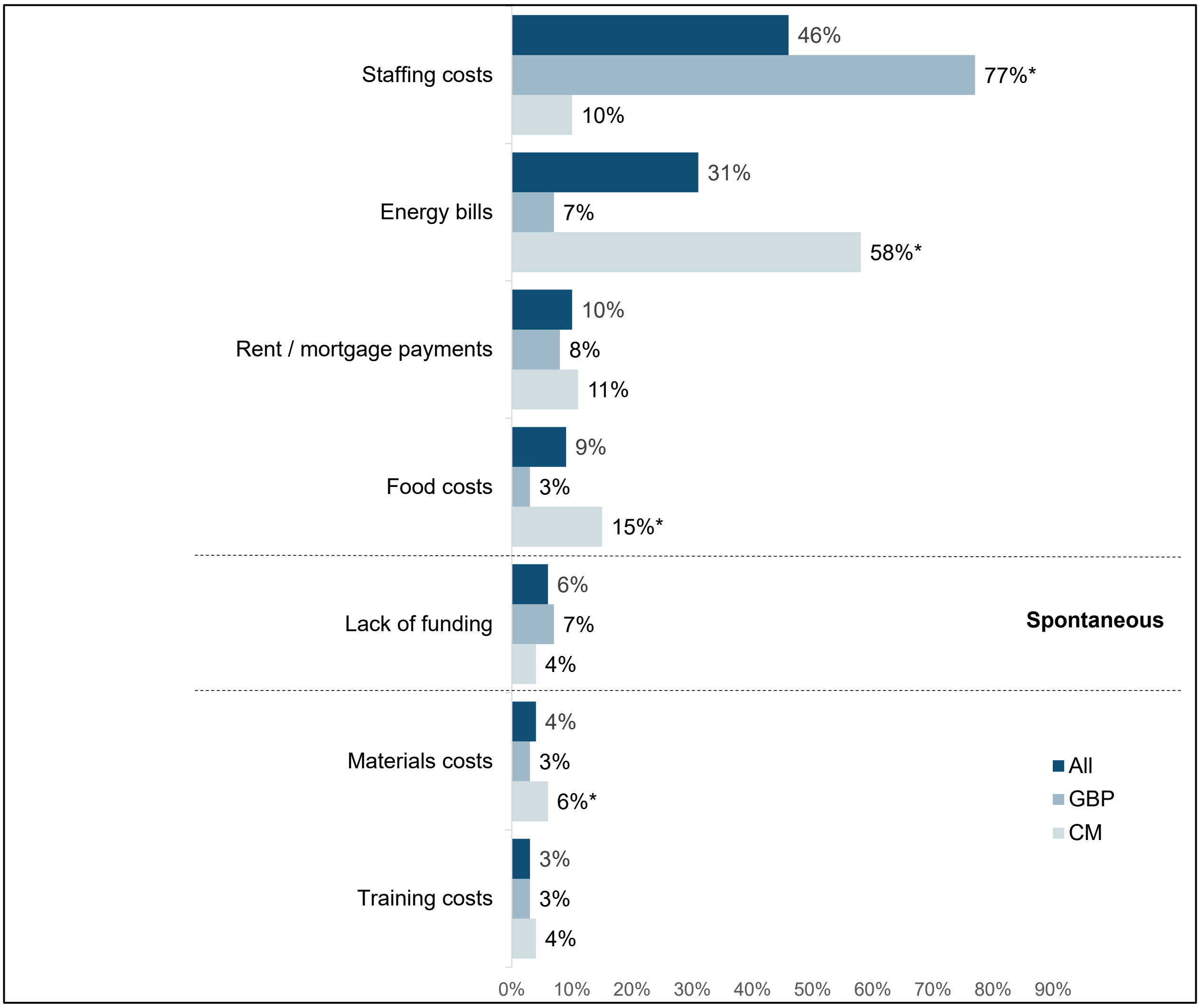
	Base	GBP	Base	CM
Reducing staff training	360	43%	54	29%
Reducing spend on food, materials or equipment	647	46%	549	33%
Delaying maintenance of or investment in facilities	435	55%	196	42%
Increasing occupancy by changing opening hours or flexibility of hours	132	18%	82	15%
Negotiating energy bills	193	10%	106	19%

Source: Survey of Childcare and Early Years Providers, Wave 5. D7: Group-based providers and childminders that reported having used a measure. Bases included in table.

Driver of cost pressures

Most commonly, GBPs and CMs facing cost pressures picked out staffing costs (46%) and energy bills (31%) as the main drivers of cost pressures. Differences were largely a result of different business models: GBPs were most likely to report staffing costs (77% vs 10% CMs) as the main driver of cost pressures, whereas CMs were most likely to cite energy bills (58% vs 7% GBPs), food costs (15% vs. 3% GBPs) and materials costs (6% vs. 3% GBPs).

Figure 11 Reported main driver of cost pressures



Source: Survey of Childcare and Early Years Providers, Wave 5. D10: Group-based providers (n=562) and childminders (n=311) experiencing cost pressures. *indicates significantly higher difference between GBP and CM.

Impact of cost of living increases

In order to gauge the impact of cost of living increases on providers, GBPs and CMs were asked how they pay for their premises and bills, and whether these payments had increased over the last 12 months.

Energy bills

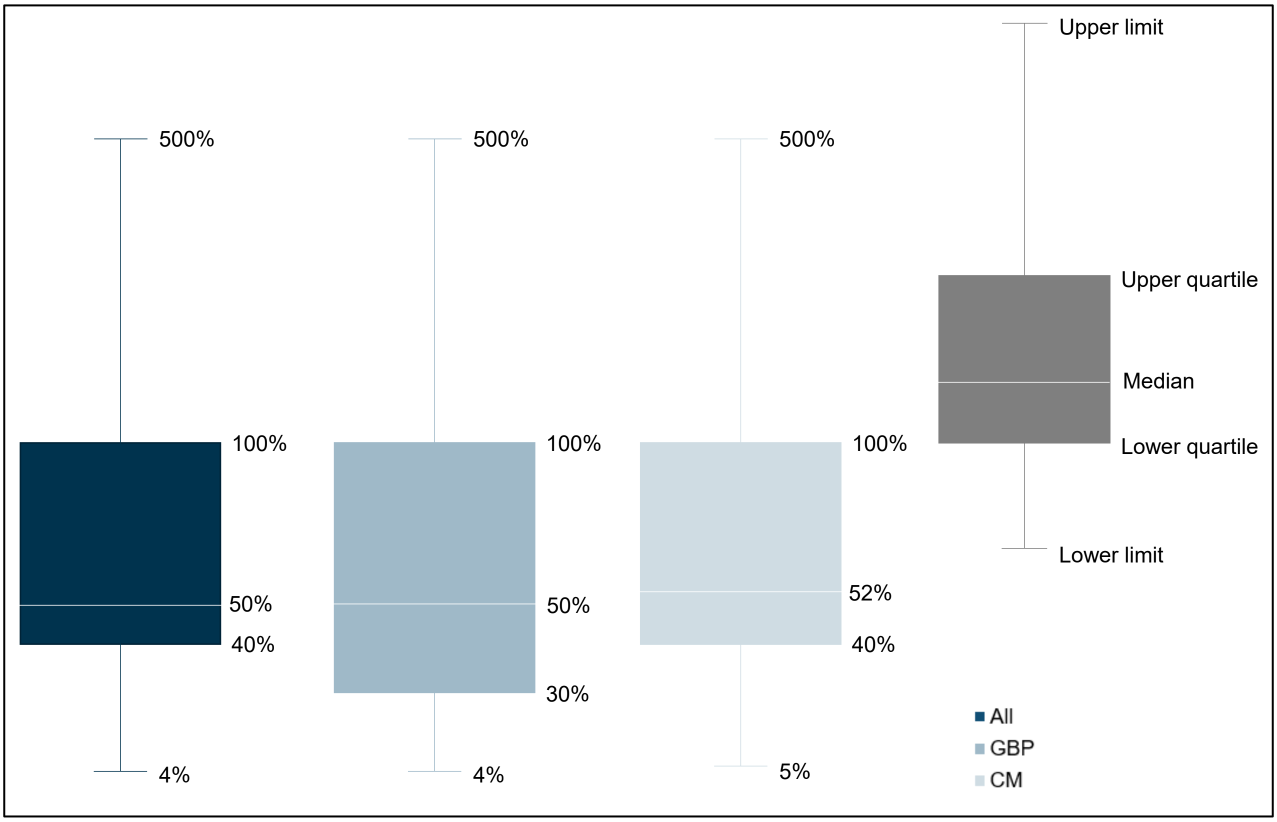
The majority of GBPs and CMs reported that their energy bills had increased within the last 12 months (92%). 6% of GBPs and CMs said their bills had not gone up – of this group, 66% had fixed term contracts for both gas and electricity.

Among providers who said that their bills had increased, the median increase was 50% (50% in GBPs vs. 52% in CMs). There was a broad range of answers, between 4% and 500%, though most commonly reported bill increases fell between 40% and 100%. This is in keeping with other research, which found that in the 12 months previous to October 2022 (the month before this survey was conducted), gas and electricity prices rose 129% and 66% respectively.[13]

The distribution of the reported increases is outlined in full in Figure 12. The box and whisker plots detail the lower and upper quartiles of the middle 50%, and the median value. They also detail the lower and upper limits of the full dataset and indicate the extent of outliers.[14]

[13] CBP-9491.pdf (parliament.uk)
[14] These have been calculated as any values two standard deviations above or below the mean.

Figure 12 Increases in energy bills



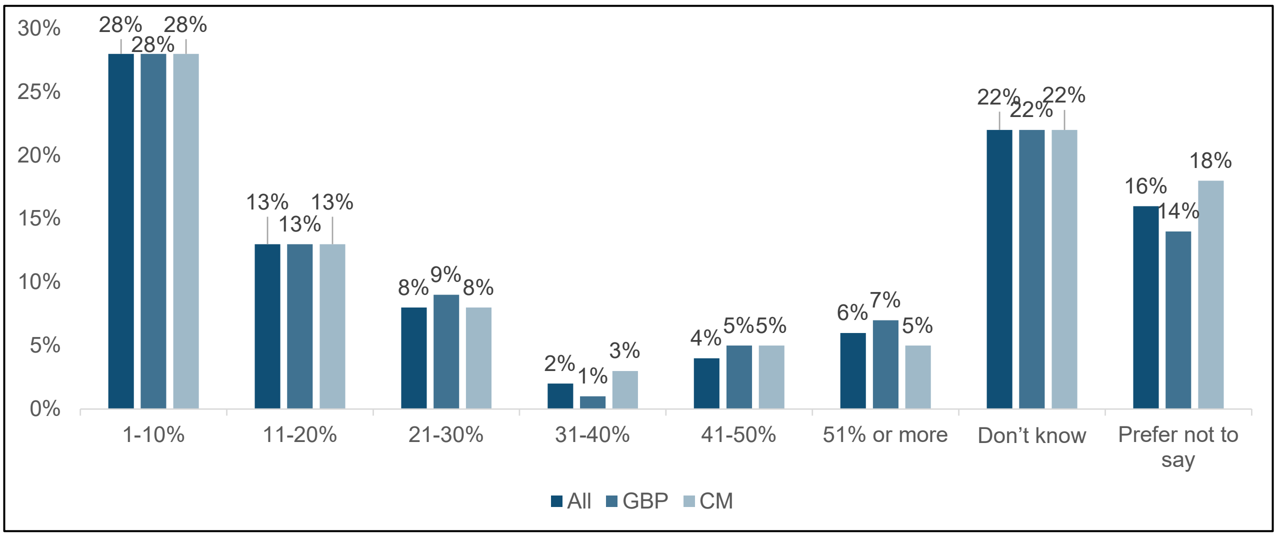
Source: Survey of Childcare and Early Years Providers, Wave 5. E4: Group-based providers (n=349) and childminders (n=632) that reported their energy bills had increased.

Rent / mortgage payments

For most providers, rent /mortgage payments had either increased (48%) or stayed the same (47%) over the last 12 months. The median increase was 19%.[15] Again, responses covered a wide range, though as shown in Figure 13, GBPs and CMs most commonly reported increases in the 1-10% range.

[15] Although smaller in percentage terms than increases in energy costs, rent/mortgage costs make up a larger proportion of providers' costs, as found in the [2022 Survey of Childcare and Early Years Providers (SCEYP).](#)

Figure 13 Banded percentage increases in rent/mortgage payments, by provider type



Source: Survey of Childcare and Early Years Providers, Wave 5. E6: Group-based providers (n=365) and childminders (n=275) that reported their rent/mortgage payments had increased.

Gas and electricity contracts

97% of GBPs and CMs reported having a fixed contract for their electricity supply. GBPs were more likely to have a longer fixed term contract than CMs, i.e. one that was set to end in more than one year (46% vs. 25%).

The proportion of GBP premises that reported not using gas was greater than CMs (26% vs. 5%, respectively). Of the premises that did utilise gas, CMs (45%) were more likely to pay for this on a variable contract than GBPs (11%).

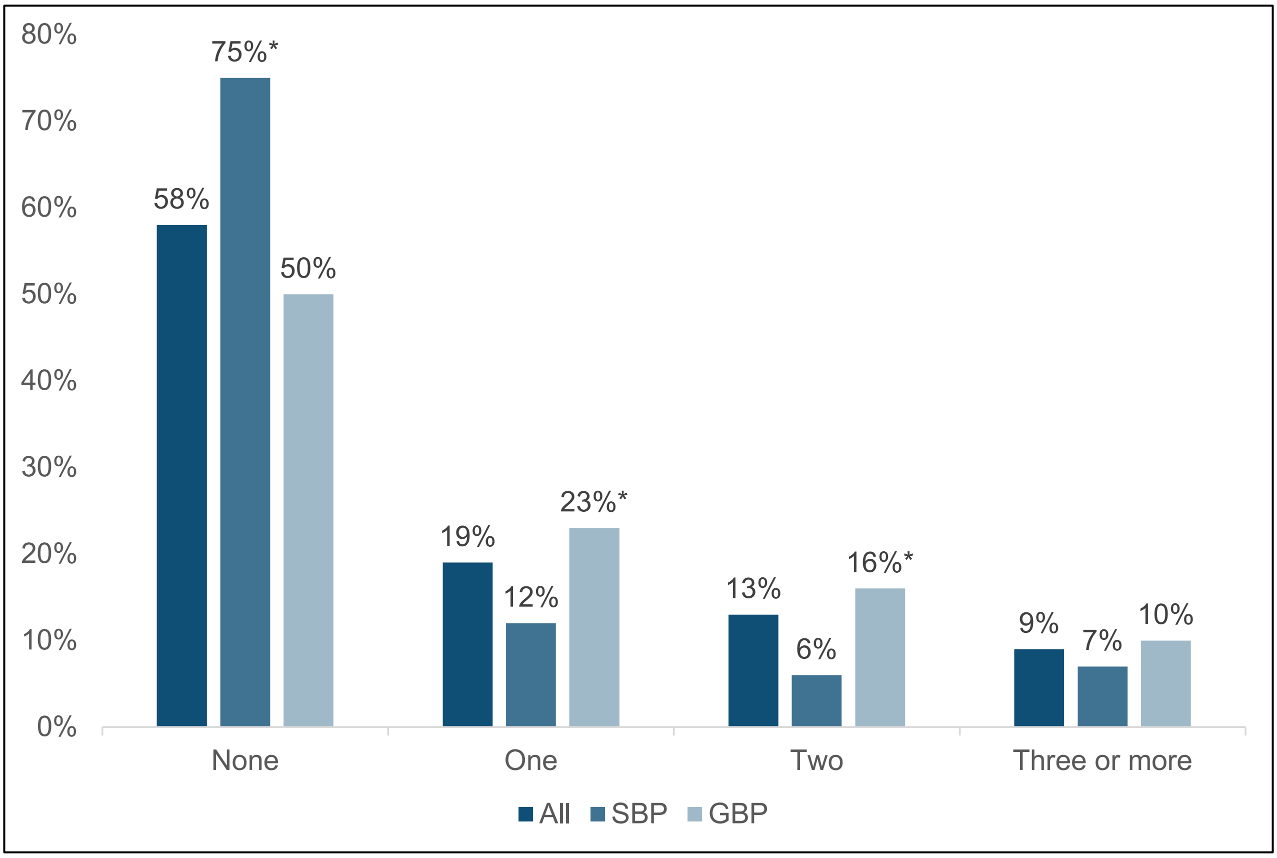
3. The childcare workforce

Though this Survey was carried out largely within the context of cost of living increases, it also sought to understand the current picture of the early years workforce in terms of vacancies, turnover and whether providers feel that they have enough staff to meet demand.

Vacancies

As shown in Figure 14, vacancies were far more common in GBPs than SBPs (49% of GBPs reported having one or more vacancies vs. 25% of SBPs).

Figure 14 Number of current vacancies

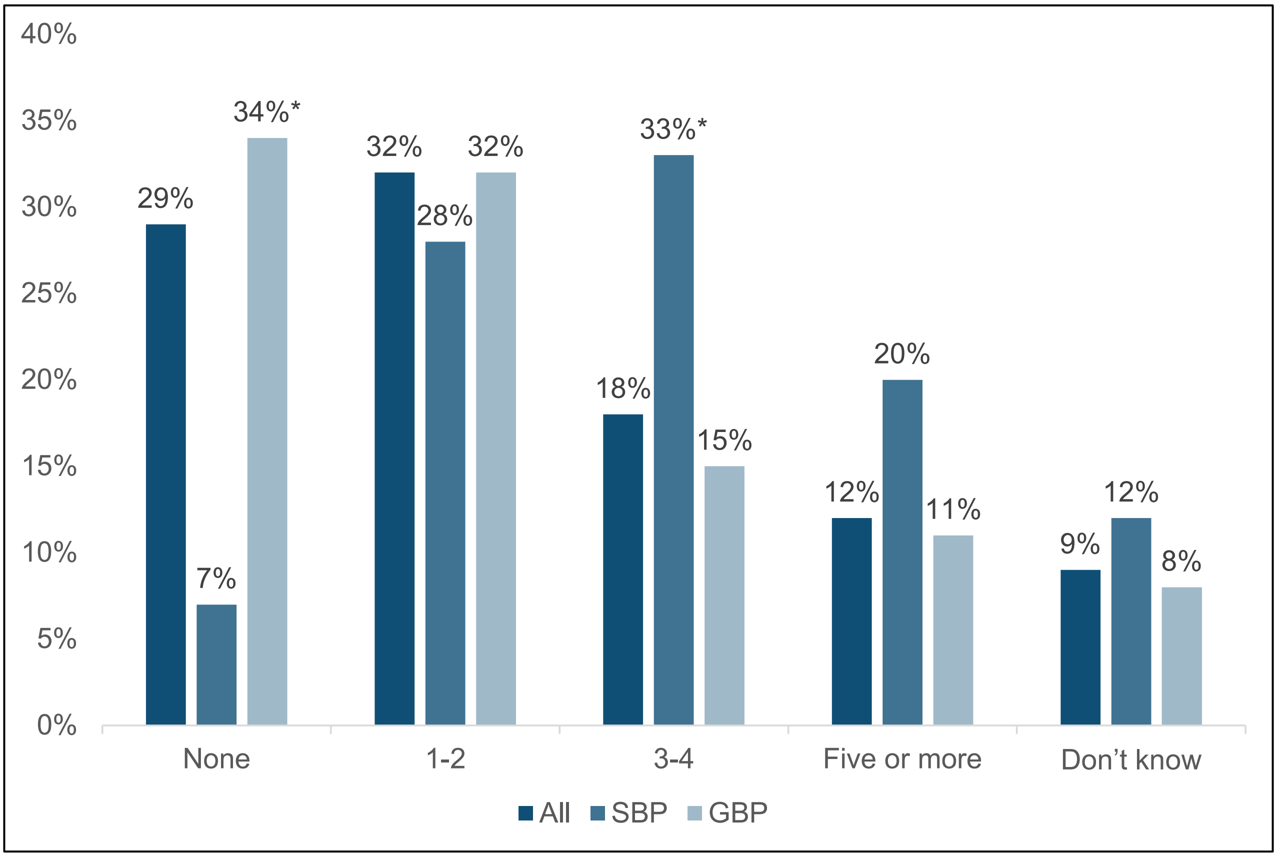


Source: Survey of Childcare and Early Years Providers, Wave 5. C8: School-based providers (n=146) and group-based providers (n=937). *indicates significantly higher difference between SBPs and GBPs.

There was limited variation by region among GBPs, with the exception of those based in London, who were more likely to report that they were currently advertising for 3 or more positions (19% vs. 10% on average).

As shown in Figure 15, SBPs generally receive more applications per vacancy than GBPs, with a third (34%) of GBPs reporting receiving zero applications (vs. 7% of SBPs). On average, SBPs received 5.1 applications per vacancy, vs. 2.1 in GBPs.

Figure 15 Applications received per vacancy



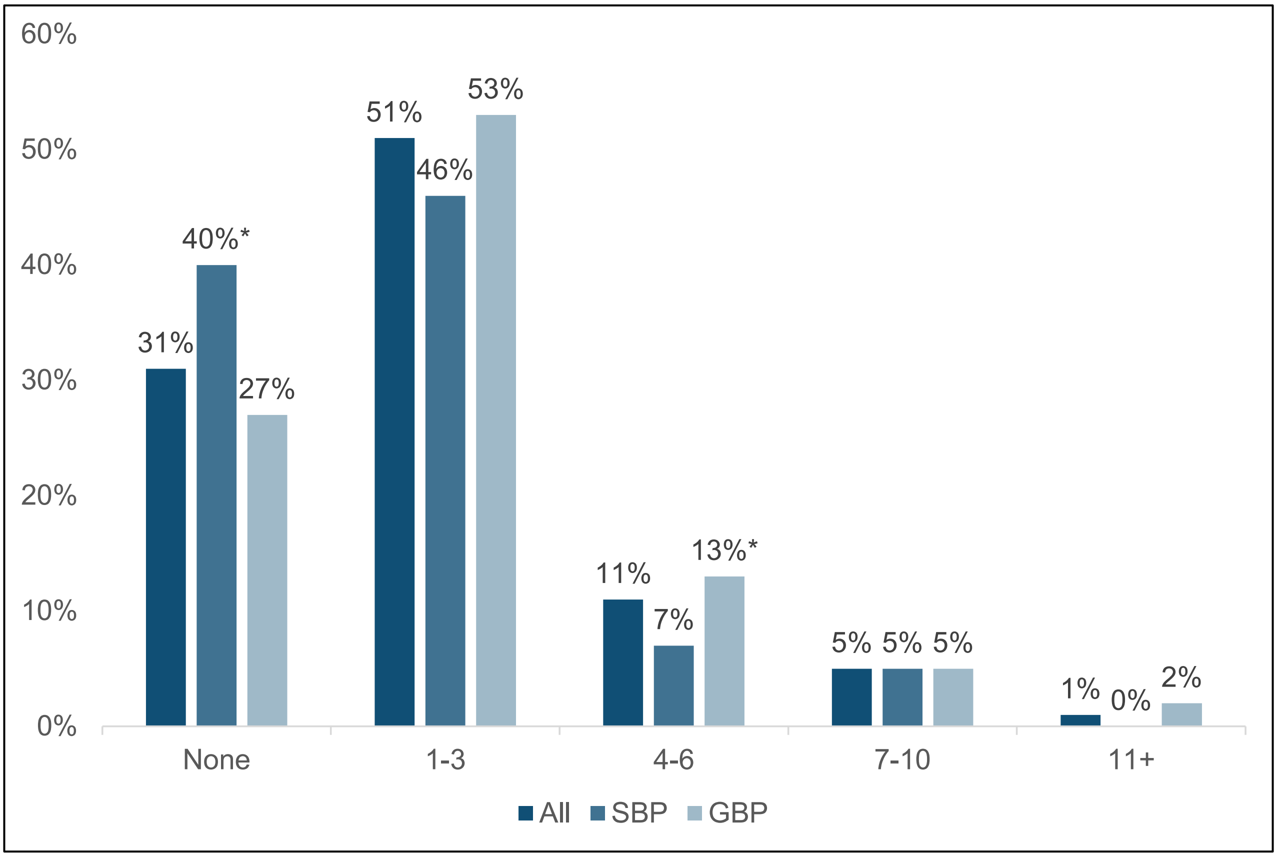
Source: Survey of Childcare and Early Years Providers, Wave 5. C9: School-based providers with vacancies (n=45) and group-based providers (n=436). *indicates significantly higher difference between SBPs and GBPs.

Leavers

Number of leavers per provider

GBPs and SBPs were asked how many of their staff had left their employment in the past year. As shown in Figure 16, SBPs generally saw less staff turnover than GBPs. 40% of SBPs, for example, said that they had no staff leave in the past year (vs. 27% of GBPs).

Figure 16 Number of leavers per provider in the past year



Source: Survey of Childcare and Early Years Providers, Wave 5. C2: School-based providers (n=146) and Group-based providers (n=937). *indicates significantly difference between SBPs and GBPs.

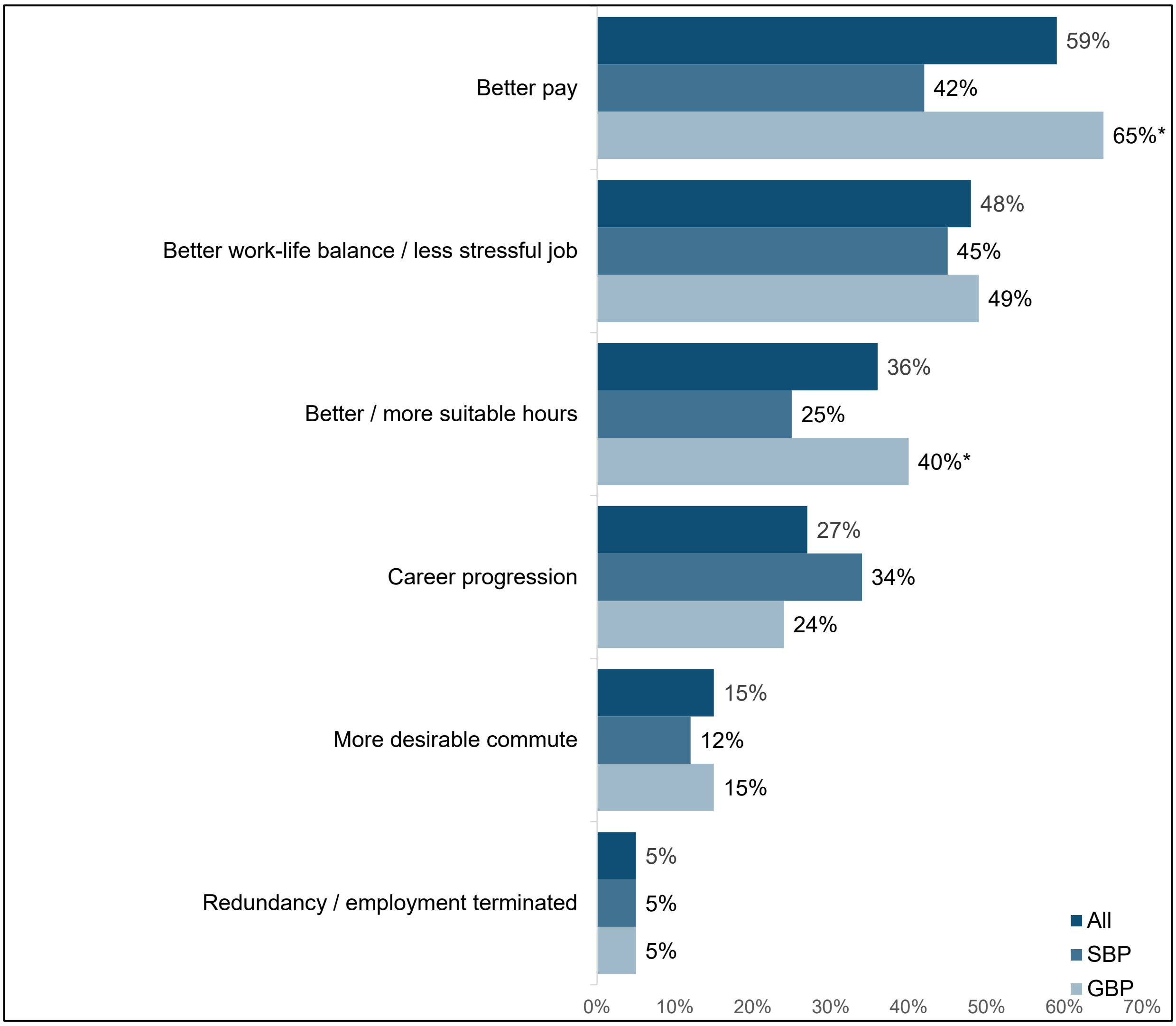
There were limited differences by region within GBPs (and base sizes are too small to support robust analysis by region within SBPs).

Staff reasons for leaving

The most commonly reported reason providers said staff had left them was for "better pay" (59%). As shown in Figure 17, this was more likely in GBPs than SBPs (65% vs 42%). This aligns with findings from the SCEYP provider survey, which found that mean hourly staff pay in 2021 was around 50% higher in SBPs than GBPs.

"Better work-life balance" was another common reason for staff leaving (given by 48% of providers who had had staff leave in the last year). "Better / more suitable hours" was given as a reason by 40% of GBPs (compared with 25% of SBPs) and "career progression" was given as a reason by 34% of SBPs (compared with 24% of GBPs).

Figure 17 Reasons for leaving to other employment or training



Source: Survey of Childcare and Early Years Providers, Wave 5. C6: School-based providers (n=70) and Group-based providers (n=561) that had seen staff leave to other employment or training. *indicates significant difference between SBPs and GBPs. This was a multicoded question, meaning providers could give more than one reason for staff leaving.

Among those that reported staff leaving paid employment altogether, the most common reason was staff's "own mental health and wellbeing" (36%). Other common reasons given by GBPs included:

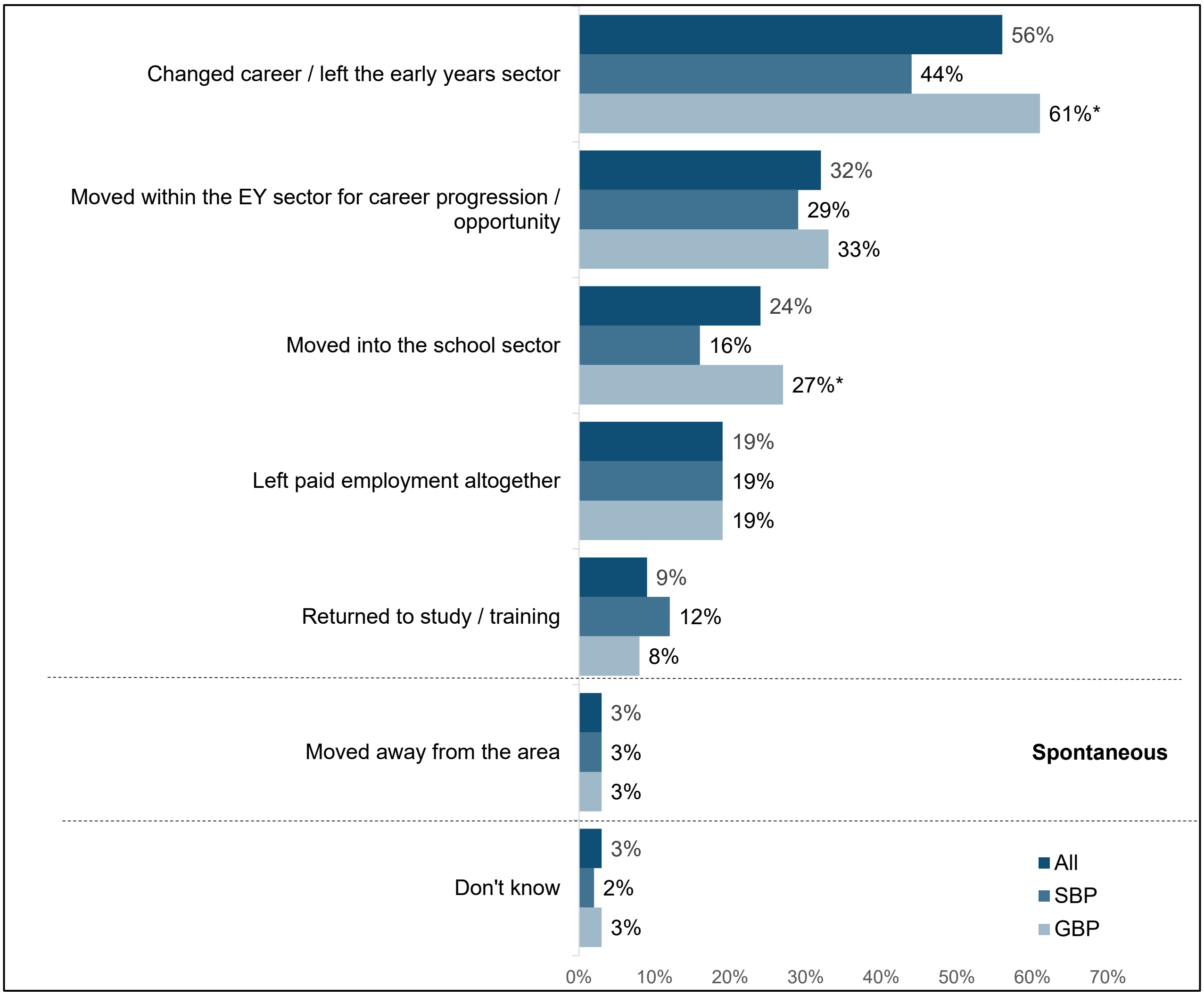
- Fulfilling caring responsibilities (31%)
- Retirement (25%)
- Reasons related to physical health (19%).

Destination of leavers

Figure 18 shows that around half (56%) of providers who had had staff leave them in the last year said that staff had changed career. Around a third (32%) said that they had had staff left them to move within the early years sector, a quarter (24%) to move into the school sector, a fifth (19%) to leave paid employment altogether and one-in-ten (9%) to return to education and training.

GBPs were more likely to have seen staff leave the early years sector entirely (61% vs. 44% of SBPs).

Figure 18 Destination of those that had left provider's employment in the past year



Source: Survey of Childcare and Early Years Providers, Wave 5. C3: School-based providers (n=91) and group-based providers (663) that had seen staff leave in the past year. Responses with less than 3% not charted. *indicates significantly higher difference between SBPs and GBPs. This was a multicoded question, meaning providers could give more than one destination as an answer.

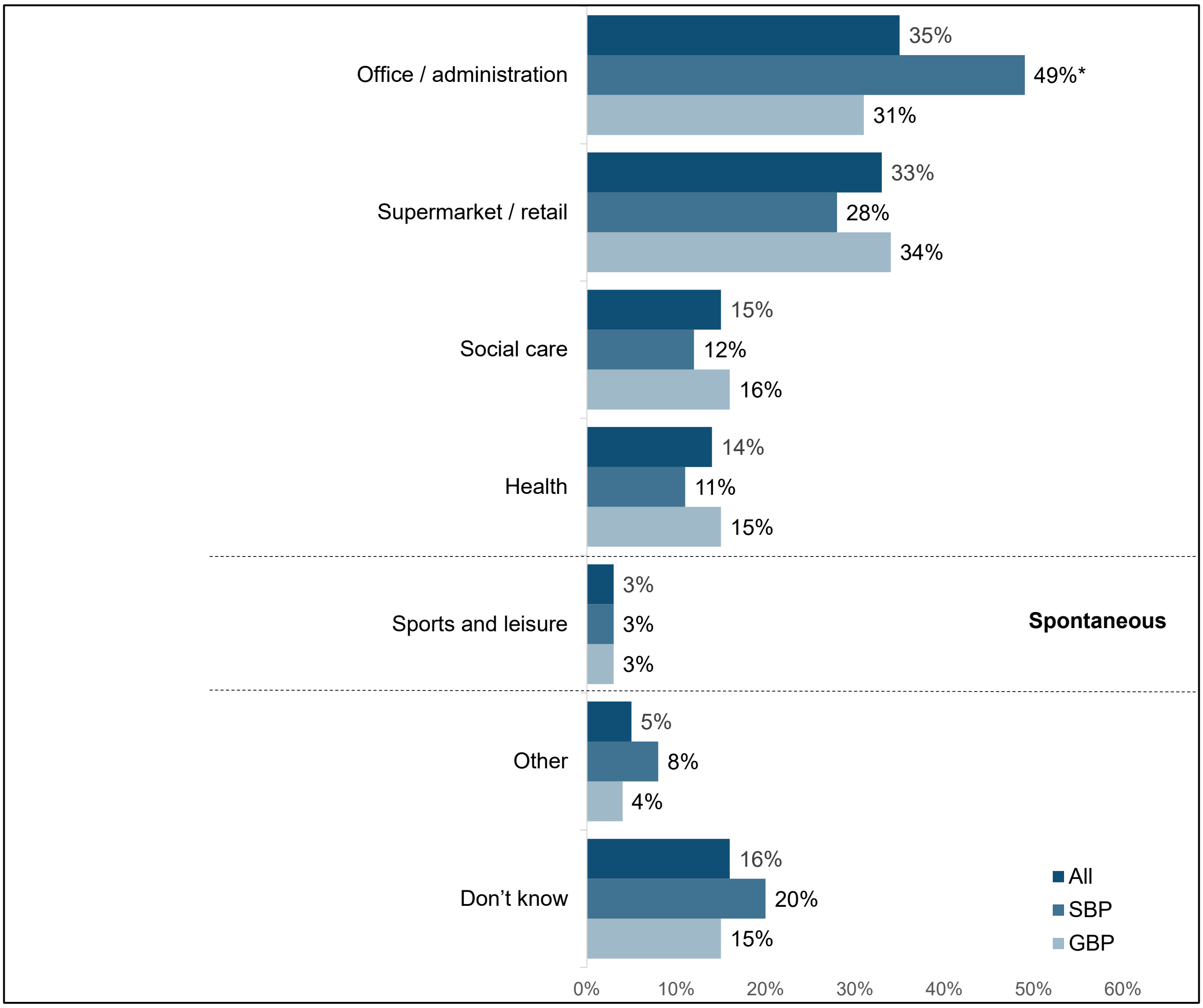
There was minimal variation within region, with the exception of:

- GBPs in the West Midlands being more likely to report leavers changing career (76% vs. 56% overall).
- GBPs in London being less likely to report leavers changing career (46%). Instead, they were more likely to report that staff had returned to study/training (17%). The same was true of GBPs in the North West (14% reported that staff had left them to return to study/training).

Moving out of the early years sector

Figure 19 shows the destination of staff that left the early years sector altogether. SBPs (49%) were more likely than GBPs (31%) to say that they had had staff leave them in the last year for an office or administration job.

Figure 19 Destination of staff that left early years sector entirely

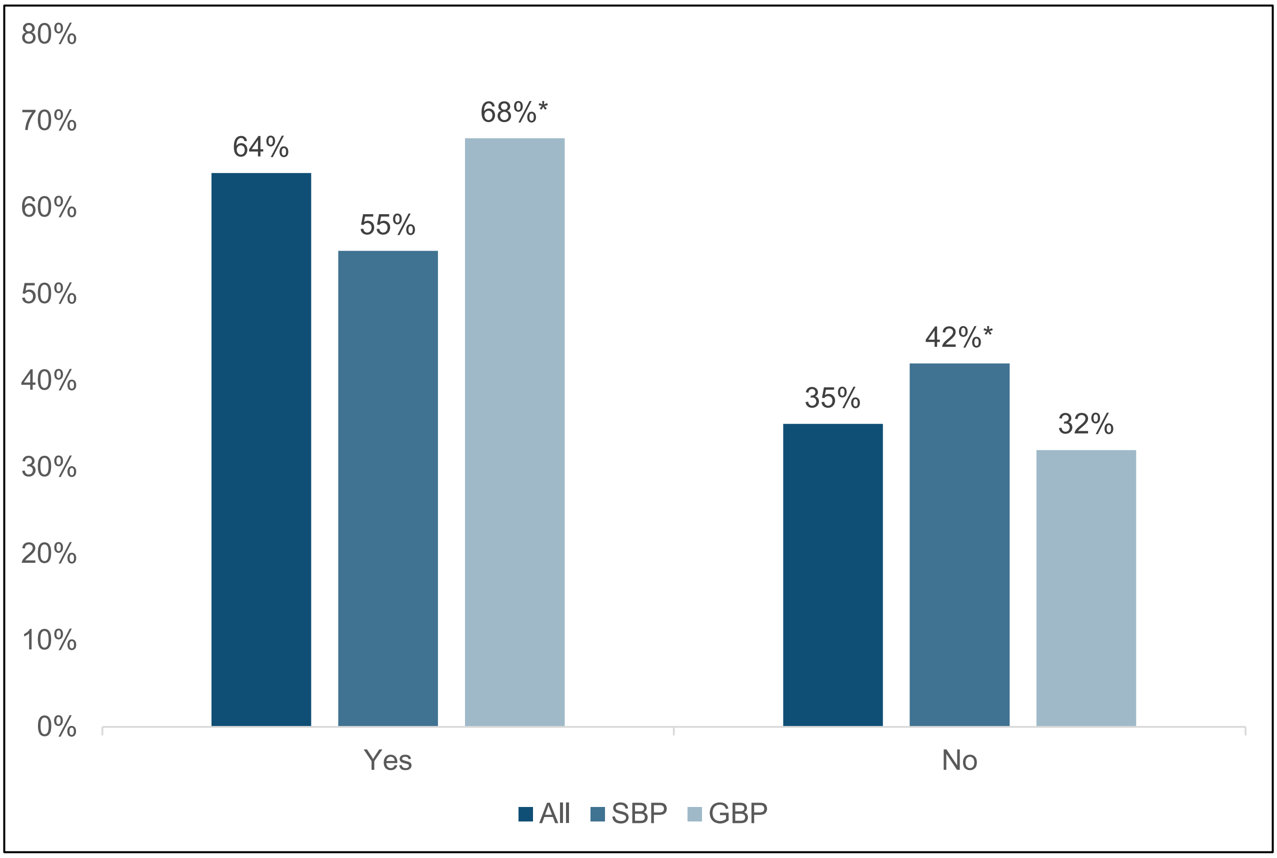


Source: Survey of Childcare and Early Years Providers, Wave 5. C5: School-based providers (n=36) and Group-based providers (n=403) that had seen staff leave the early years sector. Responses with less than 3% not charted. *indicates significantly higher difference between SBPs and GBPs.

Staffing issues

Providers were asked if they had faced any staffing issues in the last year (defined as difficulties having enough staff to meet their demand). Around two-thirds (64%) of SBPs and GBPs reported staffing issues. As shown in Figure 20, this was higher among GBPs (68% vs. 55% SBPs).

Figure 20 Whether experiencing difficulties with having enough staff to meet demand

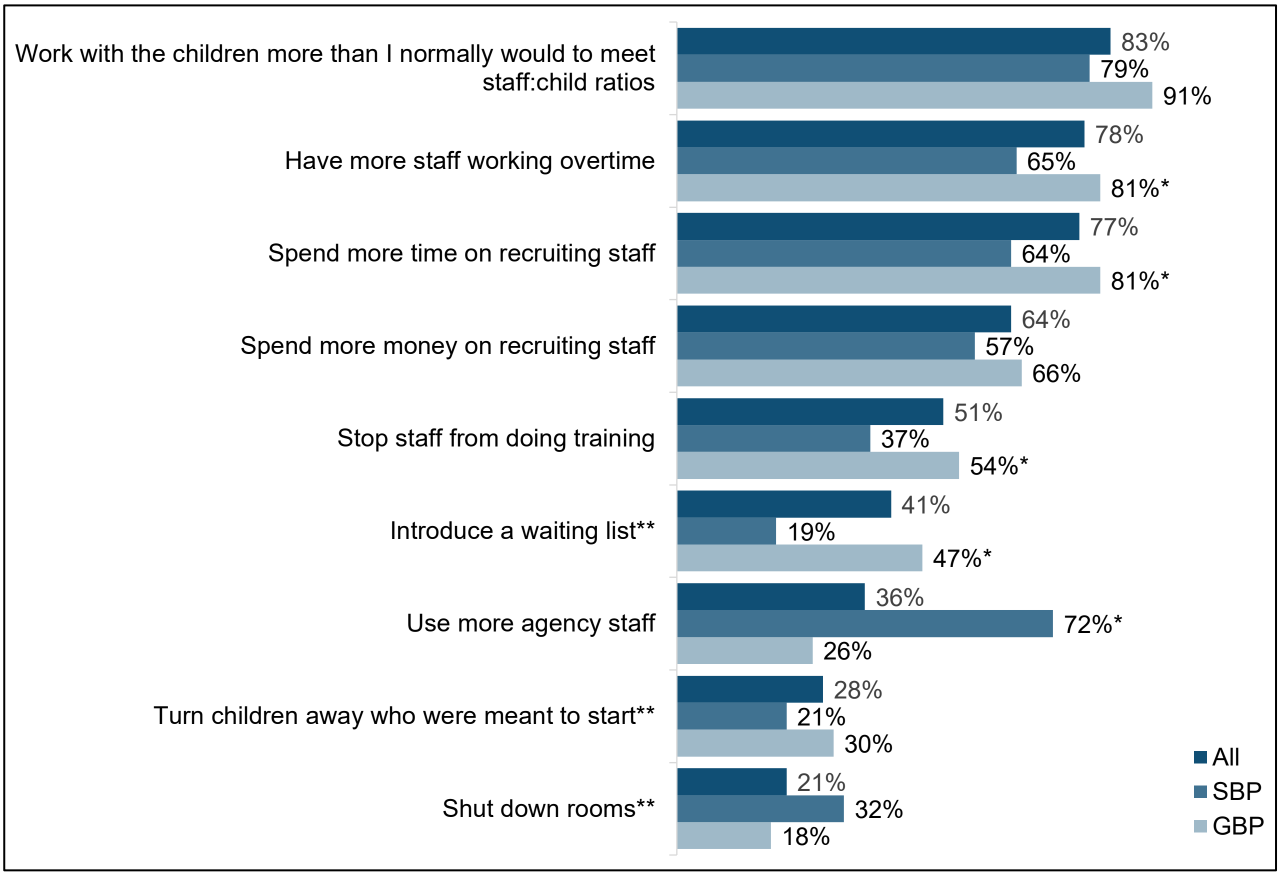


Source: Survey of Childcare and Early Years Providers, Wave 5. C10: School-based providers (n=146) and Group-based providers (n=937). *indicates significantly higher difference between SBPs and GBPs.

There were limited differences by deprivation status and region, with the exception of providers in the South West, who were more likely to report having experienced staffing issues (74% vs. 64%).

Headteachers of SBPs and owners/managers of GBPs that had experienced staffing issues were asked if they had taken various actions as a result of these issues.

Figure 21 Actions prompted by staffing issues



Source: Survey of Childcare and Early Years Providers, Wave 5. C11: Headteachers at SBPs (40), owner/manager of a GBP (386) *indicates significantly higher difference between SBP and GBP. **indicates questions that were asked of all, but have been rebased here for consistency.

As shown in Figure 21, managers and headteachers most commonly said that they had "worked with children more than they normally would in order to meet staff:child ratios" (83%). A similar proportion of providers said that they had more staff working overtime (78%) – this was significantly higher in GBPs (81% vs. 65% SBPs) – and that they had spent more time on recruiting staff (77%).

There was some variation according to deprivation status and region among GBPs (Table 7). Those in the least deprived areas were more likely to spend more money on recruiting as a result of staffing issues (75% vs. 66% overall). This was also true of London-based GBPs (84%), who were more likely to use more agency staff as well (46% vs. 26% overall).

Table 7 GBP actions caused by staffing issues, by deprivation status and region

	Overall	Most deprived	Deprived	Average	Less deprived	Least deprived	East Midlands	East of England	London	North East	North West	South East	South West	West Midlands	Yorkshire & H
Base:	386	42	74	78	94	98	29	46	35	11	46	99	52	39	29
Introduce a waiting list	41%	59%	39%	39%	54%	48%	39%	41%	41%	37%	42%	56%	45%	48%	62%
Turn children away who were meant to start	28%	42%	34%	26%	25%	26%	39%	32%	26%	46%	34%	25%	265	34%	22%
Shut down rooms	21%	29%	16%	11%	16%	20%	27%	13%	15%	24%	18%	21%	24%	13%	10%
Spend more time on staff recruitment	81%	84%	75%	79%	81%	85%	82%	75%	89%	64%	77%	80%	81%	75%	94%
Spend more money on recruiting staff	66%	62%	62%	60%	69%	**75%***	59%	64%	**84%***	61%	60%	63%	55%	69%	74%
Use more agency staff	26%	33%	27%	23%	22%	28%	12%	**10%***	**46%***	43%	28%	25%	24%	21%	25%
Stop staff from doing training	54%	59%	58%	55%	52%	49%	41%	53%	46%	29%	54%	61%	63%	61%	55%
Have more staff working overtime	81%	**66%***	85%	80%	83%	86%	84%	78%	74%	82%	88%	77%	90%	83%	76%
Work with the children more than I normally would to ensure staff:child ratios are met	87%	86%	83%	84%	89%	90%	87%	90%	82%	65%	78%	88%	91%	91%	100 %

Survey of Childcare and Early Years Providers, Wave 5. C11: Owner/manager of a GBP (386).*indicates significant subgroup difference compared to overall.

Providers were given the opportunity to report any other actions that they had taken due to staffing issues. Around one-in-five (17%) said that they had increased staff’s working hours with a similar proportion (16%) having borrowed staff from elsewhere.

4. Childminder agencies and non-domestic premises

Since 2018, the number of Ofsted-registered childminders has fallen by nearly a quarter.[16] Registering with childminder agencies (CMAs) rather than with Ofsted, and operating from non-domestic premises (NDPs) rather than their home, are possible ways that the number of childminders could increase. The Survey, therefore, asked childminders about their awareness of and attitudes towards CMAs and working on NDPs.

- Childminder agencies (CMAs) are organisations that can register, and quality assure childminders and providers of 'childcare on domestic premises' as an alternative to registering with Ofsted.
- Non-domestic premises (NDPs) are approved alternatives to operating from childminders' own homes.

Awareness of childminder agencies (CMAs)

The majority of CMs were aware of CMAs - 52% were fully aware and 27% slightly aware.

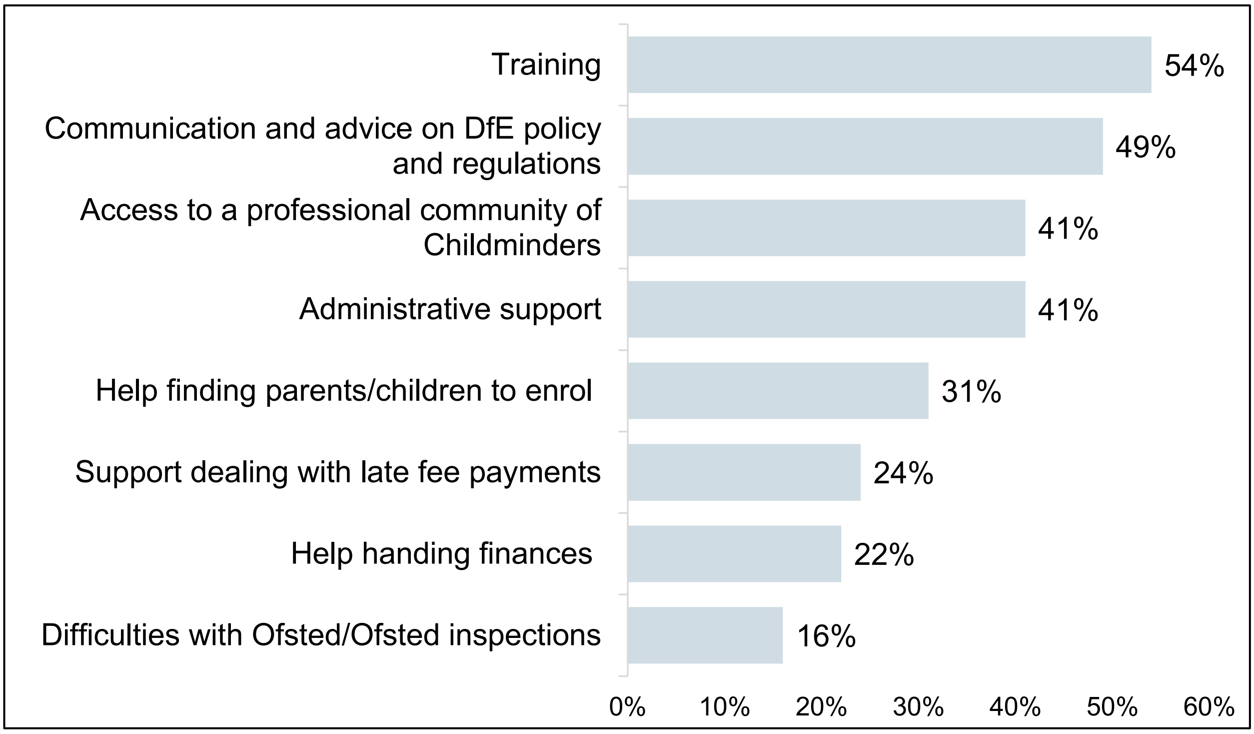
Most (60%) reported that they would not consider joining one. Around a quarter (23%), however, had at least considered doing so, with 7% having 'seriously considered" it.

Reasons childminders would consider joining a CMA

Among those who had considered joining a CMA, the most common reason was "access to training" (54%) followed by "communication and advice on DfE policy and regulations" (49%).

[16] Childcare providers and inspections as at 31 August 2022 - GOV.UK (www.gov.uk)

Figure 22 Reasons childminders would consider joining an agency



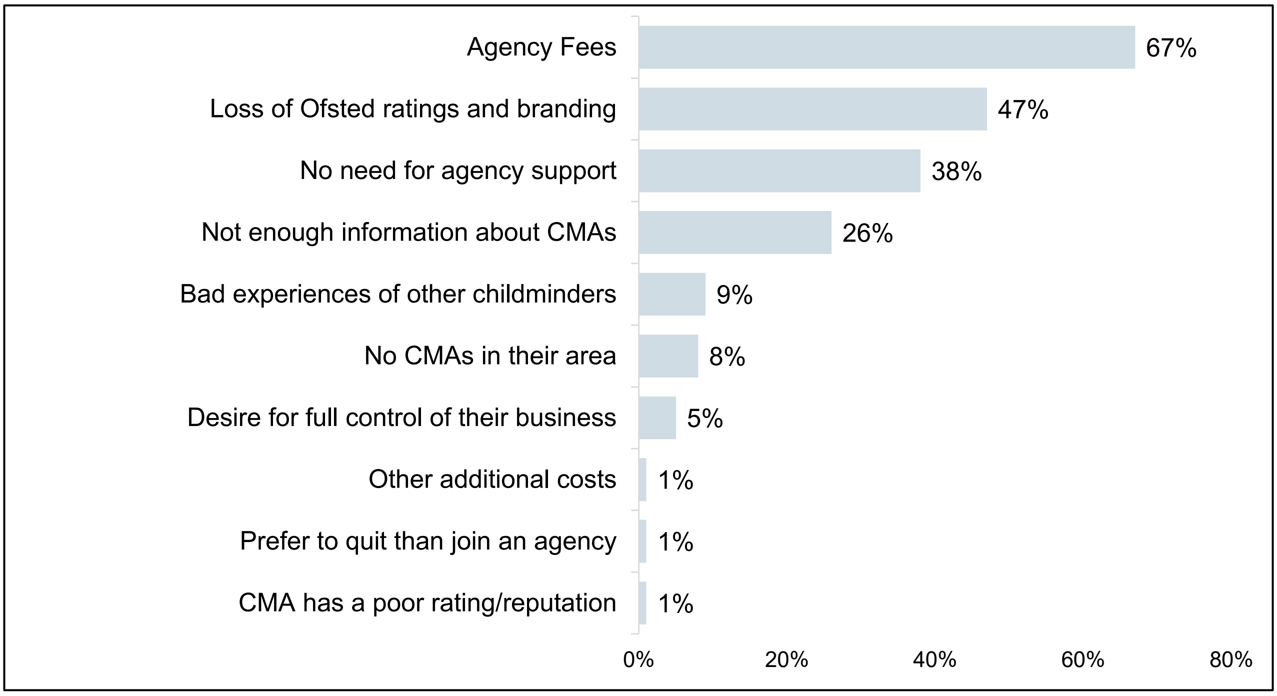
Source: Survey of Childcare and Early Years Providers, Wave 5. G3: Childminders that would consider joining an agency (n=229).

Reasons that CMs gave for not wanting to join a CMA[17]

Of the 60% that reported that they would not consider joining a CM, the majority (67%) stated that agency fees were the biggest deterrent alongside other issues such as loss of Ofsted ratings (47%) and not feeling that they needed agency support (38%).

[17] As this survey was asked of existing childminders, this does not evidence the role that CMAs may have in attracting people to childminding from outside of the sector.

Figure 23 Reasons that CMs gave against joining a CMA



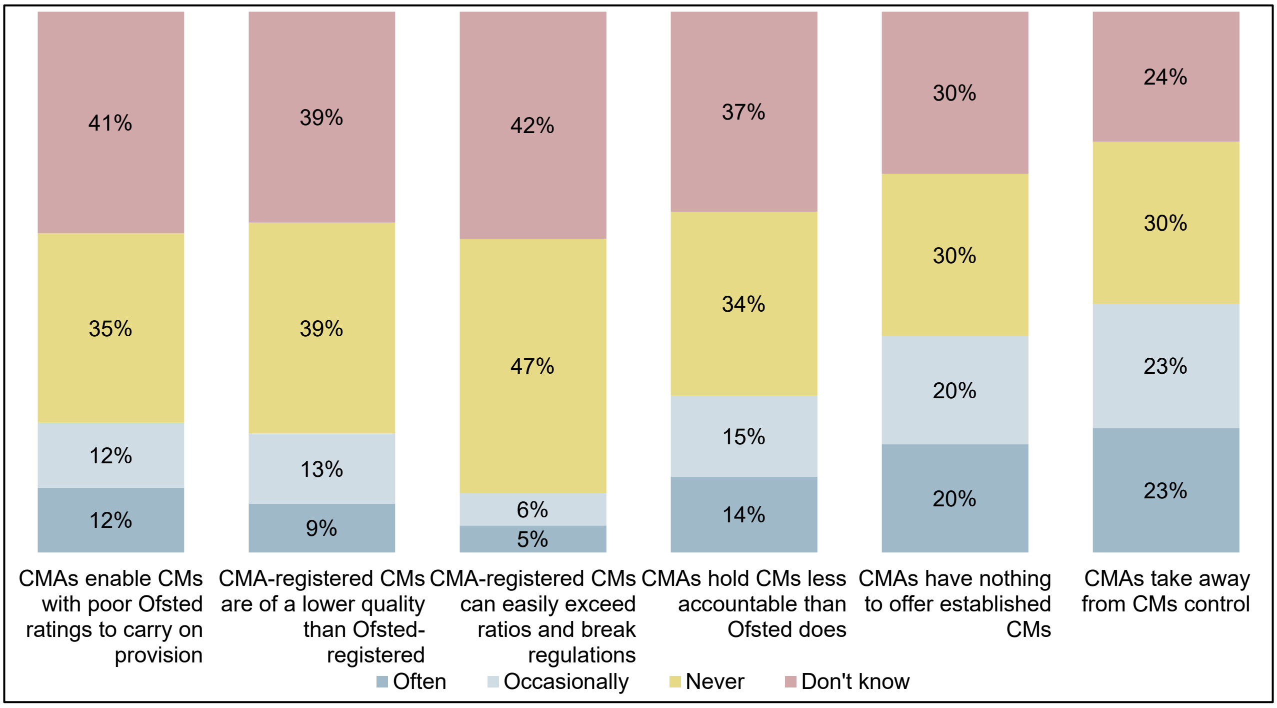
Source: Survey of Childcare and Early Years Providers, Wave 5. G4: Childminders are not currently members of an agency (n=686).

CMs in the North East and South West were more likely to report that there were no CMAs in their area (17% and 15% respectively, vs 8% overall).

CMs' Perceptions of CMAs

In order to gauge their perceptions of CMAs, and what might act as a deterrent to joining, CMs were asked how often they had heard about possible drawbacks to joining a CMA. As shown in Figure 24, most CMs said they'd either never heard, or didn't know if they'd heard, these things said about CMAs. The statement that they said they'd heard most commonly, was that CMAs 'take away childminders' control in how they run their business' (23% said that they'd "often" heard this). Less than 10% of CMs, on the other hand, said that they'd "often" heard it said that "CMA-registered CMs are of a lower quality than Ofsted-registered ones" or that "CMA-registered CMs can easily break ratios and exceed regulations".

Figure 24 Perception of CMAs



Source: Survey of Childcare and Early Years Providers, Wave 5. G5: Childminders (n=774).

Non-domestic premises (NDPs)

Generally, childminders work from their own homes, although they can get approval to work for up to 50% of the time from non-domestic premises (NDPs). A small minority of CMs (2%) stated that they did so. This was slightly higher in London (6%). A further 10% were considering doing so.

The majority (90%) of CMs not currently operating from an NDP were aware of the requirement to seek approval from their CMA/Ofsted if they were to do so.

CMs were asked what they thought the downsides were to NDPs. The main issue identified was increased cost (70%) followed by parental demand for a home-based setting (60%), practical issues (56%) and a lack of suitable NDPs in the area (28%).

Among those who did not currently operate from an NDP, a minority (10%) had considered doing so. Among those either currently operating from an NDP or considering doing so, the perceived benefits included extra space (74%), flexibility to work from a wider range of locations (43%) and help with meeting parental demand (31%).

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