

The early years workforce

A comparison with retail workers

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Executive Summary

The last decade has seen significant policy changes to the early years sector, mostly in an attempt to expand access to, and improve the quality of, childcare provision. This has inevitably affected the structure of the early years sector but has not necessarily improved the conditions for its workforce. There are many issues in the sector causing childcare workers to leave, such as low pay and generally poor working conditions. There is anecdotal evidence suggesting that many childcare workers who leave will re-route their careers into the retail sector for better working conditions. This report uses data from the Labour Force Survey (from 2006 to 2018) to compare the demographics, qualifications and working conditions of childcare and retail workers, to discuss key trends and to understand how easily workers can switch from the childcare sector to the retail sector.

Key findings:

- **More retail workers are studying towards a higher qualification compared to childcare workers.** Approximately 23 per cent of retail workers were studying for a higher qualification in 2018 compared to 16 per cent of childcare workers. Of those studying towards a higher qualification, the majority of retail workers were studying for a degree or A-level qualification, whilst the majority of childcare workers were studying for a degree or a National Vocational Qualification.
- **Based on academic and vocational qualifications, the childcare sector is more qualified than the retail sector.** Around 25 per cent of childcare workers have a degree, 36 per cent have A-levels and 19 per cent have GCSEs as their highest qualification, compared to 11 per cent, 30 per cent and 34 per cent respectively for retail workers in 2018.
- **Real wages for childcare workers and retail workers are likely to converge by 2021.** Between 2013 and 2018 childcare workers' real wages have fallen from £8.59 to £8.19 per hour whilst retail wages have increased from £7.34 to £7.75 per hour, leaving a wage gap of £0.44 in 2018. If the current trends in real wages continue, and in the absence of minimum wage increases, we would expect the pay gap to close by 2021. However, in a more realistic scenario, childcare wages are likely to plateau and then converge with retail workers' wages as the national minimum wage will gradually apply upwards pressure.
- **Real wages for Level 2 and Level 3 retail workers were marginally greater than Level 2 childcare workers in 2018.** The average childcare worker with a Level 2 NVQ earned £0.22 less per hour than the average Level 2 qualified retail worker and £0.10 less per hour than the average Level 3 qualified retail worker.
- **Low pay is one of the main drivers for childcare workers to leave the sector.** Approximately one in four childcare workers state 'pay unsatisfactory in present job' as the main reason for leaving the sector, compared to one in six retail workers leaving due to low pay.
- **There are more childcare and retail workers claiming benefits compared to the population as a whole.** Proportionately, there are more than twice as many childcare workers and retail workers claiming child benefits, tax credits, and housing or council tax support compared to the whole population.

Introduction

There has been a growing focus on expanding access to childcare in recent years through various policies, such as the 30 hours free entitlement for working parents in September 2017, the introduction of the early years pupil premium in 2015 and the expansion of funded places for two-year-olds in 2014. However, efforts to improve the quality of provision and to support the early years workforce have been more erratic. Notably, the government has decided not to deliver some of the commitments established in the 2017 Workforce Strategy that could have addressed some of the key issues for the sector. This includes not proceeding with the graduate feasibility study of amending regulations to enable those with Early Years Professional Status and Early Years Teacher Status to lead nursery classes in maintained settings. Instead, the government invested £20 million in professional development activities in disadvantaged areas and have confirmed an apprenticeship strategy for the early years sector.¹

‘High-quality’ is relevant to many elements of the sector, including the workforce, learning environment, curriculum and pedagogical practices. This report focusses on the workforce element and aims to expand the evidence base for the childcare sector. It directly links, and is supplementary to, [‘The early years workforce in England’](#) report by the Education Policy Institute, in which childcare workers were compared to teaching workers, hairdressers and beauticians, and the whole female working population.²

Key findings from ‘The early years workforce in England’ report:

- The childcare workforce is less qualified than both the teaching workforce and the general female workforce.
- There are important differences across individual occupations in terms of highest qualification held.
- Qualification levels of childcare workers are increasing very slowly and sometimes erratically.
- Qualification levels might be even lower in the future as the workforce is ageing and fewer employees are upskilling.
- The childcare workforce lacks diversity.
- Childcare workers are often in a position of high financial insecurity. Pay is low, both in relative and absolute terms, and a high proportion of workers are claiming state benefits or tax credits.
- With pay in real terms decreasing for childcare workers, and increasing for hairdressers and beauticians, gross hourly pay for the two occupations has been converging over time, with a difference of less than 20p per hour in 2018.
- The proportion of childcare workers claiming state benefits or tax credits remains very high at 44.5 per cent and is the highest among the four groups we analysed.

In this analysis, we compare the demographics, qualifications and working conditions of childcare workers with retail workers. There is perception survey data and anecdotal evidence stating that the retail sector is a competing occupation for those looking to enter and leave the childcare sector.³ As well as presenting a comparison of both sectors, we want to establish if the average childcare worker could easily move into the retail sector.

The report begins by outlining the methodology, then presenting our findings of workforce demographics, qualifications and working conditions, before discussing key themes and concluding.

Methodology

The analysis uses data from the Labour Force Survey (LFS), which surveys private households with the aim of collecting detailed information about the UK labour market. It runs every quarter with around 100,000 respondents in each quarter and is intended to be representative of the total population. Households normally remain in the sample for five quarters, with a fifth of the sample being replaced in each quarter.

For consistency, we use identical occupational codes to 'The early years workforce in England' report, which included nursery nurses and assistants, childminders and related occupations, playworkers, teaching assistants and education support assistants. The collection of each occupation will be referred to as 'childcare workers'.

The comparison group will be referred to as 'retail workers' and comprises 'Sales and retail assistants' and 'Retail cashiers and check-out operators'. Sales and retail assistants are defined as those who 'demonstrate and sell a variety of goods and services in shops, stores, showrooms and similar establishments' and retail cashiers and check-out operators are defined as those who 'accept payments from customers and give change in respect of sales or services'.⁴

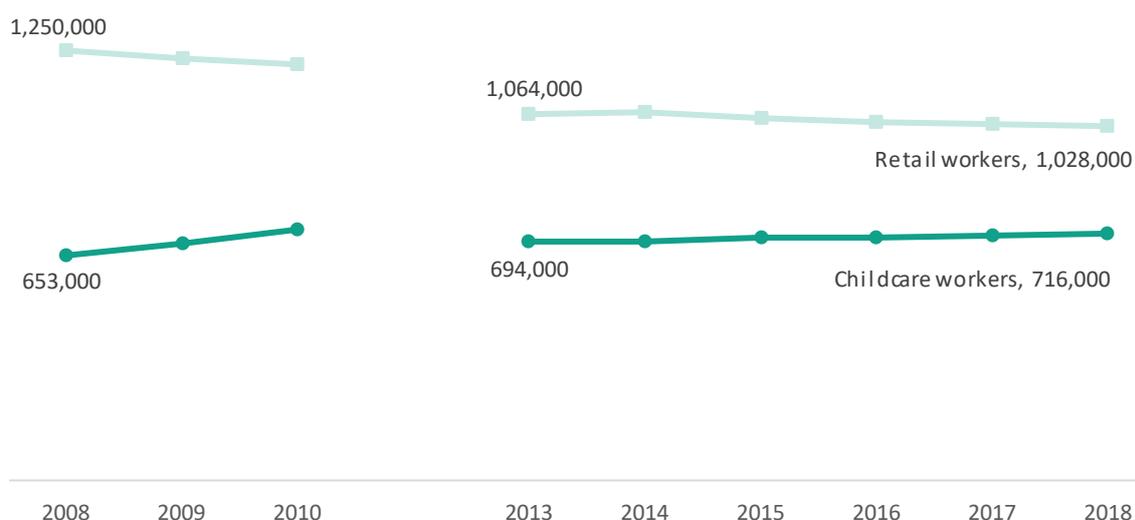
The report compares the two sectors through descriptive statistics and time series analysis. We use three-year moving averages to boost sample sizes and make changes across time less dependent on random sample changes. Additionally, the data is split into two series (from 2006 to 2010 and from 2011 to 2018) to reflect changes in the LFS method of categorising occupations after 2010, resulting in the re-routing of managerial staff into different codes. Therefore, it would be incorrect to make a direct comparison over both time periods.

Demographics

This chapter compares the demographics of childcare workers with retail workers by looking at the population size, age profile and gender distributions. We discuss changes over time and make direct comparisons as appropriate.

Firstly, we examine the sector population trend in Figure 1. The LFS survey shows there are more retail workers in comparison to childcare workers. However, the number of retail workers has gradually declined since 2013 by around 36,000, from 1,064,000 to 1,028,000. By comparison, the number of childcare workers has risen by 22,000, from 694,000 to 716,000. To reiterate, these figures were calculated using three-year moving averages and the gap after 2010 exists to account for changes to the occupational codes.

Figure 1. Sector population trend, 2008-10 (including managers) and 2013-18 (excluding managers)



The 2018 population estimates are separated into individual occupations in Figure 2 and highlight that the majority of childcare workers were teaching assistants (39 per cent) and nursery nurses and assistants (26 per cent) in 2018. Playworkers account for the lowest number of childcare workers at four per cent and the remaining childcare workers were spread across the other occupations. In comparison, 85 per cent of retail workers were sales and retail assistants and 15 per cent were retail cashiers and check-out operators in 2018.

Figure 2. Population size, 2018

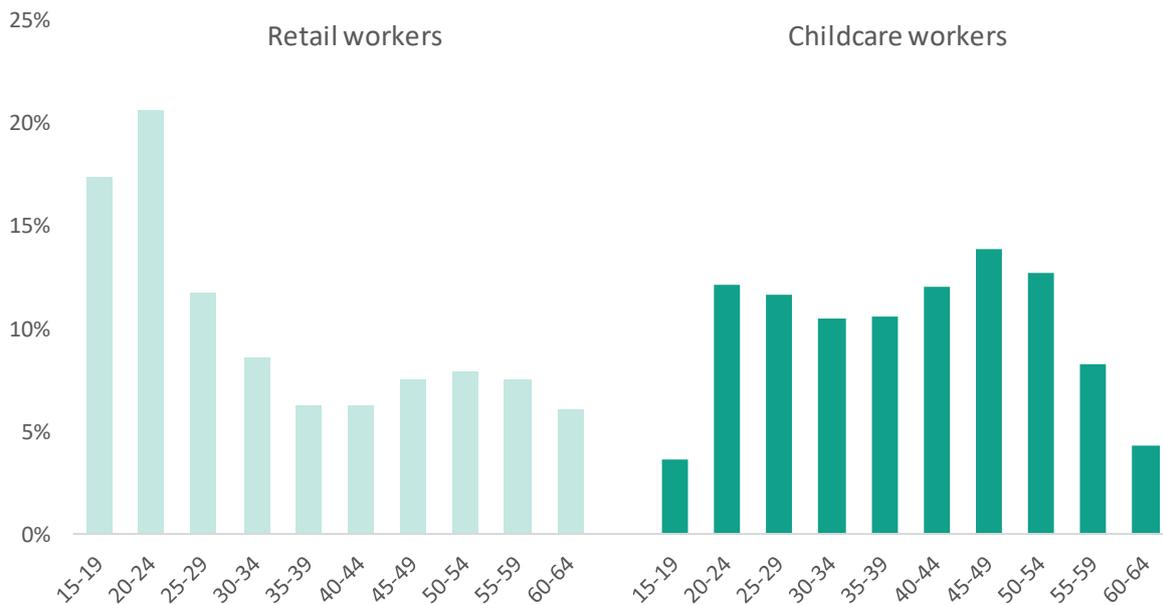
Occupational group	Individual occupations	SOC2010 unit code	Population numbers	Share of total population
Childcare workers	Nursery nurses and assistants	6121	184,000	26%
	Childminders and related occupations	6122	91,000	13%
	Playworkers	6123	28,000	4%
	Teaching assistants	6125	276,000	39%
	Educational support assistants	6126	137,000	19%
	Total			716,000
Retail workers	Sales and retail assistants	7111	878,000	85%
	Retail cashiers and check-out operators	7112	150,000	15%
	Total		1,028,000	100%

Figure 3 shows the age distribution across both sectors for 2018 and finds that approximately 38 per cent of retail workers were aged between 15-19 and 20-24, falling from 43 per cent in 2013. This

shift was, in part, inevitable as the compulsory school age increased to 17 in 2013 and 18 in 2015. The number of workers in the age brackets 30-35, 35-39 and each age band after 45-49 have grown since 2013, which, to some extent, may be related to the increase in the retirement age for older workers.

The childcare sector paints a different picture as more workers are aged between 40-44, 45-59 and 50-54. The size of the population in most age ranges has stayed relatively stable since 2013. The number of workers dips between ages 25-29 to 40-44 in both sectors, possibly reflecting workers leaving and re-entering the labour market due to childcare commitments.

Figure 3. Age profile for childcare workers and retail workers, 2018



We then examine the age profile by gender to gain an understanding of the gender distribution in the two sectors (Figure 4). Both sectors are predominantly comprised of female workers, the childcare sector even more so. In 2018, the 16-24 age category for retail workers had approximately 50 male workers for every 50 female workers, which widened to 20 male workers for every 80 female workers by ages 55-65. Interestingly, the childcare sector started at approximately 20 males to every 80 females in the age profile 16-24 and widened to seven males to every 93 females in the 55-65 age profile.

Figure 4. Age and sex of the retail sector and childcare sector, 2018

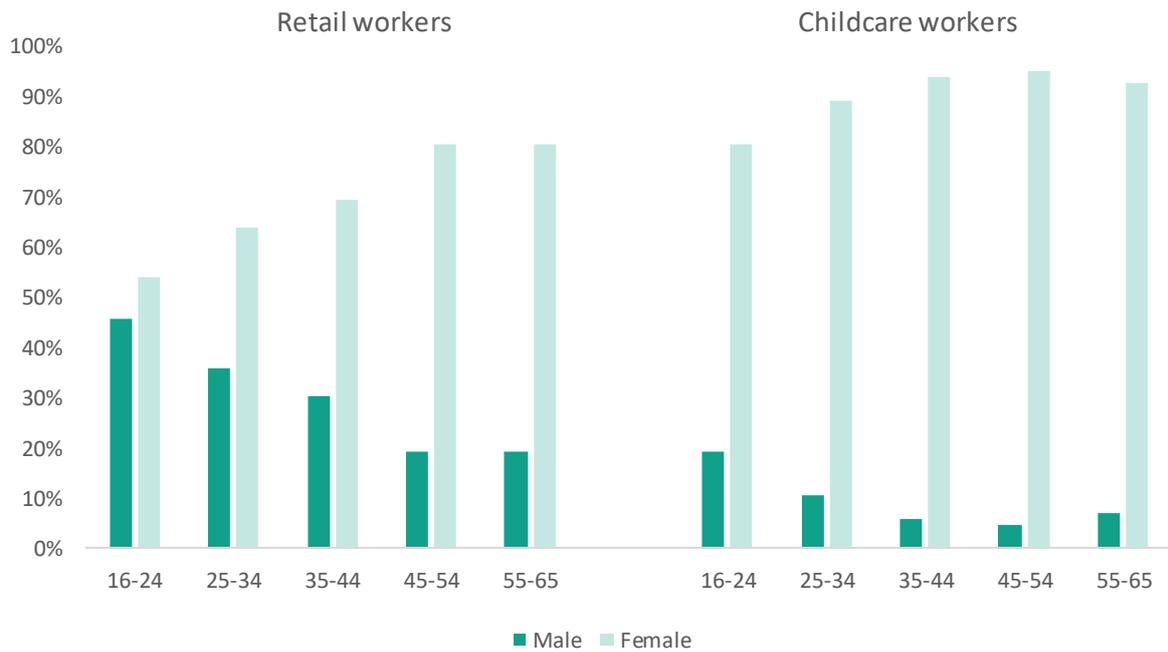
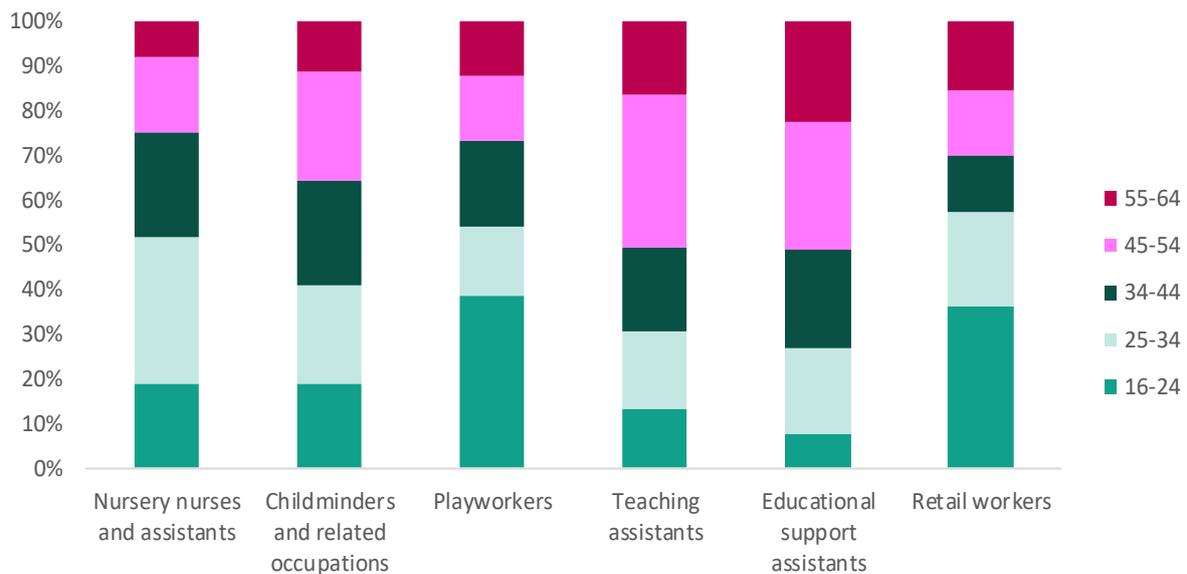


Figure 5 compares the age profile of each childcare occupation and retail workers. We observe similarities in the proportion of workers aged 16-24 between the retail sector and the playworkers group (respectively, 36 per cent and 39 per cent). This proportion drops to an average of 15 per cent for playworkers and 16 per cent for retail workers across the other age profiles.

As the retail sector is usually favoured for part-time jobs for students, it is possible that it is being used as a temporary position before moving to another occupation. On the other hand, the playworker occupation may be used as an entry level role into the early years sector, particularly due to the low entry requirements.⁵

Looking at the other age bands, we find that nursery nurses and assistants attract the largest share of workers aged between 25-35 and teaching assistants and educational support assistants attract the largest number of workers aged between 45-54. As such, it is possible that a potential career route through the childcare sector might include starting as a playworker and then becoming a nursery nurse or assistant. If so, this provides an insight into which occupations to target for specific upskilling opportunities.

Figure 5. Age profile by occupation, 2018



Demographics summary

- There was an increase in childcare worker population and a reduction in retail worker population from 2008-10 to 2013-18.
- The young age profile of the retail sector suggests that turnover is high and that those leaving the sector are often replaced with young workers.
- The male to female ratio decreases across age bands in both sectors, but more so in childcare. There are initially more men in the retail sector than the childcare sector, but many leave as they get older.

Qualifications and training

This section compares the qualification and training of childcare workers and retail workers by looking at education-related variables in the LFS survey. Among other measures, we compare the number of individuals studying towards a higher qualification, workers’ highest level of education and the highest national vocational qualification (NVQ) level.

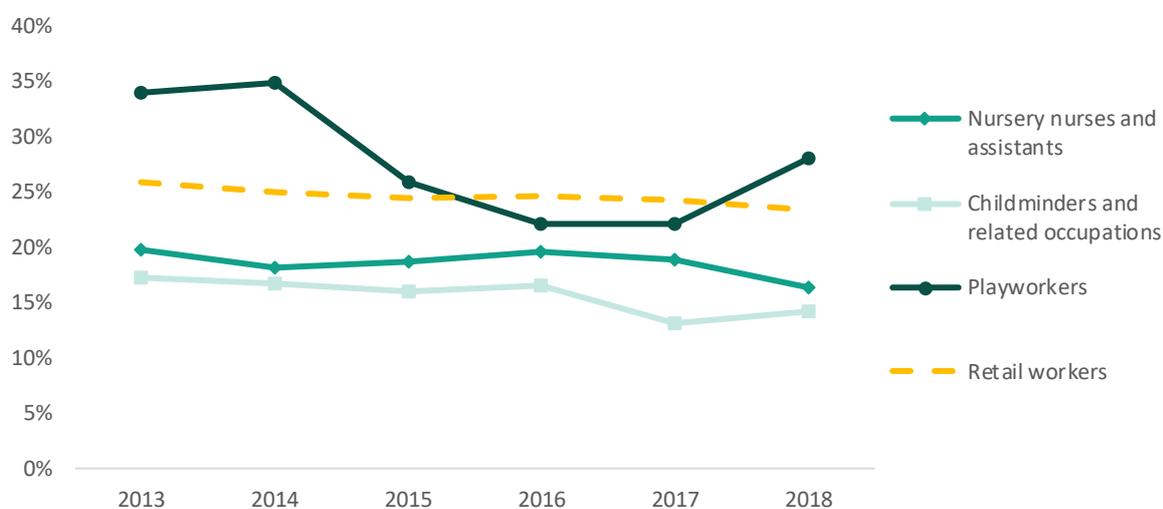
Firstly, our analysis finds that an average of 16 per cent of childcare workers and 23 per cent of retail workers were studying towards a higher qualification in 2018. Figure 6 presents the occupational breakdown of this group and shows more playworkers were studying for a higher qualification, at 28 per cent, compared to any other childcare occupation, which may be due to a younger workforce who have more opportunities to study. The remaining childcare occupations had an average of 14 per cent of workers who were studying for a higher qualification, against 23 per cent of retail sector workers.

Teaching assistant and education support assistants’ occupations have been omitted from Figure 6 because most workers hold a degree, making this information less crucial.

Although the number of playworkers seems to fluctuate more than other occupations throughout the period, this is most likely due to a small workforce population size at four per cent of the

childcare workforce. Therefore, small absolute changes in the number of workers studying for a higher qualification will show a relatively larger change.

Figure 6. Percentage of workers studying for a higher qualification, 2013-18



Out of those who were studying towards a higher qualification, 28 per cent of childcare workers and 43 per cent of retail workers were studying for a degree level qualification in 2018 (Figure 7). When considering the lower age profile of retail workers and that 43 per cent were studying for a degree level qualification, the data seems to confirm that, at least for a high proportion of the retail workforce, the retail sector is being used for flexible, part-time work by students and is not a sector where most workers are looking to build a career. In contrast, a lower proportion of childcare workers were studying for a degree and a higher proportion were studying for an NVQ/SVQ in 2018 (respectively, 28 per cent and 24 per cent), suggesting workers are looking to build a long-term career in the childcare sector, particularly as a Level 3 NVQ/SVQ is key to be counted in ratios.⁶

Figure 7. Type of qualification being studied by sector as a proportion of those studying for a higher qualification, 2018

Qualification	Childcare workers	Retail workers
Degree level qualification	28%	43%
A-Level or equivalent	8%	22%
BTEC/BEC/TEC/Edexcel/LQL	1%	12%
NVQ/SVQ	24%	7%
Any other professional/work-related qualification	18%	4%
Teaching qualifications (excl. PGCE)	5%	0%
Other qualifications	16%	12%
Total	100%	100%

Other key statistics to highlight from our analysis after disaggregating childcare occupations (Figure 8) for 2018:

- Over half of childminders were studying for a degree level qualification; however, figures might be driven by people in other occupations that are grouped together with childminders, such as au-pairs.
- 47 per cent of playworkers were studying for an A-level or equivalent qualification.

- 60 per cent of nursery nurses and assistants were studying for an NVQ/SVQ qualification.

It is important to note that these figures were drawn from the sample population of respondents who were studying for a qualification in 2018 and not the entire workforce population.

Figure 8. Type of qualification being studied by childcare occupation as a proportion of those studying for a higher qualification, 2018

Qualification	Nursery nurses and assistants	Childminders and related occupations	Playworkers	Teaching assistants	Educational support assistants
Degree level qualification	11%	52%	20%	20%	39%
A-level or equivalent	-	5%	47%	4%	-
BTEC/BEC/TEC/Edexcel/LQL	3%	-	5%	-	-
NVQ/SVQ	60%	12%	28%	22%	6%
Any other professional/work-related qualification	8%	13%	-	21%	35%
Teaching qualifications (excl. PGCE)	3%	-	-	13%	3%
Other qualifications	16%	19%	0%	19%	18%
Total	100%	100%	100%	100%	100%

Note: Percentages might not add up to 100% because of rounding errors

Next, we looked at the highest level of education in Figure 9. In 2018, 11 per cent of retail workers were qualified to degree level, 30 per cent to A-level or equivalent and 34 per cent to GCSE or equivalent. As the retail sector has low entry criteria it would be easy for the average childcare worker to enter the retail occupation.

In comparison, 25 per cent of childcare workers were qualified to degree level, 36 per cent to A-level or equivalent and 19 per cent to GCSE or equivalent. However, there are more teaching assistants and educational support assistants who hold degrees, at approximately 30 per cent, compared to an average of 19 per cent for nursery nurses and assistants, childminders and related occupations and playworkers.

Figure 9. Highest level of education, 2018

Highest level of education	Childcare workers	Retail workers
Degree or equivalent	25%	11%
Higher education	13%	4%
GCE A level or equivalent	36%	30%
GCSE grades A*-C or equivalent	19%	34%
Other qualification	4%	11%
No qualification	1%	8%
Don't know	1%	1%
Total	100%	100%

In Figure 7, we saw that 24 per cent of childcare workers undertaking study were working towards an NVQ. In 2018, approximately 90 per cent of childcare workers had a highest NVQ of at least Level

1, 2 or 3, compared to 80 per cent of retail workers (Figure 10). Notably, just under half of retail workers had a highest NVQ at Level 2, whilst over 60 per cent of childcare workers were qualified to Level 3.

Figure 10. Highest NVQ level by occupation, 2018

Highest NVQ Level	Nursery nurses and assistants	Childminders and related occupations	Playworkers	Teaching assistants	Educational support assistants	Retail workers
Level 1	1%	2%	2%	1%	2%	9%
Level 2	20%	20%	27%	27%	28%	47%
Level 3	68%	62%	60%	59%	60%	29%
Level 4	4%	6%	5%	6%	4%	1%
Level 5	2%	1%	0%	0%	1%	1%
Other NVQ/SVQ	2%	1%	0%	1%	1%	0%
Don't know	4%	7%	6%	6%	3%	12%
Total	100%	100%	100%	100%	100%	100%

Qualifications summary

- Retail workers typically have lower qualifications than childcare workers and childcare workers are likely to meet the retail sector’s low entry requirements without needs to undertake further study.
- 16 per cent of childcare workers and 23 per cent of retail workers were studying for a higher qualification in 2018.
- Of those studying towards a higher qualification, the majority of childcare workers were studying for a degree or an NVQ/SVQ, whilst retail workers were mainly studying for a degree or A-levels.
- Around 25 per cent of childcare workers hold a degree, 36 per cent hold A-levels and 19 per cent hold GCSEs as their highest qualification, compared to 11 per cent, 30 per cent and 34 per cent respectively for retail workers in 2018.
- The majority of childcare workers with NVQs hold a Level 3 NVQ, whereas the majority of retail workers hold a highest NVQ at Level 2.

Employment conditions

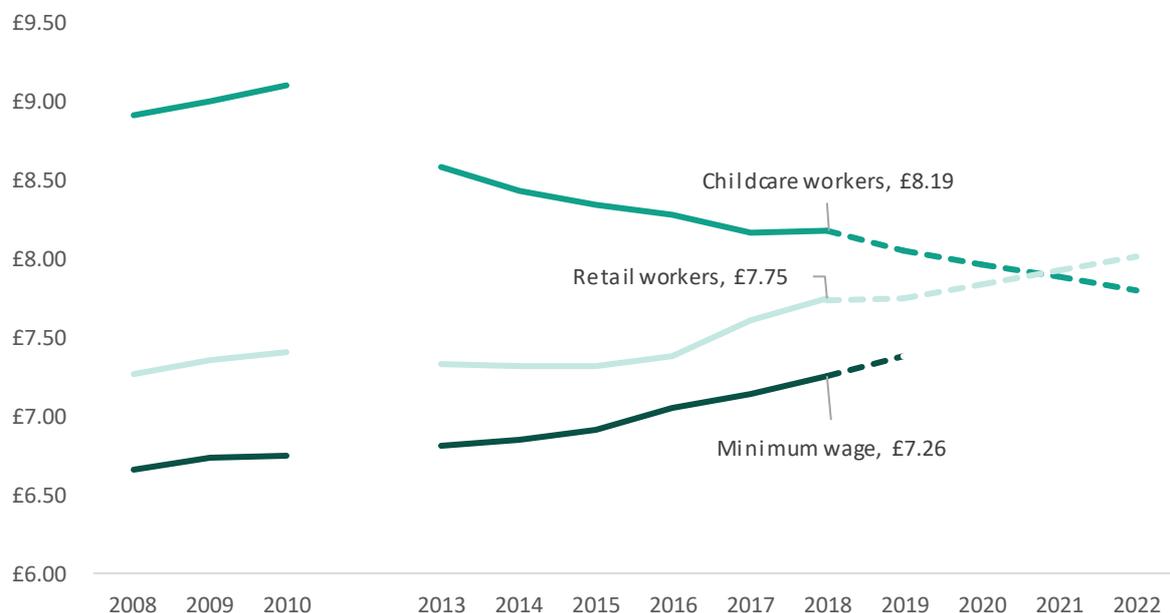
This section compares the working conditions for the childcare sector and the retail sector by exploring whether workers are employed in the private or public sector, their pay and the type of benefits workers are claiming.

As expected, nearly 100 per cent of retail workers operate in the private sector, while there is a greater distribution of childcare jobs across the public and private sector reflecting the mixed-market nature of early years provision. Within the childcare sector, 96 per cent of childminders and related occupations work in the private sector. Approximately 75 per cent of nursery nurses and assistant and playworkers work in the private sector and 17 per cent of teaching assistants and educational support assistants were in the private sector in 2018.

Next, we analysed the real wages for childcare workers and retail workers by adjusting nominal hourly wage by inflation (Figure 11). We found that between 2013 and 2018, childcare workers' real hourly wages fell by 4.7 per cent, from £8.59 to £8.19, whilst retail workers real hourly wages increased by 5.6 per cent from £7.34 to £7.75. Consequently, the wage gap between both sectors fell from £1.25 in 2013 to £0.44 in 2018. If the current trends in real wages continue, and in the absence of minimum wage increases, we would expect the pay gap to close by 2021. However, in a more realistic scenario, childcare wages are likely to plateau and then converge with retail workers' wages over time as the national minimum wage will gradually apply upwards pressure.

Due to a high proportion of younger workers in the retail sector and for consistency across years, we used the national minimum wage for workers aged 22 and above from 2006 to 2009 and then for age 21 and above from 2010 to 2019.ⁱ

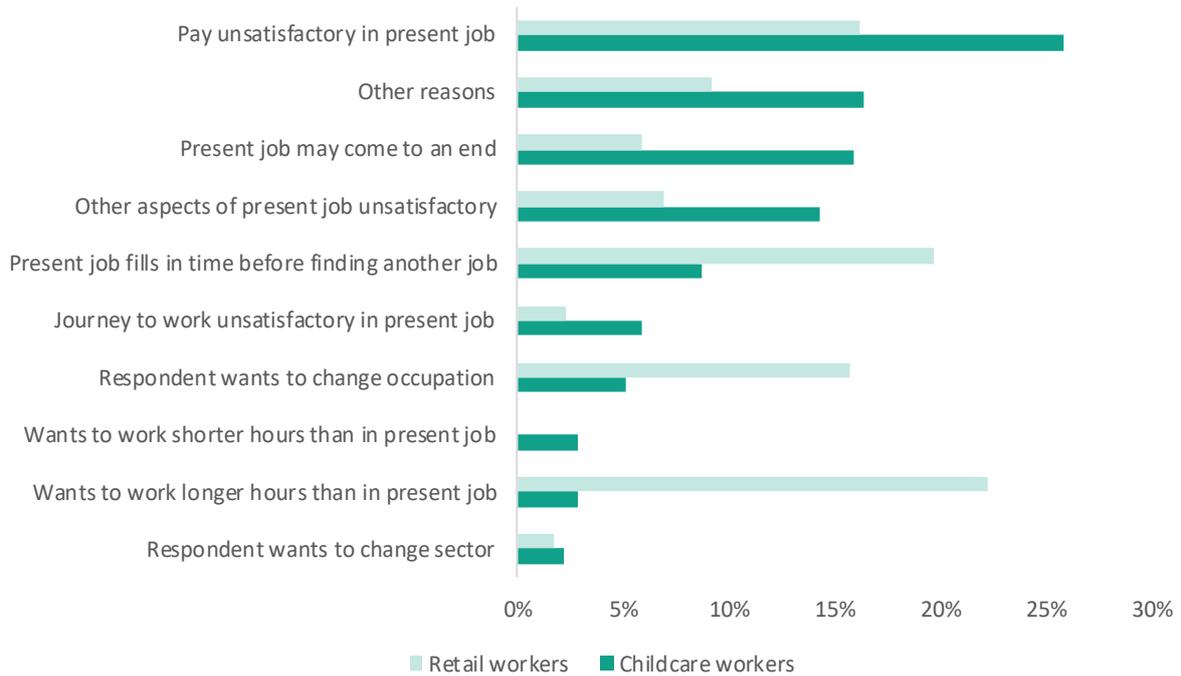
Figure 11. Real wages, 2008-2010 (including managers), 2013-18 (excluding managers) and 2019-22 (real wages forecast)



Similar pay and lower entry requirements for the retail sector may cause a shift from childcare into retail, particularly as unsatisfactory pay is one of the main drivers for childcare workers to leave the sector (see Figure 12). Approximately, one in four childcare workers state low pay as their reason for leaving the sector, compared to one in six retail workers, confirming the latest evidence by Ceeda, a private sector research agency, that low pay is causing early years workers to leave the sector.⁷ As the retail sector is mainly comprised of younger workers, they would likely be offered low pay in other occupations as well and they may have lower financial commitments compared to an older age group, possibly making low pay is less of a stress factor for retail staff. Nevertheless, further declines in childcare wages could lead to serious implications for the childcare market and a worsening of existing recruitment and retention problems.⁸

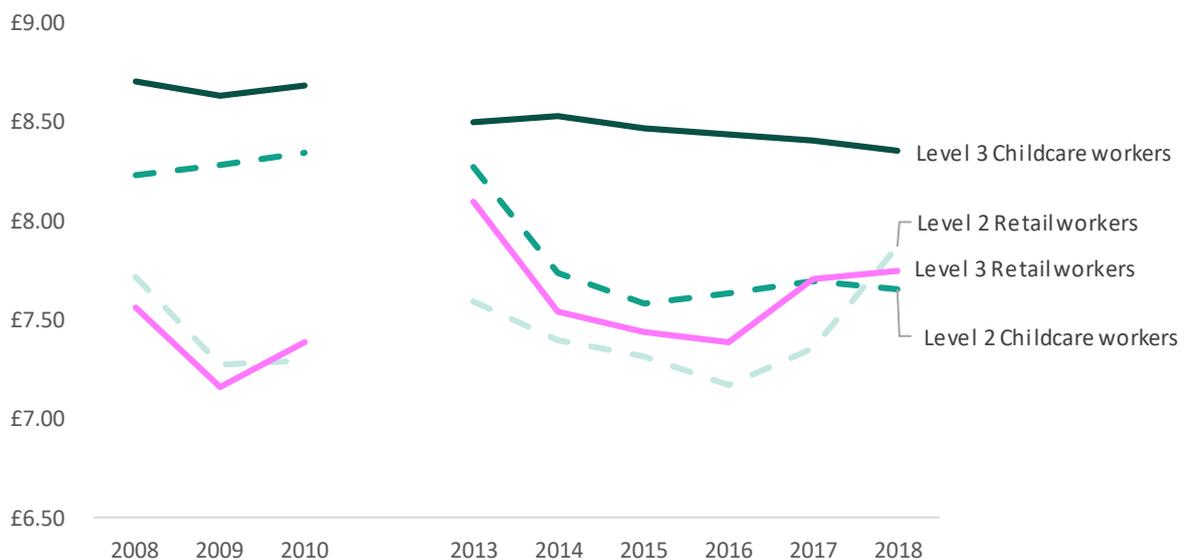
ⁱ Minimum wage age bands after 2010 changed from ages 16-17, 18-21 and 22 and over to 16-17, 18-20 and 21 and over. In 2016, the latter became 21-24 with the addition of 25 and over.

Figure 12. Main reason for looking for another job, 2018



In Figure 11, we saw that childcare wages are falling, and retail worker wages are rising. However, we observe a different picture once isolating for Level 2 and Level 3 workers (Figure 13). Childcare workers who hold a Level 3 NVQ have seen a steady decline in real wages since 2013 and earned an average of £8.36 in 2018. Additionally, there is a growing real wage gap between Level 3 and Level 2 childcare workers from a gap of £0.23 per hour in 2013 to £0.71 per hour in 2018. Interestingly, real wages for Level 2 childcare workers, Level 2 retail workers and Level 3 retail workers seem to be positively correlated after 2013 as the three follow a similar trend in real wage changes. This is likely to be related to the introduction of the national living wage from 2016. Retail and Level 2 childcare workers also saw short term fluctuations in pay, unlike Level 3 childcare workers.

Figure 13. Change in real wages for workers qualified at NVQ Level 2 and Level 3, 2008-2010 (including managers), 2013-18 (excluding managers)



Real wages for Level 2 and Level 3 retail sector workers were marginally greater than for Level 2 childcare workers. In 2018, the average childcare worker with a Level 2 NVQ earned £0.22 less per hour in real terms than the average Level 2 retail worker and £0.10 less per hour than the average Level 3 qualified retail worker. Consequently, Level 2 childcare workers may leave the sector in favour of alternative occupations. Income-motivated Level 2 childcare workers may decide to move into the retail sector to gain an immediate pay rise, without the need for additional qualifications. However, Level 2 childcare workers looking at long-term prospects may decide to complete a Level 3 qualification enabling them to jump to a higher hourly wage.

If many Level 2 childcare workers divert into competing occupations, such as the retail sector, there may be adverse consequences for retention and recruitment in the childcare sector and a possible contraction in the childcare labour market.

The narrow wage gap between Level 2 and Level 3 retail workers indicates that NVQ/SVQ qualifications may have a smaller influence on pay, particularly as it is not a necessary entry-criterion and training is usually provided on-the-job. Aside from qualification levels, other possible factors influencing retail workers wages may be the type of industry, changes to the minimum wage and years of experience.

Lastly, we explored the number of workers who are claiming benefits in Figure 14 and found that despite a fall in real wages, the proportion of childcare workers claiming benefits reduced. From 2013 to 2018, the number of childcare workers and retail workers on benefits decreased by eight per cent. Nevertheless, 44 per cent of childcare workers were claiming benefits in 2018 compared to 26 per cent of retail workers.

Figure 14. Proportion of workers claiming benefits, 2008-2010 (including managers), 2013-18 (excluding managers)



Within the group of individuals claiming benefits, the top three forms of benefits claimed in 2018 were child benefits, tax credits and housing or council tax support, which reflects the total population (Figure 15).

The proportion of childcare workers claiming child benefits is high; however, this reflects an older, predominantly female workforce. Child benefits are also open to a wider population compared to

the two other forms of benefits as anyone responsible for a child is eligible; however, there is a tax charge for individuals who earn over £50,000.⁹ Additionally, there were more than double the proportion of workers on tax credits in both sectors compared to the total population, highlighting more low- and middle-income earners working in the childcare and retail sectors. Similarly, there is a higher proportion of workers claiming housing or council tax reductions, which are usually claimed by low-income earners.

Despite higher average wages in the childcare sector, there were similar proportions of workers claiming housing or council tax reductions in the retail sector, reflecting the sub-group of workers in the childcare sector whose income is close to the minimum wage.

Figure 15. Type of benefit claimed by sector as a proportion of the total sector workforce population, 2018

	Childcare workers	Retail workers	Total population
Child benefit	39%	37%	16%
Tax credits	18%	20%	7%
Housing or Council Tax Reduction	7%	10%	3%
Other benefits	4%	6%	2%

Employment summary

- In the absence of minimum wage increases, falling childcare real wages and rising retail real wages would lead to retail workers' wages exceeding that of childcare workers by 2021. However, in reality, childcare wages are likely to converge with retail workers' wages in the foreseeable future due to upwards pressure from the national minimum wage.
- Low pay is one of the largest drivers for childcare workers to leave the sector.
- There are more childcare workers on benefits than retail workers, a number that is predominantly driven by a higher number of workers claiming child benefits.
- As a proportion of the sector workforce, there are more childcare and retail workers claiming benefits in each category compared to the total population of England.
- For Level 2 qualified childcare workers, it is possible to increase their pay in the short term without needing to undertake further qualification by moving to the retail sector.

Discussion and conclusion

This final section will briefly tie together the main themes spanning across the analysis. We believe these are important points for reflection for policymakers and the early years sector.

Theme 1: Workers have different motivations to enter each sector

The LFS data shows that workers in the two industries may have different motivations for entering the sector. Younger workers appear to use the retail sector to gain income whilst studying for a degree or other qualifications. The data showed a younger retail workforce, with more workers studying for a degree than the childcare sector and one of their main reasons for leaving the sector being that the current position was being used to fill time before leaving the sector. Furthermore, the distribution of retail workers by age profiles shows a significant drop in the number of workers

after age 24, possibly due to many leaving the sector immediately after completing their degree or other qualifications.

Meanwhile, younger workers may be looking to build a career in the childcare sector. There is a high prevalence of workers studying for an NVQ/SVQ qualification, which is a key qualification to progress in the childcare sector and a Level 3 NVQ/SVQ is also highly desirable to work as a nursery nurse or assistant. Furthermore, the gradual change in the composition of age profiles for this sector shows that younger workers are not quick to leave after completing their qualifications, unlike in the retail sector.

Among workers in the older age bands, there is a common theme across both sectors for workers to leave at around ages 25-29 and then return around the ages 40-44. This can possibly be explained by parents leaving work to raise their children and then returning to work at a later stage.

Theme 2: Falling wages could worsen the current retention and recruitment outlook

Since 2013, the childcare sector has seen a gradual decline in real wages whilst the retail sector has seen an average increase in real wages, leaving a wage gap of £0.44 in favour of childcare workers in 2018. If this trend continues and in the absence of minimum wage increases, we would expect that on average the retail sector would earn more than the childcare sector by 2021. More likely, the two sectors' wages are likely to converge over time. With this in mind, it is interesting to note that, on average, the childcare sector has a more qualified workforce compared to the retail sector. Approximately 74 per cent of the childcare workforce is qualified at A-level and equivalent or higher, versus 45 per cent of the retail workforce.

If competing industries are signalling better working conditions to prospective employees and offer lower entry requirements, the childcare sector may observe a gradual decline in the number of workers as the number of leavers may exceed the number of joiners, causing the labour market to shrink. If the retention and recruitment problems worsen, there may be ramifications for the quality of childcare, staff to child ratios may not be met and providers may have to restrict the number of places available. If so, this may adversely impact disadvantaged two-year-olds first in terms of getting a nursery place.¹⁰ Continued falling wages are likely to reduce the quality of childcare services and may lead to a widening of the 4.3 months attainment gap between disadvantaged pupils and their peers in the early years.¹¹

Theme 3: Switching from childcare to retail

One of the objectives of this report was to examine whether it would be easy to switch from working in the childcare sector to the retail sector. Our analysis finds that it would most likely be an easy switch for two key reasons. Firstly, the combination of low entry requirements for the retail sector and on average a more qualified childcare workforce, suggests childcare workers do not face qualification entry-barriers when moving into the retail sector, but may experience better pay. Secondly, as the childcare sector is mainly comprised of older workers, they can fill the gap left by students who use the retail sector for part-time, temporary work.

Conclusion

This report aimed to add to the evidence base about the early years workforce. We used the LFS survey data to compare the demographics, qualifications and working conditions of childcare

workers to retail workers. The retail sector was selected because it is known to be a career alternative to childcare work.

We found that, in comparison to the retail sector, the childcare sector has an older population with many more female workers. On average, childcare workers are more qualified than retail workers but continue to see a fall in real wages across all childcare occupations. Moreover, low wages are one of the main drivers causing childcare workers to leave the sector. We also see other differences in working conditions. For example, there are more childcare and retail workers as a proportion of the total workforce claiming benefits, compared to the total population. Benefit claims are mostly driven by those who claim child benefits; however, there is potentially a sub-group of childcare workers who may earn substantially lower than the average childcare worker, which is highlighted by a relatively high proportion of childcare workers claiming housing or council tax reductions.

As it stands, there are many factors at play that discourage skilled professionals from entering, or progressing through, the childcare sector. In order to resolve many of the current and potential issues, there needs to be a significant amount of investment and reform in the sector to enhance the quality of childcare provision.

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