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INDUSTRY INSIGHT

# Childcare sector fighting battles on every front

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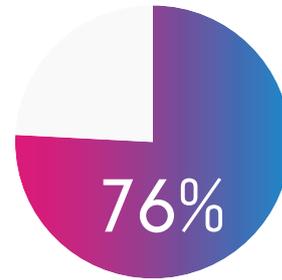
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## Summary

# Childcare is a vital sector to the UK economy.

# 363,400

People<sup>i</sup> it employed nationally during 2019



Of children<sup>ii</sup> aged 0-4 (equating to 1,944,000) used care settings regularly during 2019

Not only did it employ 363,400 people<sup>i</sup> nationally during 2019, but also 76% of children<sup>ii</sup> aged 0-4 (equating to 1,944,000) used care settings regularly during the same period. The vast majority of working families are dependent on it to be able to work themselves. Childcare also has a challenging business model, with pressure on government set fees, Ofsted monitoring, and wage pressures; research has highlighted that due to coronavirus, up to 25%<sup>iii</sup> of childcare settings may close in the coming year. As if that isn't enough, young peoples' interest in the sector appears to be waning too.

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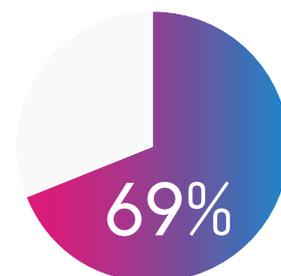
## Underlying trends

# Inadequate funding.

Inadequate funding<sup>iv</sup> over the past few years placed the childcare sector in jeopardy long before the Covid-19 outbreak, nevertheless, the pandemic has worsened these challenges. Ofsted<sup>v</sup> reported that many providers had their registrations cancelled due to the inability to pay their fees. As a consequence, an average of 580 childcare providers closed during January-March 2019, consisting of 401 childminders and 179 pre-schools/nurseries. Research by the Early Years Alliance predicts that 69% of providers are expecting to operate at a loss over the next six months, due to an extension of the governments '30-hours free childcare' scheme, as the entitlement does not meet the costs of provision. Thus, 19,000 childcare settings (one quarter of providers) could face closure within the next year.

# 580

Childcare providers closed during January-March 201



of providers are expecting to operate at a loss over the next six months

# Historically, childcare has attracted many young people at the start of their careers.

688

Apprenticeship vacancies in Q1  
of 2020

↓ 200

Apprenticeship vacancies in Q2  
of 2020

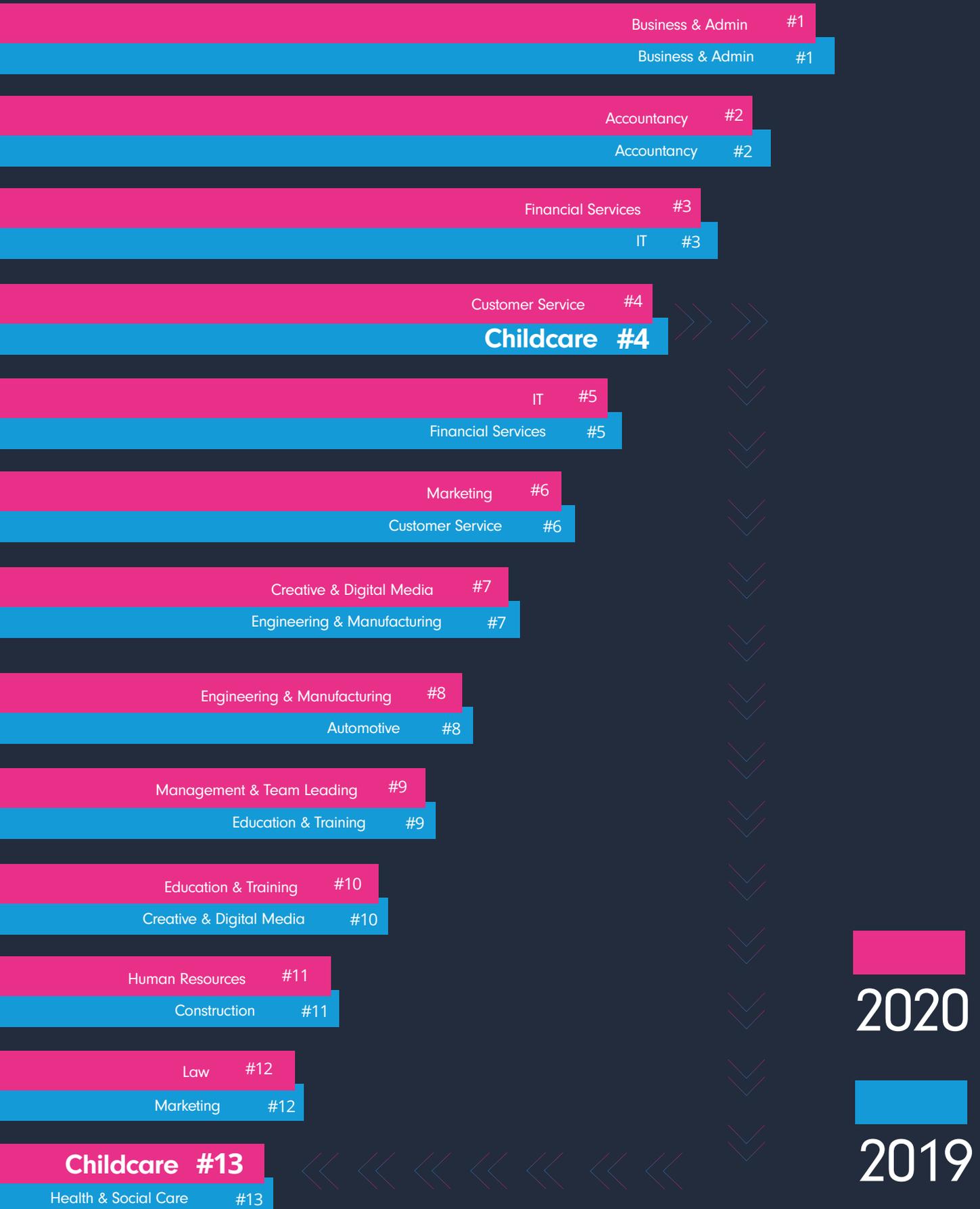
It has been well served by the apprenticeship sector where there have been 25,123 starts in 2017/18 and 27,075 starts in 2018/19<sup>vi</sup>. Apprenticeships have also provided a cost-effective workforce which helps to offset other cost pressures. According to our database, the availability of childcare apprenticeships are now becoming somewhat scarce; with the number of apprenticeship vacancies decreasing from 688 in Q1 of 2020, to just 200 in Q2 of 2020. Opportunities in the childcare sector are likely to deteriorate further when/if 25% of childcare settings are predicted/set to close.

The Covid-19 pandemic has raised awareness of the role of carers in a wide range of positions. Support has been significant on social media<sup>vii</sup> as well as through initiatives such as the drawing of rainbows for household windows, and the Thursday evening round of applause, as a symbol of appreciation. Yet, this has not transferred into career interests. Career interests in childcare have historically been among the 'Top 5' for candidates nationally, but since coronavirus, has dropped to #13.



# Top 13

Most preferable career pathways for Q2



2020

2019

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## Recommendations

There is no easy solution, but the situation in childcare needs to be monitored closely in the coming months. Access to healthcare is critical to the productivity of the UK, and the perfect storm of CV-19, financial pressures, and now lower applicant interest will only make this harder.

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## Sources

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ii) Department for Education: Childcare and Early Years Survey of parents in England, 2019

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/853358/CEYSP\\_2019\\_Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/853358/CEYSP_2019_Report.pdf)

iii) Early Years Alliance: The Forgotten Sector Report

<https://www.eyalliance.org.uk/forgotten-sector-report>

iv) The Independent: 'Childcare is on the verge of collapse'

<https://www.independent.co.uk/voices/childcare-nursery-economic-collapse-coronavirus-lockdown-a9621206.html>

v) Ofsted Document

[http://data.parliament.uk/DepositedPapers/Files/DEP2019-0981/HMCI\\_letter\\_to\\_Tracy\\_Brabin\\_MP.pdf](http://data.parliament.uk/DepositedPapers/Files/DEP2019-0981/HMCI_letter_to_Tracy_Brabin_MP.pdf)

vi) Dataset: Department for Education Apprenticeship Starts by Pathway 2014/15 to 2018/19

vii) The Independent: 'Run for Heroes'

<https://www.independent.co.uk/life-style/health-and-families/run-5k-donate-5-nominate-5-instagram-story-challenge-heroes-nhs-a9464196.html>

