

# For Love or Money: Pay, progression and professionalisation in the 'early years' workforce

by Graeme Cooke and Kayte Lawton

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## About ippr

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This is the second paper in ippr's *Working out of Poverty* series, which is investigating the causes of poverty among working families and developing potential solutions to this injustice. Our vision is a full-employment economy where working people and their families avoid poverty while also being able to meet their caring responsibilities. The first paper in this series, *Working Out Of Poverty: A study of the low paid and the 'working poor'*, by Graeme Cooke and Kayte Lawton, was published in January 2008.

## Glossary of key terms

**Children's Workforce Development Council (CWDC):** exists to improve the lives of children, young people, their families and carers by ensuring that all people working with them have the best possible training, qualifications, support and advice. It is one of five bodies forming the UK Skills for Care and Development Sector Skills Council and is led by employers representing a range of sectors.

**Children's Workforce Network (CWN):** an alliance bringing together the relevant Sector Skills Councils (including the Children's Workforce Development Council) and other partners with the aim of creating and supporting a world-class children's workforce in England.

**Early Years Foundation Stage:** the new quality and welfare framework for early years providers, bringing together the Foundation Stage, the Birth to Three Matters framework and the National Standards for Under 8s Daycare and Childminding. It aims to create a coherent and flexible approach to care and learning for young children (and will be a requirement for all providers from September 2008).

**Early Years Professional:** a new Level 6 qualification (equivalent to Qualified Teacher Status) for those leading the delivery of the Early Years Foundation Stage across private, voluntary and maintained settings. The Government's target is for all Children's Centres to be led by an Early Years Professional by 2010 and all full-day care settings by 2015. In addition, the Government is committed to all full-day care settings having graduate level leadership by 2015, with two graduates per setting in disadvantaged areas.

**Early years provision:** services for children aged 0-5. For the purpose of this report, 'early years services' are defined as group-based provision, therefore not including services provided by childminders.

**Integrated Qualifications Framework:** aims to establish more comparative qualifications and to enable practitioners to move more freely between roles within the children's workforce, supporting efforts to improve the quality of services and meet the needs of employers. This is being developed by the Children's Workforce Development Council and is due to be operational from 2010.

**Qualification levels and job roles:** participants in our research had a wide range of job titles, corresponding to different standard qualification levels. The following offers a generic guide to levels and equivalent roles:

- **Level 1** – Foundation level: GCSE grades D-G, Foundation level GNVQ, Level 1 NVQ
- **Level 2** – Intermediate level: GCSE grades A\*-C, Intermediate GNVQ, Level 2 NVQ (Assistant Early Years Practitioner)
- **Level 3** – Advanced level: A Level, Advanced GNVQ, Level 3 NVQ (Early Years Practitioner)
- **Level 4** – Higher level qualifications, BTEC Higher Nationals, Level 4 NVQ, e.g. Certificate in Early Years Practice
- **Level 5** – Higher level qualifications, BTEC Higher Nationals, Level 5 NVQ, e.g. Diploma in Early Years Practice (Senior Early Years Practitioner)
- **Level 6** – Honours degree, e.g. Early Years Professional status (equivalent to Qualified Teacher Status).

**Train to Gain:** a service run by the Learning and Skills Council which offers free, impartial advice about skill needs; helps businesses match training needs to training provision; and provides funding, including for employees to gain their first full Level 2 qualification or Skills for Life literacy and numeracy qualifications. It also provides wage compensation when employees are absent from work attending training for businesses with fewer than 50 staff.

**Transformation Fund/Graduate Leader Fund:** £305m between 2008 and 2011 to meet the Government's target for one graduate-level Early Years Professional in every early years setting by 2015 (with two per setting in the most disadvantaged areas). The GLF replaces the Transformation Fund, which expires in August 2008. The GLF can be used either to fund training or to contribute to salary costs for newly employed or existing graduates.

## Executive summary

The first report from ipp's *Working out of Poverty* series highlighted the significant and growing problem of poverty among working people and their families (Cooke and Lawton 2008). We identified low wages and limited progression at work as important factors underpinning working poverty. The aim of this report is to investigate how these issues play out in one particular low wage sector – the early years – highlighting both challenges that are common across low wage sectors and those that are distinctive to the early years.

Early years services for young children are critical to delivering both economic prosperity and social justice for Britain. However, average pay is £6.80 an hour, only seven per cent of the workforce has a post secondary qualification and 98 per cent are women<sup>1</sup>. We have chosen to focus on the early years sector because, as well as being a source of low wage employment in its own right, it has wider importance in enabling parents to work and giving children the best start in life. This raises the stakes for policymakers because a virtuous circle of high quality services and high value employment can help reduce working poverty (both directly and indirectly) today, as well as for generations to come. Equally, any negative impacts of low pay have implications beyond the early years workforce itself.

Our analysis reveals the human stories and struggles that lie behind the statistics on pay and poverty. Our findings highlight the challenges for policymakers and deliverers seeking to raise both quality and wages. Our proposals suggest how policy could better realise fairness, opportunity and aspiration at work, while orientating this crucial sector of the economy towards both higher wages for workers and higher quality for children.

### Key policy problems

To explore issues around work motivations, pay, training and career aspirations we conducted a series of focus groups with 53 practitioners, who overwhelmingly worked in group-based, private or voluntary-sector early years settings. Drawing on this primary research and a detailed analysis of the early years sector and its current market model, we have identified three key problems standing in the way of shifting the early years sector towards higher level skills, greater quality and higher wages.

#### Pay

The perpetuation of low pay undermines efforts to raise the quality of the early years workforce and the services it provides. The average pay for those working in private, full-day care settings is £6.80 an hour, well below the national average (£9.88). The persistence of such low wages will severely constrain efforts to raise both the supply of high skills, and the demand for them, in the early years sector. Low pay, low status and the high proportion of females in the workforce interact and reinforce one another. Low pay poses recruitment and retention challenges, as well contributing to poverty among working people and their families, raising a fundamental issue of fair pay and social justice. Market failures and gendered conceptions of care work mean that the material reward given to the early years workforce undervalues its economic and social importance. The impact of low status may also be making it harder for practitioners to form mutually supportive relationships with parents.

#### Progression

Only seven per cent of those working in full-day care settings have post secondary school qualifications. Therefore the current focus on raising qualification levels is crucial. This is both because compelling evidence demonstrates that highly skilled practitioners are the decisive ingredient for improving early years quality and because of the clear wage premium for workers with Level 3 qualifications and above. However, low minimum qualification requirements and the absence of a clear career ladder within the early years sector restricts demand for higher skills, which in turn acts to hold down wages and quality. The result is that higher qualifications often do not equate to extra pay, responsibility or professional development.

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1. Figures related to those working in full day care provision, from Department for Children, Schools and Families, 2007

Our participants invariably associated opportunities for progression as being about moving into 'management', rather than developing (and being rewarded) as expert practitioners. For those wanting to progress to the wider children's workforce, there was little understanding or awareness of how to do so. This may cause some who are keen to move up – especially in terms of pay – to leave the sector altogether. Therefore, unclear and uncertain progression paths – combined with low pay – risk depriving the early years sector of high quality, committed staff. High staff turnover is not only costly in terms of recruitment and training: it also undermines the continuity of care for children and of relationships with parents. Taken together, these factors cap the aspirations of practitioners which in turn constrains the creation of a virtuous cycle of higher skills, higher quality and higher wages for the workforce and the sector as a whole.

### Professionalisation

There is evidence that the current process of professionalising the early years workforce is alienating practitioners and skewing efforts to drive up the quality of services. This is manifested in complaints about the dominance of paperwork over direct work with children and of qualifications over broader skills and experience. These raise important and timely questions about what makes an expert practitioner and how policy changes (such as the Early Years Foundation Stage) are being implemented.

However, participants also expressed some contradictory views. For instance, there was frustration that differences between the responsibilities of early years workers and those of professions such as teaching are lessening, but gaps in pay and status are not. But there was also some resistance to some of the hallmarks of professionalism such as qualifications and planning. Entrenched professional divisions are hampering efforts to foster closer working between the early years and other children's services. Overall, there was also a widespread sense of powerlessness: that changes are being 'done to' the workforce, rather than in partnership with it.

### Policy proposals

The early years sector faces challenges that are both distinctive to it, and similar to those in other low wage sectors. A low skills equilibrium (on the supply and demand side), a female-dominated workforce and a fragmented market dominated by small and medium sized enterprises, are common features of many low wage sectors of the economy.

However, the early years sector faces particular constraints, most importantly heavy reliance on relatively inelastic prices (parental fees) and limited scope for innovation or productivity gains to reduce costs. In fact, ensuring the most disadvantaged children benefit from early years services requires *lower* prices while raising quality implies *higher* costs. This underlines the dissonance between public policy objectives and the current quasi-private market in the early years sector. It is also important to remember that early years services do not face global competitive pressures, so the causes of low pay are domestic, not international.

The last decade has seen substantial investment and reform, which have begun to reshape the early years system and its workforce. However, it is hard to see how a world-class, transformational early years sector, with a high quality, fairly paid workforce, can be delivered on existing levels of spending through the current market model. This implies a long-term commitment to prioritising this sector with increased public resources. However, despite current pressures on public finances, there are compelling reasons for doing so, firstly given the link between a high quality workforce and high quality services, and secondly given the long term social and economic returns from investment in the early years.

To shift the early years sector towards higher level skills, better quality and higher wages, we propose the following reforms:

**1. Set a date for Level 3 being the minimum qualification for Early Years Practitioners – by 2015 at the latest:** the compelling evidence linking higher qualifications to early years quality and outcomes for children justifies a more ambitious baseline target, going beyond the current Early Years Foundation Stage requirements. Providers should begin to make Level 3 a minimum for

new recruits and resources from Train to Gain, and the Adult Learning Grant for those under 25, should be used to upskill the current workforce.

Early Years Practitioners should focus on providing high quality, personalised care for children, while taking responsibility for planning activities and assessing children's needs and progress. Providers could also employ Early Years Assistants for other administrative and support functions. To further boost status, consideration should be given to developing a system of registration for Early Years Practitioners with a professional body, along the model of the General Teaching Council or General Social Care Council.

**2. Increase the number of Senior Early Years Practitioners (at Level 5) to drive up quality and create more professional progression routes:** creating this distinctive professional role and using quality regulations to require a minimum number per child per setting would establish a pathway to expert practitioner status. This would drive up early years quality, raise the demand for high skills and put upward pressure on wages.

The New Zealand government is committed to an early years workforce in which 100 per cent of employees hold a post-secondary education qualification by 2012 (at degree or diploma level, equivalent to Level 5 and 6 in the UK). This should be the aspiration for Britain, supported by a goal for the number of Senior Early Years Practitioners per setting by 2015 (to supplement the existing Early Years Professional and graduate leadership targets).

The Senior Early Years Practitioner role could encompass a professional specialism (for example, speech and language therapy) and responsibility for supervising junior staff, managing their professional development and building practitioner links across local providers. To increase the supply of higher skills, additional resources for higher level training could be levered in by varying the Train to Gain offer to support the early years as a sector of key economic and social value but which faces structural resource constraints.

**3. Develop a coherent Integrated Career Structure for the children's workforce – to promote progression and foster closer working across sectors:** this should set out the roles of the various component parts of the children's workforce and their relationships to one another, complementing the development of the Integrated Qualifications Framework. This would help to bind early years workers into the wider children's workforce and improve awareness of routes into other professions, such as teaching, youth work and social work.

Efforts should also be made to drastically reduce the number of different professional roles within the early years sector. This would complement the rationalisation of qualifications currently underway and support both horizontal and vertical mobility. Children's Centres should act as hubs of excellence across local early years providers, spreading best practice and promoting professional development (for example, through facilitating skills sharing and pooling specialist services).

**4. Build institutions for employee voice to support policy development and implementation – particularly around how to drive up quality and to professionalise the early years workforce:** improving early years quality requires a highly skilled and versatile workforce with a grounding in child development and which offers reflective practice, sound decision-making and personalised care. The implementation of the Early Years Foundation Stage, the design and delivery of qualifications, and the regulation and inspection regime must all support this vision. The Government must ensure it engages with the workforce as policy is developed, implemented and reflected upon – particularly around quality and professionalisation.

An independent, national Early Years Practitioner's Board should be established to provide feedback on policy implementation and workforce reforms. The Board should comprise frontline staff and managers, with a membership representative of the workforce. It could also act as a sounding board for future policy development and a conduit for bottom-up policy ideas. Local authorities should consider developing similar Boards for employee voice in policy development and implementation at a local level.

**5. Establish an institutional framework for agreeing wage floors and matching higher quality with higher pay for early years workers – supported by stronger vehicles for employee voice:**

sidestepping the issue of pay will severely limit the impact of proposals to improve quality. Raising the value of employment and the quality of services in the early years sector is especially important given its potential to deliver long term economic dividends and boost children's life chances. While there are clear resource constraints facing the early years sector, improving pay cannot just be hoped for. It requires purposeful action.

An institutional framework needs to be established for agreeing wage floors (not fixed rates) for early years workers among registered providers, in consultation with employees. This would protect employers from being undercut on low wages, encouraging competition on high skills and high quality. An expanded Children's Workforce Development Council (CWDC) or a separate Early Years Pay Commission could undertake this social partnership function. Pay Commissions could establish wage floors at a local rather than national level, tailored to local circumstances. They could also set floors for different professional levels to maintain pay differentials and provide an incentive (and reward) for practitioners gaining higher qualifications.

Agreement on wage floors would open up the potential for government to directly top up the wages of early years workers, targeted to those providing the universal early years entitlement. If the Train to Gain budget prioritised the early years as a sector of strategic national importance, and took more responsibility for supporting its training needs, the Graduate Leader Fund could be converted into a source of money to match higher qualifications with better pay. The Graduate Leader Fund can already be used to contribute to graduates' salary costs.

Effective institutions for employee representation would help early years workers to negotiate higher pay and provide a vehicle for employee voice on policy and practice issues (through the Pay Commissions and Practitioner Boards). They could also help to foster a shared identity and consciousness among the workforce, while providing practical help and support, such as with information about career and training options. This could be achieved either through existing representative organisations, such as Unison, other TUC affiliates, Voice (formerly the Professional Association of Nursery Nurses) or alternative workplace associations.

# 1. Introduction

In the first report of ippr's *Working out of Poverty* series (Cooke and Lawton 2008), we revealed that poverty among working people and their families is a significant and growing problem in the UK. We found that nearly six in ten (57 per cent) families in poverty have someone at work, up from less than half (47 per cent) a decade ago. While employment has risen and worklessness has declined since Labour came to power, the proportion of working households that are poor has gone up. For too many families, a move into work has not meant a move out of poverty.

In analysing the causes of working poverty, we identified both household and labour market factors as being important. In other words, who lives in a household, how much paid employment is being done, and the financial rewards for that work all matter. The role of in-work support – such as tax credits and childcare – and unpaid care work are also both significant factors. In particular we highlighted the extent of low pay in the UK labour market and its link with working poverty. In April 2006, 5.3 million people (22.5 per cent of employees) earned less than £6.67 an hour – equivalent to 60 per cent of full-time median earnings and £12,200 a year for a 35-hour working week.

## **A case study about low pay and progression at work**

The purpose of this report is to look beneath these headline statistics to explore how the experiences and impact of low pay and limited progression at work play out in real people's lives. We do this through a case study of low-paid employees in one particular sector: group-based early years services for young children<sup>2</sup>. This is based on new qualitative research investigating the attitudes of low paid early years practitioners, analysed in the context of existing evidence about this sector and its workforce. We conclude with reflections on the key challenges facing the early years workforce and proposals for meeting them – focused particularly on low pay and progression at work. Throughout the report we highlight where the evidence points to issues that are distinctive to the early years sector and where there may be implications for other low-paying sectors.

We have chosen to focus on the early years because it is a growing sector, critical to both economic prosperity and social justice, but one which is widely characterised by low wages (Cameron *et al* 2002, Moss 2003). It is a particularly important sector given its role both in enabling parents to work and as a source of employment in its own right. This raises the stakes for policymakers, because high quality care and high value employment can create a virtuous circle for both children and workers/parents. The undesirable alternative is a situation where poor working women are paying other poor working women to look after their children. Therefore, the negative impacts of low pay have implications beyond the early years workforce itself.

## **Policy context – the early years workforce**

The voices and stories of early years workers summarised in this report are expressed at a time of considerable flux and activity in children's workforce policy. The Government published a Children's Workforce Strategy in 2005 (DfES 2005), with further updates in subsequent years (DfES 2006, DfES 2007c). The Children's Plan previewed a Children's Workforce Action Plan, to be launched in 2008 (DCSF 2007a).

Box 1.1 summarises the key policy objectives for the children's workforce as a whole. The Government's priority for the early years is to improve the quality of the workforce by raising the level of qualifications and increasing the number of graduate-level professionals. This report therefore provides a timely 'reality check' of progress towards realising these objectives.

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2. In this report we use the term 'early years' to refer to group-based provision for children aged 0-5, though the analysis and recommendations are relevant to services for school-age children, increasingly though extended schools. This report does not cover issues relating to childminders.

### Box 1.1: Policy vision for the children's workforce

The **Children's Workforce Strategy** set out a vision of a world class workforce that:

- strives to achieve the best possible outcomes for all children and young people, and reduce inequalities between the most disadvantaged and the rest
- is competent, confident and safe to work with children and young people
- people aspire to be part of and want to remain in – where they can develop their skills and build satisfying and rewarding careers
- parents, children and young people trust and respect.

The **Children's Plan** reiterated the Government's vision for a children's workforce that operates in an integrated way across professional boundaries, united around a common purpose, language and identity, but which retains the strong and distinctive ethos of different professions. The aim is a children's workforce that is graduate-led, qualified to at least Level 3 (where appropriate) and which reflects the diversity of the population while actively engaging parents and the community as key partners.

The Plan commits £117 million over the next three years (until 2010/11) for the early years workforce, to fund supply cover so practitioners can take part in continuing professional development and to boost the Graduate Leader Fund to ensure two graduates per setting in disadvantaged areas by 2015.

The **Children's Workforce Action Plan** will:

- clarify and communicate the vision for integrated working and the roles of settings, services and different group of practitioners within it
- support and challenge local areas more effectively to implement good practice models
- engage universal services more effectively in identifying, assessing and acting on needs early and engaging targeted services
- drive workforce reform at all levels of the system, including embedding a culture of integrated working.

In addition the **Children's Workforce Development Council (CWDC)** has been developing a *Sector Skills Agreement* to identify challenges facing the children's workforce and action needed to address them. Also an *Integrated Qualifications Framework* for the children's workforce as a whole is due to be operational from 2010.

Sources: DfES 2006, 2007a, CWDC 2007, CWN/CWDC 2006

Before turning to our analysis and findings, it is important to assess the current state of the early years workforce in more depth, and also consider where the challenges it faces are distinctive or similar to those facing other low wage sectors.

The 2006 Childcare and Early Years Providers Survey (DCSF 2007b) provides the most comprehensive and up-to-date snapshot of the early years workforce. The survey breaks down the wider childcare and early years sector into a number of component parts: full-day care, sessional care, after school and holiday clubs, childminders and early years providers linked to schools. The vast majority of the participants in our research worked in (private or voluntary) full-day care settings, with some employed by early years providers in maintained schools and in sessional care settings.

The main findings from the Childcare and Early Years Providers Survey that are relevant to our sample are summarised below (all figures are for 2006):

- Overall, there were 110,343 providers of childcare and early years services, providing 2.4 million childcare places. This included 22,375 providers of full day and sessional care combined and 16,071 early years providers in maintained schools.
- There were 143,900 paid staff in full-day care settings (up 30 per cent since 2003) and 78,800 paid early years staff in maintained nurseries (down 5 per cent since 2003). Over the same period the numbers working in sessional care fell by 16 per cent, from 69,600 to 58,300.

- The average pay for staff in full-day care providers was £6.80 an hour (£9.30 for those in Children's Centres). Nursery nurses in maintained settings earned £9.70 an hour, with qualified early years teachers earning considerably more.
- Eighty-six per cent of those working in full-day care and in maintained early years provision were qualified to at least Level 2, with over 70 per cent qualified at least to Level 3.
- However, just seven per cent of those working in full-day care had post-secondary school qualifications compared with between 60 and 80 per cent in maintained settings.
- Nine per cent of those working in full-day care were senior managers (leading settings), 56 per cent were supervisory staff (qualified to work with children on their own), 27 per cent were other paid staff and 10 per cent were students and volunteers.
- Just two per cent of staff in full-day care provision were male, nine per cent were from a black or minority ethnic background and one per cent had a disability (with broadly similar proportions for the maintained sector).

This snapshot highlights that the early years workforce shares many common characteristics with other low-paying sectors: predominately young, relatively low skilled and with a high proportion of female employees (Cooke and Lawton 2008).

Table 1.1 sets the pay, qualification levels and age of the early years workforce in a wider context. The table underlines the distinction between practitioners working for private and voluntary providers and those in maintained settings. For example, nursery nurses, playgroup leaders and assistants are paid significantly less, are younger and are far less likely than primary school and nursery teachers to have post-secondary school qualifications.

**Table 1.1: Comparative pay, qualifications and age of the early years, schools and wider UK workforces**

	Nursery nurses, playgroup leaders and assistants	Primary school and nursery teachers	UK workforce overall
<b>Pay</b>			
Median pay	£6.00 per hour	£16.11 per hour	£9.23 per hour
Percentage low paid	55.1%	2.7%	22.1%
<b>Qualifications</b>			
Higher education/degree	24.3%	97.1%	33.5%
A Level or equivalent	37.8%	1.0%	24.6%
GCSE (A-C)	29.5%	0%	23.1%
Other	7.6%	1.8%	12.3%
None	0.7%	0%	6.3%
<b>Average age</b>	35	42	40

Notes: Occupational groups are used as a 'best fit' with existing categories in the Office for National Statistics' Labour Force Survey. 'Nursery teachers' refers to people with Qualified Teacher Status working with pre-school children. The low pay threshold is £6.23 per hour, based on 60 per cent of full-time median earnings. Qualifications refer to an individual's highest attained level, which may or may not be related to the early years. The category 'other' refers to either qualifications below Level 2 or to international qualifications. The figures for age refer to both the median and the mean, which produce the same result in all three categories.

Source: Labour Force Survey, 2006/07

### **Policy context – the early years market**

Across the labour market as a whole, increasing the wages of low-paid workers can interact with a number of other variables, such as employment, prices, productivity and profits. In this next section we consider the drivers of low pay in the early years sector – revealing some that are common to many low wage sectors and others that are particular to this one. The distinctive factors largely stem from the dissonance between the nature of the (quasi-private) market in early years services and its public value to individuals and society as a whole.

Prior to the last decade, the early years sector in the UK evolved almost entirely through a private market, funded by parental fees with very little state subsidy (with the exception of some maintained nursery schools). This restricted both growth and profitability in the market; which in turn constrained both wages and service quality. This situation has begun to change under the Labour government which has shifted the early years from being an overwhelmingly private to an increasingly public concern. However, there remain important structural market factors constraining higher quality services and higher value employment in the early years sector.

A significant rise in public spending since 1999 has brought new market entrants, including through the development of Sure Start Children's Centres; injected public subsidy to providers by creating a universal early years entitlement for three and four-year-olds; and increased financial support to parents with childcare costs through the childcare element of the Working Tax Credit and childcare vouchers for employer-supported childcare (see Stanley *et al* 2006 for a fuller discussion of recent policy developments). This has begun to change the landscape of early years services, with more money in the sector and expanded provision. According to industry analysts Laing and Buisson, the day care nurseries market is now seven times bigger than it was at the end of the 1980s – and continues to grow, albeit now at a slower rate than in previous years (Laing & Buisson 2008).

However, despite these changes, a significant majority of places remain in the highly fragmented and unstable private and voluntary sectors. While there has been some consolidation over recent years, providers operating three or more early years settings still account for only 18.1 per cent of the day care nurseries market. The largest 20 providers operate just 8.3 per cent of total places (Laing & Buisson 2007). The vast majority of private and voluntary sector providers are small and medium sized enterprises (SMEs). Therefore they face similar obstacles to raising the value of services (or products) and wages as SMEs operating in other sectors: obstacles principally linked to limited human and financial capacity.

### **Early years sector pressures – prices and affordability**

There are also distinctive aspects of the early years sector which in some ways serve to compound these challenges. First, early years providers are heavily dependent on parental fees for their income, but these are already high and the scope for rises is limited. At an aggregate level, almost 80 per cent of full-day care providers' income comes from fees, while even Children's Centres rely on parental fees for over 40 per cent of their income (DCSF 2007b)<sup>3</sup>. In 2006, parental fees accounted for 71 per cent of total market income (Laing & Buisson 2007). The price of childcare has risen above the rate of inflation for at least the last six years, which can partly be justified by rising expectations on providers, such as those embodied in new regulations to improve quality. However, at £149 per week the typical cost of a full-time nursery place for a two year old is now very high (Daycare Trust 2008).

There is evidence that many families are being priced out of the market – particularly children in low income households who stand to gain the most from high quality services (Daycare Trust 2007, Stanley *et al* 2006). This situation suggests that seeking to use higher prices to increase resources in the sector – so as to raise quality and wages – would be counter-productive by constraining demand among the very group that higher quality services would benefit most. This conundrum highlights the tensions of a quasi-private market with a public value, where the objective is more than profit and both employers and government have a shared stake.

One way the Government has tried to square this circle is by increasing demand-side subsidy through the tax credit system. Support to parents with childcare costs is now far more generous and widely available than a decade ago, and is now worth around £1 billion a year. However, still barely one in ten parents using formal childcare receives any subsidy (Stanley *et al* 2006). ippr has previously

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3. While Children's Centres receive capital and revenue funding from central government this is not to cover the cost of childcare places which they provide, which is a charged-for service, subsidised through the childcare element of the Working Tax Credit. Some local authorities have historically used their own resources to subsidise places for local parents.

recommended opening up entitlement to support to 4.7 million additional families, which would improve affordability and increase resources going into the sector (Stanley *et al* 2006). However, there is no guarantee that increased demand-side subsidy would lead to higher pay, better workforce skills or a greater demand for high-level skills.

### **Early years sector pressures – productivity and quality**

The second distinctive feature of the early years in relation to other low-wage sectors with a high proportion of SMEs is the limited scope for using innovation or productivity gains to reduce costs or increase profits. Higher quality early years services require *increased* investment, particular in training costs and higher wages for more skilled practitioners and centre leaders. Lowering costs by reducing quality runs entirely counter to the objectives of the Government, parents and the vast majority of providers.

In other sectors higher quality services might be thought to either justify higher prices or to lead to productivity gains, both allowing scope for higher wages. But the early years market does not operate in this way. In recognition of this tension, the Government created the Transformation Fund (now replaced by the Graduate Leader Fund) with the explicit purpose of improving quality (principally through higher workforce qualifications) without passing on costs to providers or parents. However, at £250m over two years, resources were limited. The Childcare Affordability Programme, run by the London Development Agency, is a further attempt to shape the market by seeking to cap childcare costs without crippling providers (see LDA 2008). It is also important to note that, unlike SMEs operating in other low wage sectors, the early years market does not face international competitive pressures as these services cannot be outsourced. This means that the drivers of low-quality services or low-value employment are domestically, not globally, rooted.

The combined impact of market fragmentation and the inherent tensions in a quasi-private market serving a public benefit is that profit margins for providers are tight and turnover in the sector is high. In 2006, 30 per cent of full-day care providers reported making a profit or surplus, 32 per cent said they covered their costs and 16 per cent claimed to be making a loss. Somewhat worryingly, 21 per cent of providers said they did not know their profitability and only 76 per cent said they had a business plan (DCSF 2007b). Weak profitability restricts investment in workforce training and development (key drivers of service quality) and limits the scope for wage growth. It is also likely to be a factor in constraining market consolidation, which might allow providers to benefit from some economies of scale.

While the early years market has grown substantially overall in recent years, there has been a real sustainability challenge. Between April 2003 and September 2005, 606,425 registered childcare places were created, but 389,055 closed (Stanley *et al* 2006). In 2004 the Treasury estimated a turnover rate for Ofsted-registered childcare providers of 17.7 per cent, compared with 14 per cent for all small businesses (HM Treasury 2004). Some fluidity is probably beneficial, with poor quality providers exiting the market, but high turnover is arguably more problematic in the early years than in other service sectors (such as retail, for example) because of the damage done to the continuity of care and relationships with children.

### **Early years pressures – impact on wages and employment**

So, what has been the effect of this market and public policy context on wages and employment in the early years sector? There was a 30 per cent growth in paid staff in full-day care providers between 2003 and 2006, while the numbers working in maintained settings declined slightly (DCSF 2007b). There is also evidence that over the same period wages for those working for full-day care providers rose faster than the rate of average earnings growth (*ibid*). Significant rises in the minimum wage over this period are likely to have been important. However, at an average of £6.80 per hour for all employees and £5.60 for non-supervisory staff, these wages remain well below the national average (£9.88).

Based on a report investigating the impact of the minimum wage on this sector, the Low Pay Commission estimates that eight per cent of childcare jobs are paid at or below the adult rate of the

minimum wage. There is widespread use of the lower Development Rate, applicable to those aged 21 or under, given the young age profile of the workforce. Two-thirds of employers in the private and voluntary sectors said they had increased pay rates in order to comply with the 2006 uprating. Some providers expressed concerns about reductions in pay differential within settings, with a small minority reducing staff levels (LPC 2008). However, there are still vacancies in the early years sector, suggesting that labour demand is outstripping labour supply at current wage levels. A 2006 survey found that 22 per cent of full-day care settings were actively recruiting staff (DCSF 2007b). So, overall, while employment and wage growth have both been reasonably robust, tensions in this sector are evident.

This brief summary outlines the opportunities and constraints facing providers and parents in the early years sector. This frames the challenge for government and policymakers in balancing potentially conflicting objectives around wages, prices, quality and sustainability. This is the context in which the remainder of this report explores issues of pay and progression for early years workers.

### **Research methodology**

In total we heard from 53 practitioners over a series of eight focus groups held in four towns in the East of England in late 2007. Forty-five of the participants worked in early years settings for children aged 0-5 (described as nurseries, pre-schools, playgroups and playschools). Forty of the participants worked for private or voluntary sector settings and five for maintained providers. Three people worked for schools as Learning Support Assistants, two worked in a crèche for young children, two in an after-school club and one as a transport carer with disabled children. Given this sample, our analysis and recommendations pertain overwhelmingly to the early years, and particularly to those working in group settings in the private and voluntary sectors. No childminders took part in this research and so the analysis and recommendations do not apply to them.

All the participants earned less than £6.67 an hour, equivalent to 60 per cent of median full-time earnings. This was the low-pay threshold identified in our first project report (Cooke and Lawton 2008). That research found a strong link between low pay and poverty, but because the official poverty line operates at the household rather than individual level, it was not possible to say for certain whether or not the participants lived in poverty.

Even with this low-pay threshold, the sample included people with a variety of levels of seniority and responsibility. The participants were at various stages in their careers and ranged in age from 18 to 56, with their mean age being 32. We also hoped to recruit a significant minority of men, but this proved very difficult. In the end, our sample only included one male early-years worker.

In a third and final paper in *ipp*r's *Working out of Poverty* series we will return to the macro-level and analyse trends in progression for those starting out in the wider low wage labour market. That paper will consider how working poverty can be addressed through tackling low pay and boosting progression at work, while supporting families to balance paid employment and care.

## 2. The best and the worst of working in the early years sector

### Summary

- A longstanding desire to work with children, dissatisfaction with an alternative career or an individual's own family situation were the factors drawing people into working in early years.
- A deep sense of reward and satisfaction in helping children to progress underpinned a love for the job among the vast majority.
- However, the experience and impact of low pay were forcing many to face a tough trade-off between job satisfaction and other life priorities (and needs).
- The early years sector was seen as not just low paid, but under-paid, especially in relation to the high level of responsibility people had for children's development.
- People felt that their work had a low status in society – partly linked to gender – and this impacted on their sense of self-esteem and professionalism.
- Relationships with parents were often strong and rewarding but could also be fraught and mutually suspicious.
- Many complained about the increasing role of paperwork, highlighting some of the tensions and contradictions in professionalising the early years workforce.
- A highly skilled workforce is the decisive factor for delivering early years quality and improving outcomes for young children. However, the current state of the sector presents a real barrier to achieving the high quality, high value workforce that is needed.

### Motivations for working in the early years

A deep and instinctive commitment to the job and sense of reward in helping children to develop was the most commonly expressed motivation for people working in the early years sector. Supporting children to progress was regularly cited as bringing real satisfaction to early years workers, which was striking given our focus on their own career progression.

*'Watching their development, watching them grow, watching them change over time, expressing themselves. Each day is a different day and each day they learn something different.'* *Learning support assistant, school, aged 23*

*'To watch... the children develop. To see them not being able to do something, to then be able to achieve it. Even just... writing their name or counting, it's like, to see them not being able to do it and then two weeks later they can do it. It's kind of like, wow... you did that.'* *Nursery nurse, aged 19*

Many people spoke about the terrific fun they had at work and the new challenges each day brings, comparing this with the perceived boredom and monotony of an 'office job'.

*'You can have a really really bad day, and something really bad can happen in your personal life, and you go into work and a child will just do something. They'll just make you smile for the whole day.'* *Nursery nurse, aged 22*

*'Every day is a challenge, not only for you but for them as well, and having to interact with them and knowing that they're gaining as much as what you are is rewarding and you go home and you sort of smile about it.'* *Playworker, aged 22*

However, it is important to note that not every comment about the experience of working with children was positive.

*'Dealing with tantrums all day. When you do have a really bad day and it rubs off on all the other children... because we all have to be in our rooms all the time for the*

security of the children, there's no escape from that.' *Room leader and deputy manager, nursery, aged 22*

Beyond a very widely expressed love of the job, people's motivations for working in the early years sector could be divided into three main groups, aligned quite closely with their age and family situation. The first group comprised a sizable majority of younger participants who had made an active decision to pursue a career in the early years, with a number saying they had wanted to do so from a young age.

'I've always loved children since I was really young... I've always known I wanted to work with children' *Nursery officer and director, aged 22*. [This person had been elected to the Management Board which oversees the running of the nursery]

A second group said they moved into the early years sector because of dissatisfaction with their previous (often better paid) job, such as in an office or shop. This group was made up both of those in their early twenties as well as older participants, and included some people who did not make a conscious decision to work in the early years sector.

'I left [the early years sector] because I needed a job with more hours, more money. I went to an office and I absolutely detested it, hated it. Good money but hated it. And then I had twins and always wanted to get back into it... so I managed to get a job, get back into it.' *Pre-school assistant, aged 36*

'[Working in a shop] wasn't rewarding at all... the money was better but it wasn't rewarding. It's almost as if you're paid more because it's less rewarding.' *Nursery practitioner, aged 20*

The final group was made up of those in their thirties or above who linked their decision to work in the early years sector to being a parent themselves, where the ability to work flexible hours was a key benefit. A number of people in this group had previous work experience in other sectors prior to having children.

'I was an engineer. The company moved... and they wouldn't let me work part time. I had my own children. I've always been interested in [the early years sector] and it fitted in. You get school holidays off... and I can still pick my child up from school, which is a big bonus for me.' *Pre-school leader, aged 35*

'It fits around school hours for my daughter, so it works out really well. And plus, I enjoy working with the children, so that's a bonus.' *Assistant, playschool, aged 35*

### **Pay, responsibility and status**

Despite this striking commitment to the work and love of the job, it was universally felt that the early years sector is not just low paid but under paid. There were varying degrees of dissatisfaction expressed about pay, often relating to people's life stage and wider family situation. For example, younger participants tended to bring up the issue of pay quicker and rail against it more vociferously than their older counterparts. For many, being low paid was having a real impact on their life choices and, for some, causing real emotional distress.

'I wouldn't be able to buy a house, that's not an option for me with my pay at the moment. And it's something I'd like to do, you know, I'd like to be able to have a house, and a family, which, you know, I can't afford to do.' *Childcare worker, nursery, aged 25*

'I feel under so much stress from it as well. It's like, I've got a mortgage and I'm saving for a wedding. I find, like, a lot of times I'll go home and be really upset just because we've got to go shopping the next day and I don't know how much I can afford. You know, you have to buy crap food for yourself because that's all you can afford.' *Room leader, nursery, aged 22*

'Sometimes you can be lucky to clear £600, £700, £750 [a month] and it's a bit embarrassing really, isn't it? At 24 years old, you want to be doing something where you can support yourself.' *Room leader and deputy manager, aged 24*

Underpinning people's dissatisfaction were a range of complex attitudes to pay, which touched on a variety of other concerns about their work.

### Trade-offs

The combination of high job satisfaction and low pay left people facing some very tough choices and trade-offs. These were being felt especially keenly by the younger participants, a number of whom were working in second and even third jobs to try to make a career in the early years sector financially viable.

'At the moment, it's quite hard. I want to carry on doing the job that I really like doing, yet I don't know how long I can do it for on the money that I get, and that kind of puts a dampener on it for me.' *Playworker, aged 22*

'I do Saturday, college ten till four and then I go and work seven till two [in a pub] and then I'm back at work twelve till six [on a Sunday]... Lately, because everything's been getting on top of me and I've been worrying about stuff and that, and then I get ill but I can't afford to have time off work because it's crap pay, so I end up going in and making myself worse.' *Nursery nurse, aged 19*

A number of people linked the impact of low pay to the issue of retention, both for themselves and for the sector as a whole.

'There's a high turnover of staff normally, because it's so low paid.' *Senior nursery nurse, aged 48*

'One of my friends left. She was fantastic with children and loved her job and talked about it all the time. She now works at Norwich Union answering telephone calls ... She hates it but you know, we compare wages and she earns a hell of a lot more than me. She works less hours, has less stress, less responsibility. She goes out and can, sort of, buy everything and I have to struggle.' *Room leader and deputy manager, nursery, aged 22*

### High responsibility

There was a strong consensus that the responsibility people had for the wellbeing and development of children was not reflected in their pay. This contributed to the sense that the early years is an under-paid sector. Some pointed out that they were qualified practitioners yet were paid as if they were unskilled workers, with many arguing that much less demanding jobs commanded higher wages.

'For the amount of work you have to do and the responsibility that you've got, you've got responsibility for these children, that isn't reflected in your pay.' *Pre-school manager, aged 45*

'Years ago, they were run in Church halls and you didn't have to have qualifications, did you? Whereas now, you have a lot more qualifications but they're still classing you as being unqualified.' *Assistant, playschool, aged 35*

'You go and work in a shop and you probably get twice the amount. [People who work in] McDonalds get paid more than most nursery nurses. It's kind of quite disgusting to think that by frying someone's chips, they get more than you for caring for their prize possession, their children.' *Pre-school assistant, aged 19*

When assessing the relationship between responsibility and pay in the early years and jobs in other sectors, the comparison with teaching came up on a number of occasions. There was a perception that while the difference between the roles of early years workers and teachers had narrowed considerably in recent years – as the sector had become increasingly professionalised – the pay gap had not.

'We don't actually do anything different to the teachers. They're following the foundation stage curriculum. We're doing exactly the same, working towards the same goals, aims, objectives, there's nothing different. In fact, we work longer hours, well, I work longer hours, than teachers.' *Senior nursery nurse, aged 48*

'I think we look at it as, with all the planning, we're almost a primary school teacher. I mean, we do the same planning that a reception teacher does and you think the wage they're on and what we're on, [it] is a bit, a bit heartbreaking really, to think that, well, we are doing the same as what they are.' *Pre-school assistant, aged 19*

### Low status

A number of people argued that working in the early years sector lacked status as a career, with both parents and the wider public undervaluing the skills and responsibilities of those who care for other people's children – with a knock-on effect on pay. Some people said they felt 'looked down' on because of what they do, with their achievements belittled and negative impacts on their self-esteem.

'You're getting that child ready, socially, emotionally, mentally, physically, for school, for the rest of their lives, and people look down on the position. "Oh, it's just childcare." But it's not, it's not just childcare. You are responsible for that child.' *Nursery nurse, aged 22*

'I think people's opinions are, when you work with children, oh, you just sit on your bum all day, you just play, and it's nothing important. The pay reflects what people think, because if people thought we were worth something, they would pay more.' *Nursery nurse, aged 22*

One person argued that continued low pay was holding back attempts to professionalise the early years sector. They suggested that better pay and higher status would improve their effectiveness, for example, in interacting with parents.

'I think if we were seen to be professionals, paid as professionals, they [parents] would view us with more respect and that would help us in the job a great deal.' *Senior nursery nurse, aged 48*

A number of comparisons were made with other jobs, to underline participants' argument that working in the early years had a low status and was not properly valued.

'I don't think people want to pay for childcare. People will pay their cleaner more.' *Pre-school leader, aged 35*

'[Someone] stacking shelves in Tesco gets paid more than us.' *Nursery officer and director, aged 22*

Not only did participants feel that parents and the wider public think that the early years is not a serious, respected profession, but some people were also having these perceptions reinforced, not challenged, by their friends and family.

'One of my friends once called me a glorified babysitter.' *Nursery nurse, aged 20*

'My family didn't want me to do it. My Dad, when I told him I'd swapped courses [to an early years course]... my Dad's reaction was "out of the house". He really didn't approve. He was like, how can you get paid for that, that's not a job, that's not a career, that's just what silly little girls do.' *Nursery practitioner, aged 20*

### 'Women's work'

On a number of occasions low pay and the perceived low status of the early years sector was explicitly linked to gender and the very high proportion of women working in it. People recognised that care work has traditionally not been highly valued (at least materially) by society. This meant that early years work was often seen as being a secondary source of family income, rather than a career choice with value in its own right, entrenching the problem of low pay.

'It's a female-dominated environment and where men are traditionally paid more than women, you know, that doesn't cross over into this area.' *Childcare worker, nursery, aged 25*

'It's a woman's job and so while women will do it, who may have a husband to support them, so they'll take the low pay because it's only pocket money, it'll stay a low paid job, always will.' *Nursery administrator, aged 52*

The one male early years worker who participated in the research argued that gender stereotypes about the early years still existed, particularly when dealing with parents. He also argued that it would be difficult to shift these perceptions and get more men into the sector while pay is so low – and that this in turn makes it less likely that pay will rise.

'It's still looked at... as women's work. Even sometimes some parents... some are really shocked. I've had ones before... you can tell, they don't trust me. And it's fine, you give it a month down the line and they're fine... For men... they maybe feel a bit weird and think that people aren't going to trust me, they're going to question my motives.' *Childcare worker, nursery, 28*

'It's a catch-22. You're not going to get more men into childcare unless [the pay] goes up.' *Childcare worker, nursery, aged 28*

Overall, the experience and impact of being low paid stood in marked contrast to participants' commitment to children and their passion for the job. Many of the younger workers doubted whether a career in the early years would be financially viable, especially as they started to think about buying a house or starting a family. Beyond the personal dilemmas for the individuals concerned, this poses a challenge to the sector of how it will attract and retain the best people. Some of the older participants depended on the income of a working partner to enable them to do the job they loved, sustaining an imbalance in gender relations. Also, the practical impact of low pay was compounded by participants' acute awareness that their work has a low status and value in wider society – further exacerbated by their sense that the expectations and responsibilities of the job are growing.

This analysis confirms that pay is a major issue facing the early years workforce. However, given the nature of the sector and the current state of the market, there are real constraints on wage growth. There is limited scope for providers to fund higher wages though lower profits and if anything prices for parents are currently too high. For example, there is a negative trade-off to be avoided between the wages of working-poor early years practitioners and the childcare costs of working-poor parents. Unlike other low wage sectors, productivity gains have far less potential for boosting output per worker. Finally, higher wages at the expense of fewer jobs in a contracted sector is not a desirable outcome.

This presents a fairly direct challenge for government, with the pinch point being around the quality of early years services. Evidence from longitudinal research finds that the presence of highly skilled staff (particularly those with post-secondary school qualifications) makes a decisive impact in securing positive cognitive, social and behavioural outcomes for children (OECD 2001, Siraj-Blatchford *et al* 2002, Sylva *et al* 2004). However, efforts to shift the workforce up the skills ladder – through both supply and demand-side action – will be severely constrained without action on wages. Put simply, can a post-secondary school qualified workforce be shaped and maintained on wages of £12,500 a year? Looking ahead, an analysis of future demographic, educational and labour market trends shows that any occupation where the current workforce is predominantly low-qualified women around the age of 30 will face a service labour supply shortage in the absence of improvements in job quality (Coomans 2002).

Therefore, to achieve the complementary goals of high value employment and high quality services in the early years sector demands a paradigm shift, which in turn requires leadership and investment from government. Given tight public finances and the wider economic uncertainty, this needs a powerful justification. The rationale for prioritising the early years sector rests on two fundamental factors. The first is this sector's arguably unparalleled potential to deliver strong economic returns on

any investment (Heckman and Masterov 2007, Carneiro and Heckman 2003) and powerful gains to children's life chances (Esping-Andersen 2005a, b). The second is the structural inability of the current market model on its own to deliver such investment on anywhere near sufficient a scale.

If we look internationally to countries such as Denmark and Sweden we find a post-secondary educated workforce with strong competition for jobs and training places; better and more equitable child outcomes (including lower child poverty); and significantly higher proportions of national wealth spent on the early years: a very different situation to the UK's (Moss 2003 and 2006). New Zealand's Labour government has signalled its intent in this area, with a pledge to have a 100 per cent post-secondary educated (diplomas and full degrees) early childhood workforce by 2012 – with a focus on up-skilling existing practitioners (Ministry of Education 2002).

Overall, the early years is a pivotal sector in relation to working poverty: it employs a large number of low-paid workers; it enables parents to work; and it can reduce the risks of future poverty among today's children.

### **Parents – a mixed experience**

There were very mixed attitudes towards relationships with the parents. For some, building relationships with the wider family and gratitude from parents added to the sense of reward they felt from their work.

'The praise and appreciation from the parents you get when they move through the rooms. In our nursery, we get cards and presents every time they move rooms [as children get older].' *Room leader, nursery, aged 22*

However, a significant number of people argued that interactions with parents could be quite tense, fraught and confrontational. Some said they felt under unreasonable scrutiny from parents who did not trust or respect their professional judgement.

'Parents can be a bit of a handful. When you're trying to help them and they're complaining about it... you do get in trouble for trying to help them out... they don't appreciate what you're trying to do for their child.' *Nursery nurse, aged 21*

'Sometimes parents can be really, really difficult... they want their child to have one to one attention and they put them in a nursery where they're on, like, a one to four ratio. Well, I need you to do this and this and this, and it's, like, yeah, you're dreaming, because I only have so many hours in the day. I can't sit with your child all the time.' *Nursery nurse, aged 21*

Some participants also expressed concern about the way parents seemed to them to be looking after their children and the extent to which they felt they were (inappropriately) being given responsibility for supporting a child's development.

'Parents are the worst to deal with. The parents need to be taught how to look after their children, and then it would make our life a lot easier... It causes us a problem when you're trying to teach [the children] the right way to do things.' *Nursery assistant, aged 24*

'[It's] scary sometimes when the parents are asking you to do things that they should be doing themselves... Sometimes they look at you for help to reprimand them. They'll call on you to teach potty training and stuff which is a job that a parent should have to do and should enjoy doing. Little things, like some parents come in and say can you make birthday cards for a such and such a person in their family, which is something you want to do with a parent.' *Room leader and deputy manager, aged 24*

In the Children's Plan, and elsewhere, the Government has sought to foster closer partnerships between parents and practitioners around the best interests of children (DCSF 2007a). Given the strength of evidence about the impact of parental involvement on children's outcomes, this is undoubtedly the right aspiration (Desforges with Abouchar 2003). However, the frustrations and

difficulties expressed by our participants – which may or may not be similarly felt by parents – suggest this is not an unproblematic goal to achieve in practice.

### **Professionalisation – paperwork versus play**

A distinctive issue that was raised about the early years sector was the level of paperwork that participants said they were required to complete. Alongside pay and problems with parents, this was the most often cited negative aspect of the job. Many people expressed the view that the level of paperwork – planning, observations and record keeping – detracted from the amount of time and effort they could spend directly with children. Overall, those who had worked in the early years sector for a long time were more likely to say this was a significant issue for them, with many believing that the amount of paperwork had increased considerably in recent years. However, some younger workers also said they were surprised by how much paperwork was required.

'There's too much paperwork. Sometimes I feel like instead of playing with the child, I should be sitting there writing about what they're doing, and I think it's more important to be playing with them.' *Nursery practitioner, aged 20*

'There's an awful lot of paperwork involved... every time you change a nappy, you have to write it down. Every time they cough, you have to write it down. There's endless paperwork and record keeping of the children's progress.' *Supply nursery officer, aged 51*

Though complaints about the level of paperwork – particularly observations and assessments – were very widely shared, participants were not clear about the source of the problem. Some blamed the Government or Ofsted while others seemed to suggest that requirements were being interpreted in an excessive and overly prescriptive way. People also expressed frustration at the pace and extent of change in the regulations governing the early years.

'All this early learning business. These children are ready for school. My children were ready for school, they didn't have to go through all this, they just played... [You need] evidence, evidence, evidence of every single thing you do. And the Government are wanting this because Ofsted won't give you the mark unless you've got the evidence... It's just gone too far.' *Nursery administrator, aged 52*

These attitudes to paperwork shine a light on some of the frictions currently being experienced by those working in the early years sector as its role and purpose evolves. On the one hand there is a potential contradiction between participants' desire to have their roles properly valued through better pay and higher status – for example, closer to that of teachers – and their antipathy towards some of the hallmarks of such professionalisation. However, on the other hand, the potentially adverse impact of paperwork (especially in relation to observations and assessments, rather than planning) on the amount of time and effort staff can devote to working directly with children seems to merit real consideration.

Our research suggests that (from practitioners' perspective at least) either the regulation and inspection framework is placing too great an emphasis on evidencing practice rather than supporting its improvement, or that the rules are being interpreted overzealously. This critique speaks to a wider debate surrounding the introduction of the Early Years Foundation Stage in all early years settings from September 2008<sup>4</sup>. Bringing together existing quality frameworks, this sets outcome goals for young children but does not prescribe either a fixed curriculum or a shift to formal teaching and learning. However, in his contrast between early years workers as 'technicians' or 'researchers', Peter Moss highlights how the notion of 'professionalism' is highly contested (Moss 2006). Improving the quality of early years services requires a highly skilled workforce, which offers reflective practice, sound decision-making and personalised care. Therefore, the decisive issue will be how the Early Years Foundation Stage is implemented and understood by providers and the workforce across the country.

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4. While daycare providers and childminders have only been required to register and be inspected by Ofsted since 2001, this was pre-dated by a more decentralised system of regulation.

### 3. Skills, qualifications and training

#### Summary

- The vast majority – nine in ten – of the participants were qualified to at least Level 2, with nearly two-thirds qualified to Level 3 (A Level equivalent) or above. However, just two people had post secondary-school qualifications.
- There was widespread awareness of the drive to raise qualification levels, with 15 out of 53 people currently on an early years course.
- Many people were very keen to gain extra qualifications, often expressed as a desire to 'better yourself' and explicitly linked to career progression (though combining work, study and family life was a real struggle for some).
- However, many were unconvinced that gaining extra qualifications would lead to more responsibility or better pay – with some tension over the rewards to qualifications versus experience in different settings.
- Most people had been able to access funding to cover their training, with the exception of some of those studying for Foundation Degrees.
- There was concern that a perceived narrow focus on qualifications neglected the wider skills and experience that made for an excellent practitioner.
- A small minority of people were hostile to gaining more qualifications – often because they equated this as being about moving into 'management' and away from working directly with children.
- The context of these attitudes is both the link between a highly skilled workforce and quality provision, and the relationship between qualifications and pay across low wage sectors (including the demand for high skills).

#### Qualifications gained and training undertaken

Low skills are an important cause of low pay across all sectors of the labour market. Over the last generation the economic return to high skills has grown, even at a time when the supply of skills has been rising (Machin 2003). Analysis of the returns to qualifications shows a significant wage premium for all academic qualifications, but a more mixed picture on vocational qualifications. While the impact varies between sectors, there is a clear and consistent return at Level 3 but a negligible or zero wage premium at Level 2 (Jenkins *et al* 2007). This is relevant given the current balance between Level 2 and 3 in the early years workforce, and the Government's policy goals for the future. It also raises a much larger (and often neglected) question about the *demand* for higher skills across low wage, low value sectors. Therefore attitudes towards qualifications and training in the early years, in the context of the current skills base of the workforce, have relevance for other low-wage sectors.

Of the 53 practitioners who took part in this research 46 held an early years qualification, one person had a degree in another discipline, five were unqualified and one person was an administrator in a nursery. The qualification levels and current training activities of our sample broke down as follows:

- Thirty-two people had a Level 3 qualification – seven of whom were studying for a Foundation Degree (Level 4).
- Thirteen people had a Level 2 qualification – six of whom were studying for a Level 3.
- One person had a higher level Foundation Degree.
- One person did not have an early years qualification but held a degree in psychology and was studying for a Foundation Degree in early years.
- Five people were unqualified – one of whom was studying for a Level 2.
- One person worked as an administrator in a nursery.

Sixty-five per cent of our sample were qualified to Level 3 or above, which is below the average for the sector as a whole (DCSF 2007b). The Children's Workforce Development Council has an aspiration for the early years workforce to be qualified to at least Level 3 by 2015. However, the new Early Years Foundation Stage standards only require supervisors and managers to hold a full and relevant Level 3 qualification and half of other staff to hold a full and relevant Level 2 qualification. As well as acting to entrench the low-skilled basis of the workforce, limiting upward pressure on wages, this runs counter to the overwhelming evidence linking higher practitioner qualifications with higher quality early years services and improved developmental outcomes for children (OECD 2001, Sylva *et al* 2004, Siraj-Blatchford *et al* 2002).

### Rising expectations

There was very widespread awareness of the drive to raise the qualification levels held by early years workers. Participants freely discussed each other's respective 'levels', and this ladder of formal qualifications was how efforts to improve workforce quality are being interpreted and understood. People felt that the impetus for this drive was coming from both government and employers, who wanted to attract parents with better quality provision. There was consensus that Level 2 is now seen as a minimum for new entrants working in the early years, with many saying that providers were increasingly only recruiting those with a Level 3 qualification.

A large number of participants felt the effort to raise qualifications was a positive development and linked training with 'moving up' in their careers (see section 4). Many of those who had completed qualifications while working said they had done so in order to take on more senior roles. For a number of people, combining work and study (and in some cases caring) had proved difficult, requiring considerable commitment and effort. Some people had been encouraged to go on courses by their employers, while others had actively chosen to study themselves. In some cases, gaining a formal qualification was a condition of continued employment. A number of participants said they enjoyed the courses they had studied for and thought what they had learned was useful in their job.

'There was an assistant supervisor job going... and I had to do it [a Level 3 qualification] otherwise I couldn't go for the assistant supervisor job. So as long as you're training, you can step up, so that's what I did. So I got more hours and a bit more pay.' *Assistant supervisor, nursery, aged 44*

'I found that [the NVQ 2] helped me. Made me understand things a lot better, like with your early learning goals and your planning.' *Assistant, playschool, 35*

'I started a university course with the intention of doing my foundation degree but I just found it too much. With work and studying, I felt I should be doing work-related stuff and I didn't have time for it because I was studying and I felt I didn't have as much time for my family, and at the end of the Level 4, I thought, no, I'm not going to go on with this.' *Play leader, afterschool club, aged 49*

In addition to formal qualifications, a number of participants had gone on 'short courses' covering subjects such as food hygiene, child protection, first aid and the foundation stage curriculum. These tended to be linked to legal requirements rather than progression, but were widely seen as being helpful in people's daily work. Some people said there were sometimes not enough places or that arranging cover was difficult.

A number of people, especially older workers, expressed concerns about what they saw as a narrow focus on formal qualifications. Some worried that this could cause people with lots of experience to leave the sector or dissuade others from joining. One of the unqualified participants understood that she would need to gain a qualification if she wanted to stay in the early years sector in the longer term, but was reluctant to try for one because she felt she was not very good at formal study.

'They're losing a lot of really good people that are not qualified. Before, you could have staff that wasn't qualified but could be fantastic with children but you can't have them any more.' *Deputy manager, nursery, aged 47*

'I know quite a lot of people who are mature adults... the ones that are in their fifties, and they say, I'm not going to do [an NVQ], I'm going to leave. And they've been doing it for 20, 30 years and it's wrong, it really is wrong.' *Learning support assistant, school, aged 41*

There was a particular concern about those people who are instinctively 'good with children' but who are perhaps not naturally academic. Participants identified a range of skills beyond formal qualifications that they felt were needed for working in the early years sector, including patience, a caring attitude, flexibility, understanding of children's development, confidence in dealing with parents, and emotional resilience.

'There's people there who don't have... A' Levels or anything, but I think they're much better at the job than me. They're naturals. It's more about skills than qualifications, I think, when it comes to children.' *Playworker, aged 24*

'I know a lot of people who are brilliant at their job but they can't sit and write an essay... Someone could be brilliant at writing essays but they could be crap at looking after children.' *Room leader, nursery, 22*

However, it is important to note that the vast majority of those who had been on courses and gained new qualifications said that while combining work and study had often been tough, they had enjoyed the experience and it had helped them to reflect on and improve their professional practice.

### **Qualifications, responsibility and pay**

There were a diverse range of views on the relationship between qualifications and both responsibility and pay. This was partly a function of differences in practice between providers. In some cases more advanced qualifications were reflected in greater responsibility and more pay – though wage differentials were often very small. In other cases, this relationship seemed to be far less clear cut, with length of service often having a more significant role. This led to some accusations of unfairness, where more qualified staff were paid less than less qualified, but more experienced, colleagues. Many people argued that there was often little difference in the day-to-day tasks undertaken by staff at different qualification levels.

'It [level of qualification] affects your pay. You have pay brackets for what level you've got... if you're unqualified, like, where I am, it's £5.50 [an hour], then Level 2 is £5.75, and that's actually quite high, then Level 3 is £6.00.' *Nursery practitioner, aged 20*

'[She's] Level 3 and I'm Level 2 but we still both work at the same level... a parent wouldn't know the difference.' *Nursery practitioner, aged 20*

'Generally it's up to your owner really... our pay with our nursery, we're not supposed to discuss it. Apparently it's a sackable offence. However, we do discuss it and we know that some people's pay that are qualified to a Level 3 are on less than perhaps a Level 2... the reason it's discussed is because pay is unfair, basically.' *Room leader and deputy manager, nursery, aged 22*

### **Future training, future progression**

Looking to the future, many people (not just younger workers) said they were keen to move on to the next level of qualifications. The motivation for this was often expressed as being about 'bettering yourself' and for many was explicitly linked to progressing in their careers. Most people were optimistic that their employer would support them if they wanted to gain extra qualifications.

'I want to get on in life. I want to progress and keep improving myself and the only way to do it is to keep going up the scales, basically.' *Pre-school assistant, aged 41*

'It's [a Level 4 qualification] to go into management and things like that, so you can just go more places than childcare, like you can go into social work and anything you like then. You've sort of got a broader horizon, whereas, you know, you get your Level

3 or your Level 2 and you're sort of stuck in the same sort of jobs really, there's no progression.' *Nursery nurse, aged 21*

However, some people said they were less keen to gain higher qualifications. In many cases, this related to people who were at Level 3 and viewed gaining a higher level qualification as being about moving into management (and therefore spending less time working directly with children). One reason for this might be because there seemed much greater awareness among our sample of a management qualification at Level 4 or 5 than the Early Years Foundation Degree. It is also important to note that given the relationship between higher qualifications and improved quality and outcomes for children, the rationale for raising the skill level of the workforce extends beyond supporting career progression.

Among those who actively sought career progression, there was some scepticism about whether higher qualifications would lead to either more responsibility or much higher pay. Real doubt was expressed about whether the Government's drive to professionalise the early years sector would be matched by higher levels of pay.

'I had considered doing, like, an early years degree... but I really can't see any point at my age, because I don't want to go into management, because I think it's a really responsible job these days.' *Nursery nurse, aged 47*

'You're a bit deluded as well I think, because you think that working your way up within a setting, you're going to get much more pay but I've worked my way up from nursery practitioner and the pay increase isn't that steep. And I know that my manager has a lot more responsibility than I do, running the whole of the nursery, gets paid, I think, 60p more an hour than I do... if something does go wrong, that's on her shoulders not mine and for £20 a week, is it really worth it?' *Room leader and deputy manager, nursery, aged 22*

Finally, although money for foundation degrees was available to some people, there was concern that funding arrangements would be a barrier to further study.

'To get the funding for books [on a foundation degree course] you've got to spend the money first, but where are you supposed to get the money from before you get it back? They say the funding's out there but most of it, for books or for a nice computer or whatever, you need to buy it and then claim it back, but how does that work for people like me who haven't got the money to start with?' *Nursery practitioner, aged 20*

Taken together, these attitudes touch on some of the issues around pay differentials and ladders of progression, which are also relevant in other low-wage sectors. There is some evidence that one of the impacts of the minimum wage (in the absence of other policy action around the low wage labour market) has been to squeeze pay differentials at the bottom of the labour market (LPC 2008). Also, researchers have argued that the changing structure of the UK labour market, in light of globalisation and technological advancements, has reduced the number of intermediate jobs that provide a bridge between low skill/low wage and high skill/high wage jobs (Goos and Manning 2003).

This points to the importance of a policy agenda for tackling low pay that goes beyond the minimum wage (Cooke and Lawton 2008), including through the use of regulation, investment and social partnership to ensure there are career ladders and opportunities for progression. This involves matching a strategy for higher workforce skills with efforts to raise the demand for such skills in currently low-value sectors.

## 4. Progression and aspirations

### Summary

- The vast majority of participants wanted to remain in the early years sector for the foreseeable future, with over half aspiring to progress in their careers. The widely held notion that early years workers are unambitious (and unskilled) appears to be wide of the mark.
- Most viewed progression as being about 'moving up' to a more senior role with better pay, motivated also by a desire for professional development, higher status and wider notions of self-improvement.
- A small minority of people wanted to leave the early years sector, either due to dissatisfaction with the job (over issues such as pay) or to pursue an alternative career.
- A third of participants wanted to stay in early years and remain in a similar position – often because they saw more responsibility (and specifically management) as meaning less time working directly with children.
- Over half of people wanted to progress from their current role. For some this was quite a general aspiration, without a clear action plan.
- However, a significant number of people expressed clear career aspirations and were taking active steps – often through considerable personal effort and commitment – to achieve these goals.
- Perceived lack of job opportunities, unsupportive employers and money were seen as barriers to progression – while there was limited awareness or understanding of opportunities to progress into wider children's services.

### Progression – and what it means for early years practitioners

The issue of progression in work has become increasingly central to policy debates about work, welfare and poverty. This can be traced to a number of less positive trends that have accompanied record employment levels in the UK: high levels of low-paid employment and working poverty (Cooke and Lawton 2008); a long tail of low or no skills in the labour force at a time of significant shifts in the structure of the labour market (Leitch 2005, Wilson *et al* 2006); and persistently high rates of 'low pay-no pay' cycles and poor job retention rates, particularly for welfare leavers (Cappellari and Jenkins 2003, Minoff *et al* 2006, Carpenter 2006).

There is now broad recognition that the next phase of welfare reform must move beyond the sterile debate between 'work-first' or 'train-first' approaches to focus on personalised support to achieve sustainable employment, ongoing skills development and progression in work (Bennett and Cooke 2008). This rhetoric is being deployed both by the Government, in its drive to shape an integrated employment and skills system (for example, DIUS/DWP 2007) and by the Conservative Party (Conservative Party 2008). The challenge, of course, is to make this vision a reality. Also, there is a broader set of questions beyond the welfare system about the nature of the low-wage labour market, which shapes opportunities for progression in work. Such issues will be considered in depth in the final report from ippr's *Working out of Poverty* series (see Engel and Sohda 2007 for an introduction to the issues).

Progression at work is therefore an important issue across the low-skill, low-wage labour market. The practitioners in the early years sector that we heard from invariably associated the concept of progression with 'moving up' in terms of pay or seniority. Unsurprisingly, many people's attitudes towards progression were shaped by their own life stages. As we would expect, this revealed a very diverse picture among the participants.

It is worth noting that a number of people felt they had already made significant progress while working in the early years sector. For instance, in addition to acquiring extra qualifications, one person had become the deputy manager of a nursery while in her mid twenties. Another person, who had started as an unqualified nursery assistant, was now working as a supervisor and had just accepted a job as a nursery manager.

'I think, just because I've moved up, I just find now it's so much more rewarding, because I know the work I'm doing now is having an effect.' *Room leader, nursery, aged 22*

Looking to the future, 47 of the participants wanted to continue pursuing a career working with children. Just five people were planning to leave the sector in the near future. Among those wanting to stay, views on progression ranged from those who had very clear goals and concrete plans (often involving considerable personal effort and sacrifice) through to those who actively did not want to 'move up' or gain extra responsibilities (though would prefer higher pay for what they do now). Others interpreted progression in a different way, such as changing their hours to fit better around their other commitments, such as caring for their own children.

To try to make some sense of the diversity of people's aspirations and situations, we have distributed the participants across a progression typology, which is described in Table 4.1 and expanded upon below. This segmentation is not exact and in some cases participants straddled more than one of the categories – or expressed slightly contradictory views at different points in the discussion. The decisive factor in each case was where people saw themselves in five years' time – exploring what their aspirations were and whether they thought they could or would achieve them.

**Table 4.1: Progression typology for ippr's participants**

<p><b>Leavers</b></p> <ul style="list-style-type: none"> <li>• Those planning to leave the early years sector in the near future.</li> <li>• Seeking to leave either for a career not related to working with children or to stop work altogether, perhaps to start a family.</li> <li>• Motivated either by dissatisfaction with the sector or simply an alternative career or life interest.</li> </ul> <p><b>Total: 5</b> Aged 26 or under: 1 Aged 27 or older: 4</p>	<p><b>Stayers</b></p> <ul style="list-style-type: none"> <li>• Those planning to stay in the early years sector for the foreseeable future.</li> <li>• Actively choosing to remain in their current position (or an equivalent).</li> <li>• Possibly open to gaining further qualifications, though hostile to taking on extra responsibilities (with seniority often associated with less time working directly with children).</li> </ul> <p><b>Total: 17</b> Aged 26 or under: 6 Aged 27 or older: 11</p>
<p><b>Passive progressers</b></p> <ul style="list-style-type: none"> <li>• Those planning to stay and progress in the early years sector, but without clear aspirations for the future.</li> <li>• Often acquiring, or saying they would like to acquire, extra qualifications, but not necessarily linked to a plan for career progression.</li> <li>• Expressing a vague or tentative desire to 'move up', but without a clear sense of career goals or how they might go about achieving them.</li> </ul> <p><b>Total: 15</b> Aged 26 or under: 7 Aged 27 or older: 8</p>	<p><b>Active progressers</b></p> <ul style="list-style-type: none"> <li>• Those with clear goals and aspirations for a career working with children (but not necessarily in the early years).</li> <li>• Either currently engaged in further training, or with specific plans to undertake training, that is explicitly linked to a plan for achieving progression objectives.</li> <li>• Motivated by a range of factors including: desire for more seniority/responsibility, better pay, professional development and notions of self-improvement.</li> </ul> <p><b>Total: 15</b> Aged 26 or under: 13 Aged 27 or older: 2</p>

## Leavers

Only five early years workers were planning to leave the sector in the near future. Motivations for people in this group included dissatisfaction with their current job – related to pay, opportunities to progress and the content of the work – and the desire to pursue an alternative career.

'I'm going to have a career change. I can't financially support my family now, since I've got a two-year-old son and I'm just struggling. So, yeah, career change, just purely financial reasons... In the immediate term I need to find any old crap basically that pays better money just to get me and my family by.' *Childcare worker, nursery, aged 28*

The fact that so few of our participants were planning to leave suggests a relatively positive picture in terms of retention. Despite people's frustrations with various aspects of their job, the vast majority wanted to remain working with children (though not necessarily in the early years sector). However, it is also worth noting that a number of participants said that they had former colleagues who had left the sector, and many because of pay. Average job tenure overall in full-day care settings is just over five years, compared with just over seven years in maintained settings (DCSF 2007a).

## Stayers

Seventeen of the participants intended to stay working with children for the foreseeable future and said they wanted to remain in a broadly similar role. For some, this was clearly an active choice, usually motivated by a desire to stay working directly with children rather than taking on a managerial position or supervisory responsibilities.

'I wouldn't want to go no higher, because I find the higher you go, the less time you have with the children.' *Nursery assistant, aged 24*

'I wouldn't want to be a supervisor because I couldn't handle all the paperwork... hands on, that's what I like.' *Assistant, playschool, aged 35*

As well as ensuring a fair wage and decent working conditions, the policy priority for this section of the workforce must be to improve their skill levels, particularly in relation to child development, and enabling them to develop their careers as expert practitioners working directly with children in the early years.

## Passive progressers

Over half of participants, 30 in total, expressed an aspiration to progress from their current roles over the next five years. Such aspirations were understood and expressed in a variety of ways – though professional development, responsibility, seniority and pay were central themes. To place this in a wider context, a recent survey on behalf of the Learning and Skills Council found that 36 per cent of people are actively looking to progress more at work (LSC 2007). Certainly, the view sometimes propagated that early years workers are unskilled and unambitious appears to be wide of the mark.

We have characterised half of this group (15 people) as being 'passive progressers'. These people were neither 'leavers' nor 'stayers' because they wanted to continue working in the early years sector and wanted to move on from their current role at some point. However, they did not seem to have a clear sense of what they wanted to do in the future nor were they taking active steps to achieve any particular goal. While some in this group were 'moving up' – for instance studying for the next qualification or taking on extra responsibilities – this did not tend to be part of a set of conscious or proactive steps towards realising a career goals. For some, factors like current family circumstances or hesitations about a management role were significant in framing how they saw the future.

'I'd love to have my own nursery, run my own one. Money, that would be a problem. But I don't know, I don't have a clue really so I'd have to look into it. It's a long time away.' *Nursery nurse, aged 19*

'If my children were at school, I could probably do more hours, get more pay. If I didn't have children, I would be working full time.' *Nursery assistant, 28*

It is important to say that the people in this group did all express the desire to progress in their roles and wider careers, with many already doing so. These participants were only 'passive' in comparison with the final grouping that we have called 'active'.

'Eventually, room leader and then possibly management. But like I say, without a degree I'm probably limited as to who would employ me for anything to do with management. If my finances allowed it, I'd love to do a degree... There's absolutely no way I could afford to do that at the moment, not on the wages I'm on.' *Nursery nurse, aged 25*

'I'm doing the Open University degree... I'm going to start that in February, so we'll see how it goes... I don't think it will do me any harm to do it. It will help me with the children and the planning and hopefully make things easier for the pre-school itself.' *Deputy manager, nursery, aged 47*

### **Active progressers**

This final group, of 15 participants, expressed clear career aspirations and were taking active steps – often through considerable personal effort and commitment – to achieve those goals. For some, progression was about 'moving up' within the sector (often to a management position), while for others the early years was a stepping stone to another profession working with children (such as teaching or social work).

People's motivations varied but tended to relate to a desire for more responsibility or seniority, better pay and status, professional development and a wider notion of self-improvement. In almost all cases, gaining additional qualifications was seen as a central component of progression, though building up experience was also seen as important.

'Now, it's just progressing, on to the next level, is what is motivating me. I'm now going for my pre-school room leader and I've just got a job as a manager in another nursery. Pre-schools, by 2010, will need a teacher in the pre-school room, so that's what I'm working towards.' *Nursery nurse, aged 26*

'I'd like to do a doctorate in education psychology and child psychology, and that's, you know, quite a monetarily governed decision, because obviously childcare doesn't pay very much. I don't want to not work with children and I also want to be able to utilise my degree that I have already... it would be to work with children in schools with behaviour problems... I'm on the foundation degree route now and then I'll look to where I need to be after.' *Childcare worker, nursery, aged 25*

'I'd like to go into either being a social worker or a speech therapist... In a way, there's only so much you can do as a nursery nurse... everybody wants to do something new and try something new... I'd get in touch with somewhere like the local council and things like that, or like the NHS and go through them to get into the speech therapy.' *Nursery nurse, aged 21*

Participants raised a number of issues which were potential barriers to them achieving their career aspirations. One person who was keen to develop a professional specialism (as a speech therapist) was concerned about the lack of job opportunities for such roles in the local area. Another, who was working towards a teaching qualification, had found her employer very unsupportive. She was working a second job in a pub at weekends to make up for the unpaid leave she had to take to study part time. Someone else argued that the prevalence of low pay across the sector meant there was little financial incentive for people to take up opportunities that might lead to further progression.

'There's the opportunities there but it's actually getting the opportunities because jobs like that don't come available all the time... there's only two speech therapists in Peterborough working with the children.' *Nursery nurse, aged 21*

'My employer tried to put me off doing it, so it's a bit hard... they just didn't want to give me the time off. I was going to do it originally on a Tuesday evening so I'd lose an

hour's work a week and they turned round and said, you can't, you've got to take the whole day off unpaid... so I do it on a Friday unpaid... but I have to do a second job to pay the difference I'm losing.' *Nursery nurse, aged 21*

The vast majority of 'active progressors' were under 26 and were also among the most vocal in their frustrations about the level of pay in the early years. This is perhaps not surprising given their professional ambitions. Participants in this age group were also often beginning to face the difficulties of living independently on a low wage while aspiring to do things like buying a house or starting a family. This suggests the importance of offering opportunities for rapid progression to this group so as to keep them in the early years sector.

Finally, one striking feature of our discussions was the very low awareness or understanding of opportunities to progress into wider children's services, and of how to find out about how to do so. In particular there was surprisingly little discussion about Sure Start Children's Centres and their potential for offering an avenue for career progression – including routes into other types of work with children. Those who did mention Sure Start felt it offered better pay for similar work. However, some believed that it offered less job security because of potential changes in government funding priorities. One person did express an interest in working in a Sure Start setting because she felt there would be a wider range of opportunities, such as getting involved in parenting support and antenatal services.

'If you get into anything to do with Sure Start, which is government funded, that's just silly money.' *Nursery officer and director, aged 22*

'But you don't necessarily have the job security [at a Children's Centre] because government can whip that funding away and then it's up to the local council to give you new funding, which they might not want to.' *Childcare worker, nursery, aged 25*

The overall impression from our discussions, albeit with a small sample, was of an early years workforce poorly linked in to wider children's services and professions – at least in the private and voluntary sectors. As well as capping practitioners' opportunities to progress in their own careers, there is therefore a challenge to policymakers and deliverers to create a more integrated children's workforce and a more coherent qualifications framework.

## 5. Policy implications and recommendations

This report has presented a case study of how issues around low pay and progression at work play out in one low-wage sector of the labour market: the early years. Our aim has been to dig beneath the headline statistics and trends set out in the first report from ippr's *Working out of Poverty* series (Cooke and Lawton 2008) to explore the drivers and potential solutions of working poverty in greater depth.

Throughout the report we have tried to draw out where the issues and challenges are likely to be typical of other, similar sectors of the labour market and, conversely, where they are distinctive to the early years. This highlights the need for policymakers to strike a balance between generalised and sector-specific analysis and solutions. A similar investigation of another sector, such as hospitality or retail, would doubtless reveal some similar but also many different issues. Therefore some of the recommendations with which we conclude have relevance to other low-wage sectors, while others pertain exclusively to the early years.

We have presented new qualitative data on the attitudes of practitioners towards working in the early years sector and their aspirations for the future. This has revealed a highly motivated and committed workforce, where qualification levels are rising and a clear majority of people are keen to progress in their careers. However, as we highlight below, a number of challenges remain, both in securing fairness and opportunities for those working in the early years and in achieving strategic objectives for the sector as a whole.

### Challenges for the early years sector

We have rooted practitioners' attitudes and aspirations in an analysis of the context of the wider early years sector, which has been the focus of considerable policy reform and investment over the last decade. Despite many positive developments – notably substantial market expansion and investment in training – major structural factors continue to restrict the development of higher quality services and higher value employment.

#### Pay

The perpetuation of low pay undermines efforts to raise the quality of the early years workforce and the services it provides. The average pay for those working in private full-day care settings is £6.80 an hour, well below the national average (£9.88). The persistence of such low wages will severely constrain efforts to raise both the supply of high skills, and the demand for them, in the early years. Low pay, low status and the high proportion of women in the workforce interact and reinforce one another. Low pay poses recruitment and retention challenges, as well as contributing to poverty among working people and their families, raising a fundamental issue of fair pay and social justice. Market failures and gendered conceptions of care work mean that the material reward given to early years undervalues its economic and social importance. The impact of low status may also be making it harder for practitioners to form mutually supportive relationships with parents.

#### Progression

Only seven per cent of those working in full-day care settings have post secondary school qualifications. Therefore the current focus on raising qualification levels is crucial. This is both because compelling evidence demonstrates that highly skilled practitioners are the decisive ingredient for improving early years service quality, and because of the clear wage premium for workers with Level 3 qualifications and above. However, low minimum qualification requirements and the absence of a clear career ladder within the early years sector restricts demand for higher skills, which in turn holds down wages. The result is that higher qualifications often do not equate to extra pay, responsibility or professional development.

Our participants invariably associated opportunities for progression as being about moving into 'management', rather than developing into (and being rewarded as) expert practitioners. For those wanting to progress to the wider children's workforce, there is little understanding or awareness of how to do so.

Therefore unclear and uncertain progression paths – combined with low pay – risk depriving the early years sector of high quality, committed staff. High staff turnover is not only costly in terms of recruitment and training: it also undermines the continuity of care for children and of relationships with parents. Taken together, these factors cap the aspirations of practitioners which in turn constrains the creation of a virtuous cycle of higher skills and higher quality for the workforce and the sector as a whole.

### **Professionalisation**

There is evidence that the current process of professionalising the early years workforce is alienating practitioners and skewing efforts to drive up the quality of services. This is manifested in complaints about the dominance of paperwork over direct work with children and of qualifications over broader skills and experience. These concerns raise important and timely questions about what makes an expert practitioner and how policy changes (such as the Early Years Foundation Stage) are being implemented. However, there were some contradictory views expressed. For instance, there was frustration that differences between the responsibilities of early years workers and those of professions such as teaching are narrowing, but gaps in pay and status are not. But there was also some resistance to some of the hallmarks of professionalism. These entrenched professional divisions are hampering efforts to foster closer working with other children's services. Overall, there was also a widespread sense of powerlessness: participants felt that changes are being 'done to' the workforce, rather than in partnership.

The collective impact of these challenges constrains the dramatic upward shift in quality that is needed to shape transformational early years services for young children and their families. In the context of the sector and its market, they raise serious doubts about whether the workforce that is needed can be achieved with the current policy mix (Moss 2003, 2006). They also leave those individuals undertaking work of vital social and economic value under-rewarded, on low wages, and at increased risk of poverty and held back from realising their aspirations and potential.

Given the compelling evidence that the early years sector is a powerful driver of economic prosperity and social justice, these are problems of significant strategic importance (Heckman and Masterov 2007, Esping-Andersen 2005a, b). Responding to these challenges requires a shared agenda involving government, employers, workers and the wider public. The twin objectives of higher quality services for children and higher value employment for the workforce are complementary and mutually interdependent. But they require progress on the following goals:

1. Increasing the opportunities for practitioners to pursue career progression, either within the early years or to elsewhere in the children's workforce (complementing current efforts to increase qualification levels).
2. Promoting a process of professionalisation that values experience and expert practice around the principles of child development, while harnessing employee voice and fostering close links with the wider children's workforce.
3. Actively seeking to match rising quality with higher pay by shaping the institutional context for wage setting and leveraging in additional resources.

### **Recommendations for reform**

In light of our policy objectives, sector analysis and new research findings, we conclude the report with the following proposed reforms to the early years workforce:

#### **Set a date for Level 3 being the minimum qualification for Early Years Practitioners – by 2015 at the latest.**

- This would demonstrate that early years workers are qualified practitioners with a grounding in child development, boosting the status of the profession and attracting people to work in the sector. Professional status and identity could also be enhanced through a system of registering early years practitioners with a professional body, along the model of the General Teaching Council or General Social Care Council.

- The welfare requirements for the new Early Years Foundation Stage only require managers and supervisors to be qualified to Level 3 and 50 per cent of all other staff to hold a Level 2 qualification. But given the strength of the evidence linking higher qualifications to early years quality and outcomes for children (as well as the clear wage premium associated with Level 3 qualifications) this is simply not enough.
- Seventy per cent of the early years workforce already holds a Level 3 qualification. To move towards 100 per cent, providers should look to recruit new staff with Level 3. Train to Gain funding should be used to upskill the existing workforce and ensure a strong grounding in child development. Young people can gain an early years qualification at this level at school, and also for free at college through the Adult Learning Grant for those aged 19-25.
- Level 3 Early Years Practitioners should focus on providing high quality, personalised care for children, while taking responsibility for planning activities and assessing children's needs and progress. They should also focus on developing positive relationships with parents.
- Depending on the size of settings, a small number of Early Years Assistants (not subject to the Level 3 requirement) could be recruited to be responsible for other administrative and support functions.
- To demonstrate commitment to raising the skills of the workforce, the Children's Workforce Development Council should aim to get all early years employers signed up to the Skills Pledge.

**Increase the number of Senior Early Years Practitioners (at Level 5) to drive up quality and create more professional progression routes.**

- Improving workforce quality requires higher-level skills and qualifications, but also an increased *demand* for high-level skills, which the early years market currently restricts. Therefore, in consultation with employers, regulations should establish minimum numbers of Senior Early Years Practitioners per child per setting – to ensure that such positions are created.
- This would provide a pathway to expert practitioner status, potentially encompassing the development of a professional specialism such as in Special Education Needs, speech and language therapy or children's health. Though starting from a low base, such regulations should progressively increase the number of senior practitioners required over time.
- In line with the evidence clearly linking workforce quality and child outcomes, the medium to long term aim should be to significantly increase the proportion of the early years workforce with these higher level qualifications. The New Zealand government has committed to having a 100 per cent post-secondary school qualified early years workforce by 2012, with a focus on training up the existing workforce (Ministry of Education 2002). To drive this process forward in the UK, the Government should supplement its existing target around Early Years Professionals, with a similar goal for a certain number of Senior Early Years Practitioners per setting by 2015.
- The Early Years Foundation Degree (Level 5) provides a route to attaining Senior Early Years Practitioner status. Attaining this qualification must involve both a strong grounding in the emotional, cognitive and health-related aspects of child development as well as a period of demonstrating excellent, reflective practice (similar to the Post-Graduate Certificate in Education and Newly Qualified Teacher year for trainer teachers). Learning providers should ensure there are flexible and modular options so that practitioners currently in the workforce can develop their skills and knowledge.
- In addition to supporting Early Years Professionals in leading excellent practice, the role of Senior Early Years Practitioner could involve responsibility for supervising the professional development of junior staff and building links with practitioners in other local early years settings.

- Funding for early years training is currently targeted at Level 2 and 3 and also at Level 6 (Early Years Professional status)<sup>5</sup>. To lever in additional resources for higher level training (between the equivalent of A Levels and full degrees), the Train to Gain offer could be varied to support the early years as a sector of key economic and social value but which faces structural resource constraints.

**Develop a coherent Integrated Career Structure for the children's workforce – to promote progression and foster closer working across sectors.**

- The CWDC, in collaboration with the wider Children's Workforce Network, is currently developing an Integrated Qualifications Framework (IQF) for those working with children. But the career structure and progression routes across the children's workforce remain complex, opaque and poorly understood. This will undermine the impact of the IQF on both workforce mobility as well as efforts to develop a shared identity and closer inter-disciplinary professional practice.
- An Integrated Careers Structure should set out the roles of the various component parts of the children's workforce and their relationships with one another. This would clarify and raise awareness of progression routes, including into other professions, such as teaching, youth work and social work, while helping to bind early years into the wider workforce. The Career Framework for Health, developed by the Skills for Health Sector Skills Council provides a model for what could be done (Skills for Health 2008).
- Efforts should be made to drastically reduce the number of different professional roles within the early years sector. This would complement the rationalisation of qualifications currently underway and support both horizontal and vertical mobility. There were 18 different self-reported job titles among our sample of 53 practitioners<sup>6</sup>. We would suggest the following: Early Years Professional, Senior Early Years Practitioner, Early Years Practitioner and Early Years Assistant (in addition to centre leaders).
- In seeking to improve information about career development opportunities, particular focus should be given to those working in the private and voluntary sectors, who are likely to be least plugged in to established routes of communication (such as through local authorities or the CWDC). Employee representative organisations also have a key role to play here (see below).
- Children's Centres should act as hubs of excellence across a network of local early years providers. This role should include spreading best practice and promoting professional development through the facilitation of peer-to-peer training and skills sharing; pooling of specialist services; and developing opportunities for secondments, mentoring and work shadowing.
- Local authorities should take the lead in fostering links between early years provision and schools, to create mutual understanding across the professions as well as smoothing children's transitions. The move to require Schools Forums to include representation of early years providers, and funding announced in the Children's Plan to promote closer ties between schools and early years providers, are therefore welcome developments.
- To complement the national Sector Skills Agreement process, the CWDC, local authorities and employers should work together to identify workforce needs and gaps at the local level. This would support strategic local workforce planning, and could be used to help boost the demand for high skills.

**Build institutions for employee voice to support policy development and implementation – particularly around how to drive up quality and 'professionalise' the early years workforce.**

Improving the quality of early years services requires a highly skilled workforce, which offers reflective

5. In 2006/07, government provided £80m to the CWDC and local authorities to support the development of the Early Years Professional status and to fund people to attain it. So far over 2000 people have either achieved EYP status or are working towards it.

6. Not including the Learning Support Assistants and Transport Carer who worked for schools or the Nursery Administrator.

practice, sound decision-making and personalised care. For instance, there is no contradiction between professionalism and play. The Early Years Foundation Stage sets outcome goals for young children and does not prescribe either a fixed curriculum or a shift to formal teaching and learning. However, the Government must ensure it engages with the workforce as policy is developed, implemented and reflected upon – particularly around quality and professionalisation.

- The Government must provide clear direction to agencies such as the CWDC, local authorities and those designing qualifications about what quality early years provision is and how professionalising the workforce can help to deliver it. For example, early years qualifications must focus on embedding a strong grounding in the emotional, cognitive and health-related aspects of child development and developing the skills to put this into practice. Also, the role of regulation and inspection (including Ofsted) must be to help improve practice, not just to better monitor it.
- An independent, national Early Years Practitioners Board should be established to provide real-time feedback to the Department for Children, Schools and Families, the CWDC and Ofsted on the implementation of the Early Years Foundation Stage and workforce reforms. The Board should comprise frontline staff and managers, with a membership that is representative of the workforce. It should also act as a sounding board for future policy development and a conduit for bottom-up policy ideas from practitioners. The Board should have the support to enable it to communicate and engage in dialogue with the wider workforce.
- Local authorities should consider developing similar local Early Years Practitioner Boards to create a vehicle for employee voice in policy development and implementation at a local level. These Boards could also be used as a lever for sharing skills and best practice locally and creating a shared identity and purpose across the sector. Boards could involve intermediate bodies representing the early years workforce (see below) and potentially lead to elections for the national Board.
- Finally, policymakers and service leaders need to develop a more realistic account of the practical benefits and challenges of partnership between parents and practitioners – and provide training and resources to support this.

**Establish an institutional framework for agreeing wage floors and matching higher quality with higher pay for early years workers – supported by stronger vehicles for employee voice.**

Our proposals would help to increase the supply of higher skilled early years workers and raise the demand for those higher skills. However, sidestepping the issue of pay will severely limit these efforts to improve the quality of the early years workforce – or raise its status, boost recruitment and deliver greater gender parity.

Our analysis of the current state of the early years sector highlights clear resource constraints. However, given that the early years is a sector of overwhelming strategic importance to both individuals and society as a whole, there are compelling reasons for prioritising it. There is also broad consensus that early years workers are underpaid and that this is problematic both for them and for the children they work with. Changing this situation requires purposeful action.

- An institutional framework needs to be established for agreeing wage floors (not fixed rates) for early years workers. Agreed among providers and in consultation with employees, this could involve setting a single floor (above the minimum wage) for the workforce as a whole. Alternatively, multiple floors could be established for each of the professional levels – which would help maintain pay differentials and provide an incentive for practitioners to gain higher qualifications. Agreeing wage floors would prevent employers being undercut on low pay, encouraging competition on high skills and high quality.
- The remit of the CWDC could be expanded to undertake this function, with added representation from employees and industry experts. Alternatively, a separate Early Years Pay Commission could be established.

- Given the fragmented and decentralised nature of the sector, local or regional Pay Commissions could establish wage floors at a sub-national level, tailored to particular circumstances<sup>7</sup>. Local authorities could use their strategic market management role to reinforce agreements, using their soft power to 'freeze out' any provider who sought to undermine them.
- Agreement on wage floors would open up the potential for government to directly top up the wages of early years workers, targeted to those providing the universal early years entitlement and meeting certain quality requirements. If the Train to Gain budget (worth over £1 billion by 2010/11) prioritised the early years as a sector of strategic national importance<sup>8</sup>, and took more responsibility for supporting its training needs, the Graduate Leader Fund could be converted into a source of money to match higher qualifications with better pay and an increased demand for high-level skills. The Graduate Leader Fund can already be used to contribute to graduates' salary costs.
- In the first instance, the Government could consider working with providers, employees' representatives, local authorities, the Regional Development Agency and the Learning and Skills Council to pilot such an institutional and funding arrangement in one region – testing out its impact on wages, quality, employment, profits and prices.
- Effective institutions for employee representation would help early years workers to negotiate higher pay through the proposed Pay Commission(s). They would provide a vehicle for employee voice on policy and practice issues, both within the workplace and on the proposed (national or local) Early Years Practitioner Boards. They could also help to foster a shared identity and consciousness within the workforce, while providing practical help and support, such as with information about career and training options.
- This is a task either for existing representative organisations, such as Unison, other TUC affiliates, Voice (formerly the Professional Association of Nursery Nurses), or alternative workplace associations such as works councils (Rogers and Streeck 1995). As a minimum, employees should be represented on the management committee or board of early years providers.

### Looking ahead to the longer term

The last decade has seen substantial investment and reform which has begun to reshape the early years sector and its workforce. However, it is hard to see how a world-class, transformational early years sector, with a high quality, fairly paid workforce, can be delivered on existing levels of spending through the current market model.

Looking ahead, the framework for funding the universal early years entitlement offers a potential alternative route for the sector as a whole: with government funding to a diversity of providers; the promotion of quality through regulation, support and parental choice; and a fee structure that ensures access to low-income families. This implies a long-term commitment to prioritising resources to this sector.

There are compelling reasons for making this commitment, given the long-term social and economic returns from investment in the early years. High-value employment and high-quality services in the early years sector can make a major contribution to reducing poverty for working families, both today and for generations to come.

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7. Any new arrangements would have to take account of where existing collective bargaining arrangements are in operation. In any case, given the pay gap that currently exists between the private/voluntary and maintained sectors, there may need to be separate arrangements, at least for a transitional period.

8. The forthcoming update of the National Employer Skills Survey will give the first definitive information about take-up and spend of Train to Gain in this and other sectors.

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